

BANK OF NINGBO CO., LTD.

(Stock Code: 002142)

2015 Annual Report



Chapter One Important Notes

The Board of Directors, Board of Supervisors, directors, supervisors and senior managers of the Company ensure the authenticity, accuracy and completeness of contents, and guarantee no frauds, misleading statements or major omissions in this report. They are willing to burden any individual and joint legal responsibilities.

All the directors, supervisors and senior managers are able to guarantee the authenticity, accuracy and completeness of this report without any objection.

The 10th meeting of the 5th Board of Directors of the Company approved the text and abstract of *2015 Annual Report* on April 22, 2016. 16 out of 18 directors attended the meeting Director Yang Xiaoping authorize, Director Tang Sining for voting and the Director Fu Jinjun authorize the Director Zhu Jiandi for voting. Part of supervisors attended as a nonvoting delegates.

The Company's profit distribution plan was approved by the Board of Directors as follows: taking the total share capital of 3,899,794,081 shares as the base number, distribute RMB 4.5 Yuan (tax inclusive) as cash bonus per 10 shares to all shareholders. This plan will be submitted to 2015 general meeting of stockholders for further approval.

The Chairman of the Company, Mr. Lu Huayu, the President, Mr. Luo Mengbo, the Vice-President, Mr. Luo Weikai, who is charge of accounting, and the general manager of financial department, Ms. Sun Hongbo hereby declare to guarantee the authenticity, accuracy and completeness of financial statements in the annual report.

Financial data and indicators included in this annual report are following the criterias of Chinese Accounting Standard for Business Enterprises. Unless otherwise stated, All data in the consolidated financial statements of Bank of Ningbo Co., Ltd. and its holding subsidiary, Maxwealth Fund Management Co., Ltd., and the wholly-owned subsidiary, Maxwealth Financial Leasing Co., Ltd. are subject to the unit of RMB.

Ernst & Young Hua Ming LLP audited the 2015 Financial Statements of the Company in accordance with domestic accounting principles and published unqualified opinion.

The forward-looking statements in this annual report involving the future plans are not substantive commitments to the investors. Thus the investors and persons concerned shall keep sufficient risk awareness and

understand the differences between plan, forecast and commitment.

Investors shall read the full text of the annual report carefully. The company has described major risks and will adopt the measures to control risks. For details, please refer to relevant contents about risk management in Section Six Report of the Board of Directors.

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Chapter Two Company Profile

I. Company Information

Abbreviation of Common Stock	Bank of Ningbo	Code of Common Stock	002142
Abbreviation of Preferred Stock	Bank of Ningbo Preferred 01	Code of Preferred Stock	140001
Stock Exchange Listed	Shenzhen Stock Exchange		
Chinese Name	宁波银行股份有限公司		
Chinese Abbreviation	宁波银行		
English Name (if any)	Bank of Ningbo Co., Ltd.		
English Abbreviation (if any)	Bank of Ningbo		
Legal Representative	Lu Huayu		
Registered Address	No. 700, Ningnan South Road, Yinzhou District, Ningbo City, Zhejiang Province, China		
Post Code of Registered Address	315100		
Office Address	No. 700, Ningnan South Road, Yinzhou District, Ningbo City, Zhejiang Province, China		
Post Code of Office Address	315100		
Website	WWW.NBCB.COM.CN		
E-mail	DSH@NBCB.COM.CN		

II. Contact Information

	Secretary of the Board of Directors	Securities Affairs Representative
Name	Yang Chen	Chen Junfeng
Contact Address	No. 700, Ningnan South Road, Yinzhou District, Ningbo City, Zhejiang Province	No. 700, Ningnan South Road, Yinzhou District, Ningbo City, Zhejiang Province
Telephone	0574-87050028	0574-87050028
Fax	0574-87050027	0574-87050027
E-mail	DSH@NBCB.COM.CN	DSH@NBCB.COM.CN

III. Information Disclosure and Place for Inspection

Designated mediums for information disclosure	<i>China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily</i>
Designated domestic website for the publication of the annual report as approved by China Securities Regulatory Commission	http://www.cninfo.com.cn
Place for inspection of the annual report	Board of Directors Office, Bank of Ningbo Co., Ltd.

IV. Registration Changes

Unified Social Credit Identifier	91330200711192037M
Changes of Main Business after Listing (if any)	None
Changes of Contrlling Shareholders in the Past (if any)	None

V. Other Relevant Information

(I) Accounting firm appointed by the Company

Name of Accounting Firm	Ernst & Young Hua Ming LLP (Limited Liability Partnership)
Office Address of Accounting Firm	17F, Ernst & Young Tower, Oriental Plaza, No.1 East Chang An Ave. Dong Cheng District, Beijing, China
Signed Accountants	Guo Hangxiang, Chen Sheng

(II) Sponsor institution engaged for continuous supervision during the reporting period

Name of the sponsor institution	Office address of the sponsor institution	Name of sponsor representatives	Period of continuous supervision
CITIC Securities Co., Ltd.	CITIC Securities Mansion, No.48, Liangmaqiao Road, Chaoyang District, Beijing	Qiu Zhiqian, Wu Ling	From Oct. 9, 2014 to the end of 2016 accounting year
	CITIC Securities Mansion, No.8, Central 3 rd Road, Futian District, Shenzhen City, Guangdong Province		

Note: Mr. Qiu Zhiqian, the former sponsor representative of the Company, is no longer responsible for the work of continuous supervision since April 14, 2016 due to job transfer, whose job would be taken over by Mr. Jiang Ying, the sponsor representative appointed by CITIC Securities to perform the duty of sponsor. The current sponsor representatives for continuous supervision of the Company are Mr. Jiang Ying and Mr. Wu Ling.

(III) During the reporting period, there is no need for the Company to engage a financial consultant to perform the duty of continuous supervision.

VI. Development Vision, Corporate Culture and Investment Value

(I) Development Vision

To develop as a respected modern commercial bank with good reputation and core competitiveness

(II) Corporate Culture

Honesty and Professionalism, Compliance and Efficiency, Integration and Innovation

(III) Investment Value and Core Competitiveness

1. Adhere to the operating strategy of “imperfect for large banks, impossible for small banks”, energetically

explore the differentiated and characteristic developmental approaches for small and medium banks, make great efforts to create the Company being an outstanding bank among the China banking industry with differentiation core competitiveness and pioneering advantages upon the customer service.

2. Adhere to the entry principle of “knowing the market and understanding the customers”, continuously deepen the earnings growth structure oriented in nine profit centers, namely Cooperate Banking, Retail Banking, Personal Banking, Financial Market, Credit Card Center, Bill Business, Investment Banking, Asset Custody and Asset Management with two non-bank subsidiaries as supplementary, thus to form the sustainable growth profit mode preliminarily.

3. Adhere to the development strategy of “joint development of regional markets”, continue to exploit the high-efficiency joint action advantages between the head office, branches and sub-branches, incisively capture the market trends, timely optimize the business strategy, ensure the coordinated business development of the branches and sub-branches and constantly enhance the competitiveness of branches and sub-branches in the regional markets during the process of further strengthening the institution layout centered by the Yangtze River Delta and taking the Pearl River Delta and circum-Bohai-Sea region as two wings.

4. Adhere to the business purpose of “being perfectly matched, serving small and medium-sized enterprises”, under the historical trend of Finance + Internet, persist in the construction of innovative E-banking channels, offer a greater variety of financial service and products to meet customers’ differentiated and individualized financial demands, thus to conform with the development direction of inclusive finance indeed.

5. Adhere to the risk control concept of “controlling the risk is exactly reducing the cost”, persist in a full-process risk management mode and a vertical independent credit approval system, insist on taking mechanism construction and technological innovation as methods, strictly implement the five mechanisms for case prevention, optimize the compliance operation management and keep the asset quality at a good level and effectively prevent various risks during the economic downturn.

6. Adhere to the development direction of “integration and innovation, transformation and upgrading”. Regarding science and technology as one of the most important production capacity for banks, strengthened investment to improve the competence for a long time. Upon the persistence, the science and technology supporting capacity of the Company has achieved comparative advantage among the peers and is available for the sustainable expansion of business during the differentiation times for the banking industry in next stage.

VII. Major Awards and Rankings in 2015

(I) In the list of “2015 Top 1000 International Banks” issued by the *Banker*, the Company was ranked the 196th with its Tier one capital.

(II) In the 2015 Ningbo city-level financial institutions comprehensive evaluation, the Company was assessed as “A-level Bank” by the People's Bank of China, Ningbo Central Sub-branch.

(III) In June, 2015, the Company won the 2014 “Outstanding Charity Contribution Awarded” issued by the China Banking Association.

(IV) In August, 2015, the Company won the 2014 “Jinniu Money Management Banking Award”.

(V) In August 2015, the Company was awarded as the “2015 Best Asset Custodian Bank” in the evaluation of 8th Century 21 Asset Management “Jin Bei Award”.

(VI) In October, 2015, the Company was awarded the Financial Service “‘Advanced Unit’ of Small and Micro Businesses in National Banking Financial Institutions” issued by China Banking Regulatory Commission.

(VII) In November, 2015, the Company won the award of “Best Internal Governance Listed Company” in the 2015 China's Listed Companies Reputation Ranking List by *National Business Daily*.

(VIII) In December, 2015, the Company was awarded the “2015 Outstanding Small and Medium Banks” in the annual evaluation of ‘Leading China’ organized by the financial industry

(IX) In January, 2016, the Company won the “2015 Mobile Financial Construction Award” issued by Netease.

Chapter Three Summary of Accounting Data and Financial Indicators

I. Key Accounting Data and Financial Indicators

During the reporting period, the Company did not adjust retrospectively or restate previous accounting data due to changes in accounting policies or correction of accounting errors.

Operating Performance (RMB thousand Yuan)	Year 2015	Year 2014	Increase/Decrease by this year	Year 2013
Operating Income	19,516,224	15,356,750	27.09%	12,761,479
Operating Profit	8,018,030	7,026,577	14.11%	6,060,031
Total Profit	8,014,928	7,006,892	14.39%	6,051,379
Net Profit	6,566,991	5,634,130	16.56%	4,847,265
Net Profit Attributable to Shareholders of the Parent Company	6,544,333	5,627,466	16.29%	4,847,071
Net Profit Attributable to the Parent Company Shareholders after Non-recurring Profit and Loss	6,506,605	5,645,248	15.26%	4,852,157
Net Cash Flow from Operating Activities	19,560,541	22,776,297	(14.12%)	38,737,119
Per Share (RMB Yuan/share)				
Basic Earnings Per Share (EPS)	1.68	1.58	6.33%	1.40
Diluted Earnings Per Share (EPS)	1.68	1.58	6.33%	1.40
Basic EPS after Non-recurring Profit and Losses	1.67	1.58	5.70%	1.40
Net Cash Flow from Operating Activities per share	5.02	5.84	(14.04%)	11.19
Equity per share, Attributable to Common Stockholder of the Parent Company	10.30	8.74	17.85%	7.37
Financial Ratios				
Fully-diluted Return on Equity (ROE)	16.29%	16.51%	Decreased by 0.22 percentage	19.00%
Weighted Average ROE	17.68%	19.45%	Decreased by 1.77 percentage	20.41%
Fully-diluted ROE after Non-recurring Profits and Losses	16.30%	16.56%	Decreased by 0.26 percentage	19.02%
Weighted Average ROE after Non-recurring Profits and Losses	17.58%	19.51%	Decreased by 1.93 percentage	20.43%

Note: 1. The operating income includes net interest income, net fee and commission income, income from investment, income from changes in fair value, exchange gain and other business income.

2. The earnings per share for each comparative period are recalculated upon the adjusted number of shares in accordance with the provisions of *No. 9 of Information Disclosure and Compilation Rules for the Companies Issuing Securities Publicly: Calculation and Disclosure of ROE and Earnings Per Share*. Under the plan of 2014 profit distribution and turn add equity capital accumulation

fund approved by the stockholders' meeting on May 18, 2015, the Company took the total share capital of 3,249,828,401 shares as the base number and transferred capital reserve to 2 shares for each 10 shares for all shareholders listed on the equity rights registration date (July 14, 2015) and the total share capital of the Company became 3,899,794,081 shares thereafter. The earnings per share, net cash flow from operating activities per share, equity per share attributable to shareholders of the Parent company in each comparative period on the table above should be recalculated according to the adjusted number of shares.

3. The Company issued a non-public offering of noncumulative preferred stocks in a total amount of RMB 4.85 billion Yuan in November, 2015. The starting value date of the preferred stock issued this time was November 16, 2015 with dividend payment yearly. The board of directors of the Company will review the dividend payment plan before the dividend payment date in each year. Up to the end of this reporting period, the preferred stock issued this time has not distributed the dividend of the first year. The earnings per share and the return on equity in the table do not considered the effect of the preference dividends.

Scale indicators (RMB thousand Yuan)	End of 2015	End of 2014	Increase/Decrease by this year	End of 2013
Total assets	716,464,653	554,112,618	29.30%	462,188,029
Client loans and advances	255,688,580	210,062,182	21.72%	171,189,666
— Personal loans and advances	85,201,948	72,735,349	17.14%	53,237,185
— Corporate loans and advances	141,852,708	127,804,398	10.99%	114,769,741
— Notes discounted	28,633,924	9,522,435	200.70%	3,182,740
Loan loss reserves	7,289,475	5,312,304	37.22%	3,887,496
Total liabilities	671,367,334	519,948,406	29.12%	436,666,141
Client deposits	355,685,634	306,531,829	16.04%	255,278,327
— Personal deposit	80,838,882	74,206,208	8.94%	61,399,447
— Corporate deposit	274,846,752	232,325,621	18.30%	193,878,880
Interbank borrowing	20,200,607	14,071,981	43.55%	13,015,003
stockholders' equity	45,097,319	34,164,212	32.00%	25,521,888
Including: equity attributable to shareholders of the Parent Company	45,001,448	34,091,097	32.00%	25,506,693
Net capital	58,822,834	41,844,020	40.58%	32,735,921
Including: Tier-I net capital	44,794,971	33,994,546	31.77%	25,414,476
Net risk-weighted assets	442,562,618	337,552,562	31.11%	271,379,933

Note: 1. Client loans and advances and client deposit shall be calculated according to the regulatory caliber of CBRC.

2. On the basis of *Notice of the People's Bank of China on the Adjustment of statistical Caliber for Loans and Deposits in Financing Institutions (NO. 14 [2015])*, from the year of 2015, the deposits of non-deposit-taking financial institutions kept in deposit-taking financial institutions shall be included into the statistical caliber of "total deposits" and the loan deposit-taking financial institutions lend to non-deposit-taking financial institutions shall be included into the statistical caliber of "total loans". Based on the new statistical caliber of People's Bank of China, the total deposits on Dec. 31, 2015 was 437.857 billion Yuan, increasing 100.233 billion Yuan than the beginning of the year with a growth of 29.69%; the total loan is 256.601 billion Yuan, increasing 43.939 billion Yuan than the beginning of the year with a growth of 20.66%.

II. Key Quarterly Financial Indicators

Unit: (RMB) Thousand Yuan

	1 st Quarter of 2015	2 nd Quarter of 2015	3 rd Quarter of 2015	4 th Quarter of 2015
Operating income	4,401,528	4,605,933	5,116,838	5,391,925
Net Profit Attributable to Shareholders of the Parent Company	1,751,657	1,800,043	1,768,819	1,223,814
Net Profit Attributable to the Parent Company Shareholders after	1,752,955	1,799,220	1,770,712	1,183,718

Non-recurring Profit and Loss

Net Cash Flow from Operating Activities	584,343	37,693,449	(43,184,995)	24,467,744
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Note: there's no significant variance between the above financial indicators or the additive total therein and the relevant financial indicators in the Company's disclosed quarterly report or semi-annual reports.

III. Non-recurring Profit and Loss Items and Amount

Unit: (RMB) Thousand Yuan

ITEM	Year 2015	Year 2014	Year 2013
Profit and loss from disposal of non-current assets, including the written-off part of accrued provision for assets impairment	338	100	(20,463)
Government compensations included in current profits and losses	-	-	-
Profit and loss from changes in the fair value of investment real estate with the fair value mode for follow-up measurement	(37)	(13)	1,871
Profit and loss from the reversion of provision for impairment of receivables under the individual impairment test	54,755	-	-
Other non-operating incomes and expenditures except for the above items	(3,440)	(19,785)	11,811
Impacts by income tax	(13,745)	1,916	1,695
Total	37,871	(17,782)	(5,086)

Note: Calculation is conducted in accordance with the provisions of *No.1 of Explanatory Announcement of Information Disclosure for the Companies Issuing Securities Publicly-- Non-recurring Profit and Loss* (revised in 2008).

IV. Supplementary Financial Indicators

Item	Regulatory Standard	Year 2015	Year 2014	Year 2013	
According to the <i>Rules for Regulating the Capital Adequacy Requirement of Commercial Banks (for Trail)</i>	Capital adequacy ratio (%)	≥10.5	13.29	12.40	12.06
	Tier-I Capital adequacy ratio (%)	≥8.5	10.12	10.07	9.36
	Core Tier-I Capital adequacy ratio (%)	≥7.5	9.03	10.07	9.36
Liquidity ratio (RMB and foreign currencies) (%)	≥25	42.44	54.61	42.68	
Liquidity coverage ratio (%)	≥70	100.34	101.48	Not Applicable	
Ratio of deposits and loans (domestic and foreign currencies) (%)	≤75	63.73	64.12	61.97	
Ratio of non-performing loans (%)	≤5	0.92	0.89	0.89	
Provision coverage (%)	≥150	308.67	285.17	254.88	
Loan provisioning rate (%)		2.85	2.53	2.27	
Loan proportion for the largest single client (%)	≤10	2.07	2.56	3.08	
Loan proportion for the ten largest single clients (%)	≤50	12.57	12.70	15.54	
Credit proportion for the largest single group client (%)	≤15	4.36	4.40	6.73	
Normal loan migration rate (%)	Migration rate of normal loans	3.38	4.50	2.92	
	Migration rate of special-mentioned loans	34.77	42.56	38.49	
Migration rate of non-performing loans (%)	Migration rate of subprime loans	64.06	54.99	64.07	
	Migration rate of doubtful loans	18.81	49.65	31.15	
Return on total assets (%)		1.03	1.11	1.16	
Cost-income ratio (%)		34.03	32.07	34.86	

Asset-liability ratio (%)	93.71	93.83	94.48
Net interest spread (%)	2.40	2.50	2.46
Net interest margin (%)	2.38	2.51	2.51

Note: according to the requirements of *Measures for the Liquidity Risk Management of Commercial Banks (for Trial)*, the liquidity coverage ratio of commercial banks should reach 100% before the end of 2018; and during the transition period, should reach 60%, 70%, 80% and 90% in the end of 2014, the end of 2015, the end of 2016 and the end of 2017 respectively.

Chapter Four Address of the Chairman

In 2015, during the period of the weak recovery of the global economy, the downturn of overseas demand market and the continuous adjustment of domestic economy, the banking industry in China was also experiencing unprecedented pressure and challenges. Facing such a general trend of banking industry embodied by continuously deepened reform on interest rate liberalization, increasingly intensified financial disinter-mediation, constantly emerging credit risks and slowdown of profit growth, our Company, under the leadership of the Board of Directors, focused closely on profit promotion, risk control, marketing upgrade and talent training, thus ensuring overall business of our Company in good condition and enhancing its sustainability for development. Our Company ranks the 196th in the list of ‘2015 Top 1000 International Banks’ issued by the British magazine *The Banker*, which means our Company formally enters the rank of the World Top 200 Banks.

In 2015, thanks to the support from all circles of society and the hard work of all the employees, our Company completed all the targets set by the Board of Directors at the beginning of this year successfully, establishing a solid foundation for dealing with the challenges arising from interest rate liberalization. During this year, with interest rate liberalization having basically finished, our Company takes initiative to explore for the differentiated business mode and promote the comprehensive operation so that we can obtain more optimized profitability structure; with the financial transformation and economic structural adjustment are pushed forward energetically and firmly and the quality of bank portfolio falls under persistent pressure, our Company sticks to the bottom line of risks and keep our non-performing loan ratio at a normal level; when under the circumstance that the banking industry bids farewell to the golden ten years of high-speed development and enters into the transformation period with mid-low speed development, our Company persists in promoting the marketing upgrade and full implementation of employee's ability enhancement plan, which assists to develop in a more sustainable path. Facing the intricate political and economic environment, our Company has gone with the flow and taken advantage of the opportunity to achieve good performance and optimized management. We have four significant transformations on the work of this year:

First of all, continuous pushing forward of construction for our profit centers. With the growth rate of the banking industry declining continuously, thanks to the persistent construction of the nine profit centers including bank, retail banking, personal banking, monetary market, credit business, bill business, investment bank, custody business and asset management, our Company succeeds to maintain a high-speed profit growth in recent years. At

the same time, our comprehensive operation has achieved initial success and our two non-banking subsidiaries, Maxwealth Fund Management Co., Ltd and Maxwealth Finance Leasing Co., Ltd, go well in operation, which provides a powerful support to our overall profit growth. Up to now, our Company had a total assets amount RMB 716.465 billion Yuan, with a growth rate of 29.30% when compared with the amount at the beginning of this year; the net profits attributable to shareholders of our parent company RMB 6.544 billion Yuan, increasing by 16.29% compared with that of last year; earnings per share is RMB 1.68 Yuan, increasing by RMB 0.10 Yuan compared with that of last year; earning per share attributable to the ordinary shareholders of our parent company is RMB 10.30 Yuan, increasing by 17.85% compared with that at the beginning of this year.

Secondly, good performance for credit risk management has been achieved. Considering the fact that non-performing loans of the banking industry are continuously increasing in this macroeconomic downturn and our Company's main business is significantly affected by this round of economic structural adjustment, our Company enjoys controlled credit risks and the non-performing loan ratio as of the end of the reporting period is 0.92%. This rate increases slightly compared with that at the beginning of this year, but still remains at the low level if we compare with the whole banking industry. Moreover, our Company's risk management index including provision coverage and loan ratio are both in sound condition, which reflects our good ability to resist against risks and operate the Company.

Thirdly, the cultivation of talent team gradually becomes more systematic. For many years, we have reserved quite a number of talents for the sustainable development of the subsequent business through persisting in the implementation of campus recruitment with high standard. Owing to the outstanding business performance and good reputation, our Company succeeds to attract many excellent talents at all levels to join us, which establishes a solid foundation for the rapid business development in the next stage. In addition, it is more important that we have promoted and trained a batch of business backbones within our head office and branches, and formed the endogenous growth mechanism for team talents through our good enhancement system for employee's ability, which serves as a sustainable impetus for the business development of the next stage.

Fourthly, capital management has been increasingly enhanced. In 2015, our Company, according to the strategic development plan, have successively issued secondary capital bonds of RMB 7 billion Yuan and preference shares of RMB 4.85 billion Yuan, thus effectively realizing the capital supplement. Meanwhile, we continuously implemented the light capital strategy by means of intensified capital budgeting control in our daily operation and intensive management on the risk-weighted assets so as to optimize asset structure and save the capital to be taken up. On the condition that capital scale is sharply expanding, our capital adequacy ratio at the

end of the reporting period is 13.29%, which increases by 0.89% compared with that at the beginning of this year.

Under the general background of the interest rate liberalization, the whole banking industry steps into its new normality in development, which is embodied by the four aspects as below. Firstly, asset quality will be more harshly impacted by the continuous economical structural adjustment still on. Secondly, banks' operation capacity meets more severer challenges as the age of low interest rate approaches. Thirdly, the rapid development of Internet financing will affect the traditional banking industry profoundly. Fourthly, with the deepening of the financial disinter-mediation, the space for banks' traditional asset liability business will be more limited.

Under new circumstances for banks' operation and development, we will, under the leadership of the Board of Directors, focus on the strategic development goal of “three three-years” and persist in exploring our distinctive and professional path of “neither big banks can’t do well nor small banks can’t do”. We will also strive harder for the accumulated distinctive and professional competitiveness and enhanced sustainable development capacity by sticking to our baseline of operation, advancing professional management, assuring profit growth so that we can reward our customers with our more professional services, reward our investors with our more steady operation of the Company, and reward the society by being a more responsible enterprise citizen.

Chairman of the Board: Lu Huayu

Chapter Five Address of the President

In 2015, faced with the complex macro environment, the Company made the best of the circumstances and took advantage of the trends in order to adapt the new normal development state of banking industry initiatively. Under the leadership of the Board of Directors, our Company coped with various risks and challenges actively, focused on the four key jobs planned at the beginning of the year, namely “expanding profit channels, controlling non-performing assets strictly, upgrading marketing modes and accelerating talent cultivation”, promoted the development of various operation management work steadily and completed the annual operation targets well. Reviewing the operation management work of the Company in 2015, they have five characteristics:

Firstly, all the business continued to maintain a steady growth. As of the end of the reporting period, the Company’s total assets reached RMB 716.465 billion Yuan, with an increase of 29.30% than the figure in the beginning of the year; the various deposits reached RMB 355.686 billion Yuan, with an increase of 16.04%; the various loans reached RMB 255.689 billion Yuan, with an increase of 21.72%; the Company realized net profits attributable to shareholders of the parent company of RMB 6.544 billion Yuan in 2015, with a year-on-year increase of 16.29%; its non-performing loan ratio was 0.92%, increasing slightly by 0.03 percentage point than that in the beginning of the year; its loan provision ratio was 2.85%, increasing slightly by 0.32 percentage point than that in the beginning of the year. In 2015, the Company’s profit structure continued to be optimized, and each profit center tried to explore commercial modes suitable for the development characteristics of the Company, and the sustainability of profit growth continued to be strengthened.

Secondly, the risk management achieved prominent effect. Under the circumstance of downturn of macro economy, new normal state of banking industry and great influence of the round of structural adjustment on the main operation regions, the Company always adhered to the idea of “to control risks is to reduce costs” and strengthened the implementation of various risk control measures. At of the end of the reporting period, its non-performing loan ratio is 0.92%, maintaining a low level among the peers and showing good risk management ability and operation quality. Meanwhile, the Company prevented personnel morality risks and case risks effectively through the implementation and improvement of “five-case prevention mechanism”, thus the development becomes more steady.

Thirdly, the business scope and business qualification expanded continuously, and the depth and width of services for customers were developed constantly. In terms of business scope, the Company established

Maxwealth Fund Management Company in 2013 and Maxwealth Financial Lease Company in 2015, expanding the operation of non-bank institutions gradually and providing more diversified products and financial services for customers. In terms of business qualification, the Company newly gained third-party depository qualification and private equity business outsourcing service qualification in 2015, and in the previous period, it had obtained such qualifications as foreign exchange market maker, private dealer in open market, trial market maker in gold inquiry transactions between banks, bond underwriting syndicate, class B principal underwriter, financial member of Shanghai Gold Exchange, trial bond market maker, etc. and for asset securitization, issuance of interbank deposit, issuance of certificate of deposit, etc. The relatively complete business qualifications allow the Company to provide customers with richer products and to realize more improved customer service system and wider market participation scope.

Fourthly, the Company's market competitiveness improved continuously: first, the business in finance market witnessed good development and the Company's leading role in similar banks was further consolidated; the Company was among the best in similar banks, due to not only profitability, basic customers and professional level but also market reputation. Secondly, competitiveness of personal business continued to be strengthened, especially, personal asset business grew steadily, which made the asset layout of the Company more reasonable. At the end of the reporting period, the Company's loan balance in the table is RMB 255.7 billion Yuan, in which the balance of personal loan exceeds RMB 85.2 billion Yuan, accounting for more than one third. Thirdly, certain comparative advantages of international business were established initially. The Company's amount of settlement of international business broke through USD 50 billion. Fourth, asset custody business developed rapidly and the custody scale reached nearly RMB 2,000 billion Yuan. Meanwhile, "Easy Custody", "Custody Internet Bank", etc. have gained certain brand and market popularity, and have got certain comparative advantages in business flow, service efficiency, etc. Fifthly, the business of branches and sub-branches developed in a more coordinated way. The prominently increasing of regional profit and scale of branches provides the driving force for the development of the whole bank continuously. Overall operation of each branch was normal and can realize sustainable development and show differentiated competitiveness gradually. Transformation of business to large Retail Bank in Ningbo deepened constantly. At the end of 2015, the profit and scale ratio of two Retail lines, personal banking and Retail Banking in Ningbo both exceeded 50%, and the stability and sustainability of development strengthened continuously.

Fifthly, the supporting ability of science and technology for business continued to strengthen. In recent

years, the Company continues to promote the integration and innovation between science and technology and business, establishes special groups in key business fields and improves the support of science and technology for business continuously. In 2015, we launched WeChat bank 3.0, online bank 6.0 and mobile bank 3.0, improving the competitiveness of the system comprehensively and satisfying the rapid development need of internet finance; the successful getting online of commissioned fund system further improves the dealing efficiency of commissioned fund transactions and customer experience; optimized examination and approval flow of internal retail grading system lays a solid foundation for the new capital agreement to reach the standard; the successful promotion of bid data risk control system improves the risk pre-warning ability effectively. Through constant efforts, the Company has gradually built a relatively comprehensive business support system which can satisfy practical development requirements of the Company practically and formed our comparative advantages in science and technology.

The Company's development in the past year was recognized by the supervision departments, professional institutions and mainstream media, thus the Company was given such honors as "Advanced Unit of Finance Service for Small and Macro Enterprises in National Banking Finance Institutions", "2015 World Top 1000 Banks" by *The Banker* of UK, "The Best Internal Governance of listed company" by National Business Daily, etc.

2016 is the first year of the nation's "Thirteenth Five-year" Plan as well as the crucial year for promoting the reform, and also the first year of the Company's new three years of hard work". Under the leadership of the Board of Directors, the Company will adhere to combination of hard work and ingenious work, consolidate the basic customer groups and improve the commercial modes of each profit center; we will control the base line of risks to ensure sustainable development of the Company, strengthen professional operation to upgrade the differentiated marketing modes of each line continuously, improve market sensibility through high-efficiency linkage of headquarter and branches, and accelerate the improvement of personnel ability to create a more professional and dedicated operation group, to better satisfy the increasingly diversified financial service needs of the vast customers and to strive for building the Company to a modern commercial bank that is respectful and has good reputation and core competitiveness.

President: Luo Mengbo

Chapter Six Management Discussion and Analysis

I. Main Business of the Company during the Reporting Period

The main business scope of the Company approved by People's Bank of China and China Banking Regulatory Commission were listed as follows: absorbing public deposits; issuing short-term, medium-term and long-term loans; handling domestic settlements; discounting of bills of exchange; issuing financial bonds; agency issuing, cashing and underwriting government bonds; buying and selling government bonds; engaging in inter-bank lending; bank card business; providing guarantees; agency collection and payment; insurance agency business; offering safe deposit box service; entrusted loan business for local finance credit financial circulating funds; foreign exchange deposit, loan and remittance; foreign currency exchange; international settlement, sale and purchase of foreign exchange; inter-bank foreign currency lending; acceptance and discount of foreign currency bills; foreign exchange guarantee; other businesses approved by China Banking Regulatory Commission, People's Bank of China and State agency for foreign exchange.

II. General Overview

In 2015, global economy continued in the weak recovery and the major economic entities entered into different stages of de-leveraging with a differentiation trend. Being a period between the ending of “the 12th Five-Year Plan” and the initial setting of “the 13th Five-Year Plan” blueprint, China’s economy was going through the severe test given by structural adjustment and power conversion in the wake of slow growth of GDP and gradual exacerbating industrial differentiation. Moreover, in the background of interest rate liberalization, China banking has stepped into the low-profit era and the industry reform has moved into the deep end. Facing the new situation and challenges, the Company persists in the operation principle of “prudent operation and steady development”, adheres to the “hardworking” spirit, stays firmly rooted in the present while looking ahead to the future, focuses on the four key jobs of “expanding profit channel, strictly controlling non-performing assets, updating marketing mode and accelerating talent training”, and continuously strengthens the sustainable development capacity with smooth implementation of various businesses. Main performances were as follows:

(I) Steady growth of asset scale and solid foundation for development

As of the end of the reporting period, the total asset of the Company were 716.465 billion Yuan with an increase of 29.30% than the beginning of the year; the total deposits were 355.686 billion Yuan in a leading

increasing speed among the industry with an increase of 16.04% than the beginning of the year, and the deposit base kept constantly solid; the total loans were 255.689 billion Yuan with an increase of 21.72% than the beginning of the year. Within the reporting period, the Company actively adapted to the changes of marketing environment, upgraded the marketing mode, aggressively marketed high-quality customers and projects, reinforced the strength of loans delivery and achieved steady growth of the loan scale.

(II) Continuous enhancement of profitability and better balanced motivation of development

In 2015, the Company realized the operating income of 19.516 billion Yuan with a year-on-year growth of 4.159 billion in an increase of 27.09%; the net profit attributable to the shareholders of the Parent company were 6.544 billion Yuan with a year-on-year growth of 16.29%; the net fees and commissions income was 3.990 billion Yuan, accounting for 20.44% of operating income and rose 4.26 percentage points on year-on-year basis. The Company made rapid expansion on intermediate business and the profitability of profit centers such as investment bank, custody, assets management and credit card had been improved with a more diversified profit distribution. At the same time, the branches of the Company outside Ningbo featured continuously enhanced regional profitability, covering a profit proportion over 50%, which there was a branch with its single finance-economic profit more than 0.5 billion Yuan appeared for the first time, thus leading to a better balanced motivation for development.

(III) Asses quality remaining stable and better protection for risk resistance

Under the circumstances of macro economy downturn, rising period of the non-performing ratio for banking industry and large influence of the current structural adjustment on main business areas, the Company adhered to the philosophy of “controlling the risk is exactly reducing the cost” consistently, enhanced and developed the risk management with great achievements. Firstly, the assets quality remained stable. At the end of the reporting period, the NPL ratio of the Company was 0.92% with a slight rise of 0.03 percentage points than the beginning of the year, but still kept in a good level among the industry; secondly, the foundation of overall risk management is kept solid and the management mechanism for various type of risks was improved day by day; thirdly, the risk consciousness of personnel was effectively promoted and the efforts of moving the risk control forward was gradually enhanced; fourth, risk management technologies were fully upgraded, continuously progressed the project construction of the New Basel Accord and accelerated the speed of being in line with international practice. In 2015, the Company recovered the non-performing asset of 0.524 billion Yuan with significant achievements; as of the end of 2015, the loan provisioning ratio of the Company was 2.85% with an increase of 0.32 percentage points than the beginning of the year and the provision coverage was 308.67%, 23.5 percentage points higher than

the beginning of the year. The risk resisting ability of the Company was strengthened continuously.

(IV) Continuous improvement on the capital adequacy and stronger sustaining development potential

During the reporting period, the Company successfully issued Tier-II capital bonds of 7 billion Yuan and preferred stock of 4.85 billion Yuan and effectively realized the exogenous capital supplement. Simultaneously, on the one hand, the Company continued to perfect the product system, promoted the service efficiency, improved the business process, effectively promoted the profit growth and realized the endogenous capital accumulation; on the other hand, the Company strengthened the capital budgeting restriction, constantly optimized the asset structure and promoted the strategy implementation of light capital. At the end of the reporting period, the capital adequacy ratio of the Company was 13.29%, 0.89 percentage points higher than the beginning of the year; the Tier-I capital adequacy and the Core Tier-I capital adequacy was 10.12% and 9.03% respectively.

III. Analysis on Main Business

(I) Analysis on items in the Income Statement

In 2015, the Company actively responded to the profound changes of domestic and overseas business environment, complied with the orientation of the state macroeconomic policy, devoted to accumulate comparative advantage in the target market during the new round of development and reform in the banking industry, built differentiation core competitiveness in the horizontal competition, and persisted in compliance operation, steady development and continuously strengthened the sustainable development capability. All the profit centers of the Company were in steady progress, and high-efficiency joint action advantages between the head office, gradually optimized the management mode between the head office, branches and sub-branches, and reached a good trend of coordinated development between each region. During the reporting period, the

Company realized a net profit attributable to the shareholders of the Parent company of 6.544 billion Yuan, increasing 0.917 billion Yuan than the last year with a year-on-year growth of 16.29%.

In 2015, the Company achieved the operating income of 19.516 billion Yuan with an increase of 27.09%, including the net interest income of 15.617 billion Yuan with an increase of 16.94%; the non-interest income was 3.9 billion Yuan with an increase of 94.77%, including the net fees and commissions income of 3.990 with an increase of 60.55% and accounting for 20.44% of operating income, compared to 16.18% in 2014. The Company continued to strengthen the advantage of comprehensive finance in 2015, kept to advance the intermediate business transformation and innovation and businesses such as credit card, asset management, investment bank

and custody became key driving factors for profit contribution.

The operating expenses of the Company in 2015 was 11.498 billion Yuan with an increase of 38.03%, including the operating and administrative expense of 6.641 billion Yuan with an increase of 34.84%, due to the increase of operating costs such as human and science & technology investment caused by factors of business development, service upgrading, staff team construction and accelerated layout of branches. In 2015, the accrued assets impairment loss of the Company was 3.781 billion Yuan with an increase of 49.97% and the accrued income tax expense was 1.448 billion Yuan with an increase of 5.48%.

Changes of Key Items in the Income Statement

Unit: (RMB) Thousand Yuan

Item	Year 2015	Year 2014	Increase/Decrease	Increase rate
Operating income	19,516,224	15,356,750	4,159,474	27.09%
Net interest income	15,616,714	13,354,681	2,262,033	16.94%
Interest income	31,831,062	28,175,470	3,655,592	12.97%
Interest expense	(16,214,348)	(14,820,789)	(1,393,559)	9.40%
Non-interest income	3,899,510	2,002,069	1,897,441	94.77%
Net fees and commissions income	3,989,790	2,485,043	1,504,747	60.55%
Other non-interest income	(90,280)	(482,974)	392,694	-
Operating expense	(11,498,194)	(8,330,173)	(3,168,021)	38.03%
Business tax and surcharges	(1,057,183)	(866,826)	(190,357)	21.96%
Operating and administrative expenses	(6,640,500)	(4,924,683)	(1,715,817)	34.84%
Assets impairment loss	(3,780,857)	(2,521,150)	(1,259,707)	49.97%
Other operating expenses	(19,654)	(17,514)	(2,140)	12.22%
Operating profit	8,018,030	7,026,577	991,453	14.11%
Net non-operating income	(3,102)	(19,685)	16,583	-
Profit before tax	8,014,928	7,006,892	1,008,036	14.39%
Income tax expense	(1,447,937)	(1,372,762)	(75,175)	5.48%
Net profit	6,566,991	5,634,130	932,861	16.56%
Including: net profit attributable to shareholders of the Parent company	6,544,333	5,627,466	916,867	16.29%
Minority interest income	22,658	6,664	15,994	240.01%

1. Net Interest Income

In 2015, the Company complied to the market-oriented reform of interest and the increasing market competition, actively reinforced the asset-liability management, optimized the portfolio structure, strived to improve the return on assets, controlled the cost of debt and realized the steady growth of net interest income. The Company's net interest income of the year was 15.617 billion Yuan with a growth of 2.262 billion Yuan, i.e. 16.94% over the previous year. The interest income was 31.831 billion Yuan with a growth of 3.656 billion Yuan, i.e. 12.97% over the previous year. The interest expense was 16.214 billion Yuan with a growth of 1.394 billion Yuan, i.e. 9.40% over the previous year.

Unit: (RMB) Thousand Yuan

Item	Year 2015	Year 2014	Increase/Decrease	Increase rate
Interest income	31,831,062	28,175,470	3,655,592	12.97%
Loans and advances	14,392,381	13,333,909	1,058,472	7.94%
Due from banks	1,067,188	1,446,875	(379,687)	(26.24%)
Deposit in the central bank	936,895	845,182	91,713	10.85%
Lending funds	138,920	198,402	(59,482)	(29.98%)
Buying back the sale of financial assets	358,184	2,015,193	(1,657,009)	(82.23%)
Bond investment	3,327,307	2,408,434	918,873	38.15%
Financial product and asset management plan	11,610,007	7,927,085	3,682,922	46.46%
Others	180	390	(210)	(53.85%)
Interest expense	16,214,348	14,820,789	1,393,559	9.40%
Deposits from banks	3,169,617	4,517,578	(1,347,961)	(29.84%)
Borrowing funds	243,354	638,900	(395,546)	(61.91%)
Deposit from customers	7,235,416	6,350,864	884,552	13.93%
Financial assets sold for repurchase	651,762	1,401,053	(749,291)	(53.48%)
Bond issued	4,170,329	1,105,464	3,064,865	277.25%
Others	743,870	806,930	(63,060)	(7.81%)
Net interest income	15,616,714	13,354,681	2,262,033	16.94%

The table below shows the average balance, interest income and expense, average interest yield rate and average interest cost rate of interest-bearing assets and interest-bearing liabilities.

Unit: (RMB) Thousand Yuan

Item	Year 2015			Year 2014		
	Average balance	Interest income/expense	Average interest yield/cost rate	Average balance	Interest income/expense	Average interest yield/cost rate
Assets						
General loans	185,907,744	12,526,556	6.74%	164,909,416	11,868,950	7.20%
Securities investment	284,056,219	14,937,314	5.26%	182,008,982	10,335,520	5.68%
Deposit in People's Bank of China	63,064,684	936,895	1.49%	56,327,379	845,182	1.50%
Due from banks and other financial institutions	45,571,488	1,564,472	3.43%	70,983,178	3,660,860	5.16%
Total interest-bearing assets	578,600,135	29,965,237	5.18%	474,228,955	26,710,512	5.63%
Liabilities						
Deposits	352,464,240	7,235,416	2.05%	289,139,466	6,350,864	2.20%
Due to banks and other financial institutions	137,448,758	4,808,603	3.49%	161,893,472	7,364,461	4.55%
Bonds payable	93,471,524	4,170,329	4.46%	22,627,539	1,105,464	4.89%
Total interest-bearing liabilities	583,794,932	16,214,348	2.78%	473,660,477	14,820,789	3.13%
Net interest income		13,750,889			11,889,723	
Net interest spread (NIS)			2.40%			2.50%
Net interest margin (NIM)			2.38%			2.51%

Note: 1. The average balance of the interest-bearing assets and the interest-bearing liabilities refers to the daily balance on average.

2. The general loans exclude discounts and advances.

3. Net interest spread = average interest rate of interesting-bearing assets - average interest rate of interesting-bearing liabilities;
 net interest margin = net interest income ÷ average balance of interesting-bearing assets

The table below shows changes on interest income and interest expense due to changes on scale and interest rate.

Unit: (RMB) Thousand Yuan

Item	Year 2015 VS Year 2014		
	Increase (decrease) factor		Increase (decrease)
	scale	Interest rate	Net
Assets			
General loans	1,511,303	(853,697)	657,606
Securities investment	5,794,830	(1,193,035)	4,601,795
Deposit in People's Bank of China	101,092	(9,379)	91,713
Due from banks and other financial institutions	(1,310,573)	(785,815)	(2,096,388)
Changes on interest income	6,096,652	(2,841,926)	3,254,726
Liabilities			
Customer deposits	1,390,910	(506,358)	884,552
Due to banks and other financial institutions	(1,111,979)	(1,443,879)	(2,555,858)
Bonds payable	3,461,069	(396,204)	3,064,865
Changes on interest expense	3,446,096	(2,052,537)	1,393,559
Changes on net interest income	2,650,556	(789,389)	1,861,167

Net interest spread and net interest margin

Upon the influence of factors such as continuous interest reduction by the People's Bank of China, in the end of the reporting period, the net interest spread was 2.38% and the net interest margin was 2.40%, decreasing 0.13 and 0.10 percentage points respectively on year-on-year basis. Under the new situation of interest rate liberalization, the Company adjusted strategy and responded actively on the premise of controllable risks to control the liabilities cost expenditure and promote the assets income level based on the measure of accelerating the assets and liabilities layout, through deepening the customer operation, optimizing the product pricing mode and increasing the proportion of current deposit, thus the narrow trend of net interest spread slows quarter by quarter.

(I) Interest income

In 2015, the Company achieved the interest income of 31.831 billion Yuan, increasing by 12.97% over the previous year. It was mainly due to the expansion of interest-bearing assets and optimization of structure.

Net loan interest income (excluding discounts and advances)

In 2015, facing the trend of acceleration of interest rate liberalization process and continuous narrowing of interest spreads of deposit and loan, the Company kept up the pace of change of macro policy situation, steadily improved the credit availability on the premise of controllable risks and achieved the interest income of general

loans (excluding discounts and advances) as 12.527 billion Yuan, increasing 0.658 billion Yuan than the previous year with a growth of 5.54%.

The table below shows the average balance, interest income and average yield of each part of the general loans of the Company.

Unit: (RMB) Thousand Yuan

Item	Year 2015			Year 2014		
	Average balance	Interest income	Average yield	Average balance	Interest income	Average yield
Corporate loans	129,082,531	8,394,734	6.50%	119,554,583	8,386,049	7.01%
Personal loans	56,825,213	4,131,822	7.27%	45,354,833	3,482,901	7.68%
Total loans	185,907,744	12,526,556	6.74%	164,909,416	11,868,950	7.20%

Securities investment interest income

In 2015, the Company reached the interest income from securities investment of 14.937 billion Yuan, increasing by 4.601 billion year than the previous year. Within the reporting period, upon the situation of satisfying and optimizing the liquidity management, the Company realized the steady and sustainable growth of the scale of bond investment and horizontal investment. From the perspective of types of investment, the main increased investment is in available-for-sale national debt, bank financing and investment management planning.

Interest income from due from banks and other financial institutions

In 2015, the Company achieved the interest income from due from banks and other financial institutions as 1.564 billion Yuan, decreasing 2.096 billion Yuan than the previous year. It was mainly because the Company actively adjusted the structure of interest-bearing assets under the low interest rate environment and balancing the need of liquidity management and profit growth, and moderately reduced the scale of deposits and loans from banks and other financial institutions during the steady increase of the security investment.

(2) Interest expense

In 2015, the interest expense of the Company was 16.214 billion Yuan, increasing 1.394 billion Yuan than the previous year with a growth of 9.40%. it was mainly due to the expanded scale of liability with interest.

Interest expense for customer deposits

In 2015, the interest expense for customer deposits of the Company was 7.235 billion Yuan, increasing 0.885

billion Yuan than the previous year with a growth of 13.93%, accounting for 44.62% of the total interest expense. It was mainly due to the increase of 21.90% for the average balance of customer deposits from the previous year. Under the environment of interest reduction, the Company promoted the steady growth of deposit scale, constantly optimized the structure of deposits and reached the proportion of average balance of current deposit as 42.40% in the reporting period, increasing 1.32 percentage points from the previous year. The cost rate of deposit during the reporting period of the Company was 2.05%, decreasing 0.15 percentage points from the previous year.

The table below shows the average balance, interest expense and average yield of corporate deposits and personal deposits.

Unit: (RMB) Thousand Yuan

Item	Year 2015			Year 2014		
	Average balance	Interest expense	Average cost rate	Average balance	Interest expense	Average cost rate
Corporate deposits						
Demand	126,303,254	1,060,575	0.84%	98,414,249	839,333	0.85%
Time	143,936,307	3,924,982	2.73%	119,690,426	3,604,827	3.01%
Subtotal	270,239,561	4,985,557	1.84%	218,104,675	4,444,160	2.04%
Personal deposits						
Demand	23,131,889	97,642	0.42%	20,363,105	96,598	0.47%
Time	59,092,790	2,152,217	3.64%	50,671,685	1,810,106	3.57%
Subtotal	82,224,679	2,249,859	2.74%	71,034,790	1,906,704	2.68%
Subtotal	352,464,240	7,235,416	2.05%	289,139,465	6,350,864	2.20%

Interest expense for due to banks and other financial institutions

In 2015, the interest expense for due to banks and other financial institutions of the Company reached 4.809 billion Yuan, decreasing 2.556 billion Yuan over the previous year. It was mainly due to the scale reduction of the deposits and loans in the banks and other financial institutions, as well as the falling interest rate of interbank funds. During the reporting period, the Company reinforced the liquidity management, enhanced the active liability management and independent pricing ability, moderately expanded the scale of active liabilities such as the interbank deposits and reduced the scale of deposits and loans in banks and other financial institutions. The daily scale decreased 15.10% over the previous year and the average interest cost rate was 3.49%, decreasing 1.06 percentage points than the previous year.

Interest expense for issued liabilities

In 2015, the interest expense for issued liabilities of the Company was 4.170 billion Yuan, increasing 3.065 billion Yuan over the previous year with a growth of 277.25%. It was mainly due to the expanded issuing scale of 10 billion financial bond, 7 billion Yuan write-down Tier-II capital debt and the interbank deposit. The daily scale of issued liabilities of the Company increased 313.09% than the previous year.

2. Non-interest Income

During the reporting period, the non-interest income of the Company reached 3.900 billion Yuan with a growth of 94.77% over the previous year, including the net fees and commission income as 3.990 billion with a growth of 60.55% over the previous year.

Main composition of non-interest income

Unit: (RMB) Thousand Yuan

Item	Year 2015	Year 2014	Increase/decrease	Increase rate
Fees and commissions income	4,400,491	2,696,649	1,703,842	63.18%
Less: fees and commission expense	410,701	211,606	199,095	94.09%
Net fees and commissions income	3,989,790	2,485,043	1,504,747	60.55%
Other non-interest income	(90,280)	(482,974)	392,694	-
Total	3,899,510	2,002,069	1,897,441	94.77%

Net fees and commissions income

Unit: (RMB) Thousand Yuan

Item	Year 2015	Year 2014	Increase/decrease	Increase rate
Settlement business	218,406	205,201	13,205	6.44%
Bank cards business	2,218,047	1,234,438	983,609	79.68%
Agency services business	1,360,045	884,628	475,417	53.74%
Guarantees business	205,540	123,075	82,465	67.00%
Commitment business	57,391	57,874	(483)	(0.83%)
Custody business	248,393	119,658	128,735	107.59%
Investment bank business	57,406	11,938	45,468	380.87%
Others	35,263	59,837	(24,574)	(41.07%)
Fees and commissions income	4,400,491	2,696,649	1,703,842	63.18%
Less: fees and commissions expense	410,701	211,606	199,095	94.09%
Net fees and commissions income	3,989,790	2,485,043	1,504,747	60.55%

In 2015, the Company took advantages of the integrated finance service to continuously improve the intermediate business transformation and innovation and income structure optimization. Firstly, focused on the

marketing environment and customer demand, constantly enriched the personal product system and promoted the service innovation. Secondly, optimized the structure of wealth management income, gradually shifted the focus from the financial services to overall wealth management. The Company achieved rapid development in businesses such as funds, insurance and gold sales. Thirdly, steadily improved the ability of investment management and asset allocation for asset management business. On the premise of rigorous control of risks, complied to the market pace of adjusting large category assets and achieved the transformation and upgrading from domestic to overseas, from constant return type to equity type, as well as from domestic currency to foreign currency investment, and the yield rate was improved from 80bp in the previous year to 105bp. Fourth, fully upgraded the custody business, enhanced the brand influence of “E-custody”, promoted the custody outsourcing service business to strengthen the customer engagement; grasped the market opportunity, actively advanced the QDII cross-border custody business and successfully implemented the first business. Fifthly, speeded up the investment bank business layout and the five investment bank businesses such as structural financing, bond underwriting, middle-level capital, capital market and asset securitization were increasingly improved.

In 2015, the fees and commissions income of the Company was 4.400 billion Yuan, increasing 1.704 billion Yuan over the previous year with a growth of 63.18%, of which, the business income from bank cards, guarantee, custody, investment bank, and E-bank achieved rapid growth. The fees and commissions expense was 0.411 billion with an increase of 94.09%. It was mainly due to the increase on trading service charges of financial markets and E-bank service fee expense.

The income of bank card business reached 2.218 billion, increasing 0.984 billion Yuan than the previous year with a growth of 79.68%. It was mainly due to the sustainable growth of credit card commission income upon the business development of credit card energetically promoted by the Company in 2015 through deepening customer operation, upgrading marketing mode and advancing cross-selling.

The income of guarantees business reached 0.206 billion Yuan with an increase of 67.00%. It was mainly due to the rapid growth of the bank guarantee income. During the reporting period, the Company actively seized the policy opportunity of “One Belt One Road” and “Going Out”, strived to develop the cross-border business and promoted the rapid growth of guarantee business income.

The income of custody business reached 0.248 billion Yuan with an increase of 107.59%. It was mainly because the Company continuously enhanced the advantage of custody business, expanded the business scales through customer group establishment, channel development, brand appreciation and process optimization and

achieved the rapid growth of custody business income.

The income of investment bank reached 0.057 billion Yuan with an increase of 380.87%. It was mainly because the Company started to be in full force on the investment bank business upon the previous accumulation and preparation and gradually turned that into an important business means of integrated service for large and medium-sized customers.

3. Business and Administrative Expenses

In 2015, the business and administrative expense of the Company was 6.641 billion Yuan with a year-on-year growth of 34.84% and the cost-income ratio was 34.03%. The increase of expenses was mainly due to the influence of strategic resources investment and business scale growth. The resource allocation of expenses are featured as follows:

Firstly, reinforced the investment in large-scale retailing. For the support of community finance, network finance and small & micro finance, there was a year-on-year growth of 35% in the investment on large-scale retailing;

Secondly, reinforced the investment in information technology and E-channel construction. For the promotion of information construction, there was a year-on-year growth of 90% in the investment on science and technology and a year-on-year growth of 279% in the investment on E-channel construction;

Thirdly, actively opened new branches and network and promoted the expansion of business scale. The Company added 1 branch and 36 sub-branches in 2015, meanwhile the rent and decoration fees were in a year-on-year growth of 21%.

In 2015, the Company constantly strengthened the refined expense management, rationally controlled the business expense and supported the steady development of business in the manners of optimizing the expense control mode, improving the expense approval mechanism and reinforcing the expense monitoring.

The table below shows the main compositions of business and administrative expense during the reporting period.

Unit: (RMB) Thousand Yuan

Item	Year 2015	Year 2014	Increase/decrease	Increase rate
Staff costs	3,635,687	2,524,043	1,111,644	44.04%
Business expenses	2,455,893	1,938,442	517,451	26.69%
Depreciation of fixed assets	332,382	296,508	35,874	12.10%
Amortization of long-term deferred expenses	115,636	98,324	17,312	17.61%
Amortization of intangible assets	50,696	27,130	23,566	86.86%
Taxes	50,206	40,236	9,970	24.78%

Total	6,640,500	4,924,683	1,715,817	34.84%
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4. Assets Impairment Loss

In 2015, the assets impairment loss of the Company was 3.781 billion Yuan, increasing 1.260 billion Yuan than the previous year with a growth of 49.97%. Main reasons were as follows: 1. The total loans grew stably, and the Company kept withdrawing the provision with the principle of steadiness; 2. Based on the consideration of the increase in various business assets, structure adjustment and own business development strategy, the Company withdrew provision and allowances for assets impairment with the principle of prudence and further enhances the risk resisting ability

Unit: (RMB) Thousand Yuan

Item	Year 2015	Year 2014	Increase/decrease	Increase rate
Loan impairment loss	3,835,612	2,420,150	1,415,462	58.49%
Investment impairment loss of receivables	(54,755)	100,000	(154,755)	(154.76%)
Bad debt reserves	-	1,000	(1,000)	-
Total	3,780,857	2,521,150	1,259,707	49.97%

(II) Analysis of the Balance Sheet

1. Assets

As of Dec. 31, 2015, the total assets of the Company reached 716.465 billion Yuan, increasing 29.30% than the end of 2014. The increase of total assets was due to the growth of security investment and loan issuing of the Company.

Unit: (RMB) Thousand Yuan

Item	Dec. 31, 2015		Dec. 31, 2014		Changes	
	Amount	Proportion	Amount	Proportion	Amount	Proportion (Percentage points)
Cash and balances in the central bank	66,189,440	9.24%	70,953,938	12.80%	(4,764,498)	(3.56)
Due from other banks	14,199,976	1.98%	30,447,600	5.49%	(16,247,624)	(3.51)
Previous metals	1,540,475	0.22%	-	-	1,540,475	0.22
Lending funds	1,381,143	0.19%	2,866,596	0.52%	(1,485,453)	(0.33)
Financial assets at fair value through profit and loss	7,039,891	0.98%	8,878,979	1.60%	(1,839,088)	(0.62)
Derivative financial assets	3,537,564	0.49%	1,293,140	0.23%	2,244,424	0.26
Redemptory monetary capital for sale	10,980,600	1.53%	17,079,001	3.08%	(6,098,401)	(1.55)
Interest receivable	2,765,145	0.39%	3,015,047	0.54%	(249,902)	(0.15)
Loans and advances	248,399,105	34.68%	204,749,878	36.97%	43,649,227	(2.29)

Available-for-sale financial assets	249,257,941	34.80%	120,109,026	21.68%	129,148,915	13.12
Held-to-maturity investment	32,671,512	4.56%	16,569,101	2.99%	16,102,411	1.57
Investment receivables	71,231,132	9.94%	71,554,844	12.91%	(323,712)	(2.97)
Investment real estate	16,559	0.00%	16,596	0.00%	(37)	0.00
Fixed assets	3,420,258	0.48%	3,352,019	0.60%	68,239	(0.12)
Intangible assets	244,245	0.03%	208,642	0.04%	35,603	0.01
Construction in progress	1,598,042	0.22%	1,322,120	0.24%	275,922	(0.02)
Deferred income tax assets	751,245	0.10%	769,245	0.14%	(18,000)	(0.04)
Other assets	1,240,380	0.17%	926,846	0.17%	313,534	0.00
Total assets	716,464,653	100.00%	554,112,618	100.00%	162,352,035	0.00

(1) Loans and advances

As of Dec. 31, 2015, the total loans and advances of the Company reached 255.689 billion Yuan and the net amount was 248.399 billion Yuan after deducting the loan loss reserves of 7.289 billion Yuan. It increased 21.32% than the end of the previous year, accounting for 34.68% of the total assets with a decrease of 2.29 percentage points over the end of the previous year.

Corporate loan

As of Dec 31, 2015 the total corporate loan of the Company was 141.853 with an increase of 14.048 billion Yuan over the end of the previous year and accounting for 55.48% of the total loans and advances with a decrease of 5.36 percentage points over the end of the previous year. In 2015, under the new normal economic situation of “structure adjusting and steady increasing”, based on the principle of prudent credit extension, the Company kept steady increase of corporate loans and moderately adjusted the loan orientation complying to the economical situation. During the reporting period, the Company appropriately increased the investment on rent and commercial service industry, water conservancy, environment and public facilities management among the newly added corporate loans and the proportion of manufacturing industry and wholesale and retail industry loans was decreased slightly.

Discount for bills

As of Dec. 31, 2015, the discount for bills was 28.634 billion Yuan, accounting for 11.20% of the total loans and advances and increased 6.67 percentage points than the end of the previous year. In 2015, under the background of the deepening of financial reform, the accelerated promotion of interest rate liberalization and the intensified horizontal competition and disintermediation, in order to reduce the enterprises’ financing cost, the

Company moderately increased the availability of bill discounting according to the progress of credit availability. Flexibly regulated the bill financing scale upon the transformation of two modes as bill holding for interest earning and turnover for profit earning, promoted the all-round development of bill business and enhanced the comprehensive return of bill assets.

Personal loan

As of Dec. 31, 2015, the discount for bills was 85.202 billion Yuan, accounting for 33.32% of the total loans and advances. During the reporting period, the Company adapted to the changes of the economic situations, reinforced the investment on personal consumption loan and credit card loan based on the strengthening of personal loan customer group and improved the capital return level with differentiation competitive advantage. Meanwhile, the Company successfully issued the “2015 1st Yongying Consumer Credit-Backed Securities”, first adopted the circular-buying dynamic asset pool and effectively released the liens for credit for personal loan.

Unit: (RMB) Thousand Yuan

Item	Year 2015		Year 2014	
	Amount	Proportion	Amount	Proportion
Corporate loans and advances	141,852,708	55.48%	127,804,398	60.84%
Loans	137,630,122	53.83%	123,301,697	58.70%
Trading financing	4,222,586	1.65%	4,502,701	2.14%
Bill discounting	28,633,924	11.20%	9,522,435	4.53%
Personal loans and advances	85,201,948	33.32%	72,735,349	34.63%
Personal consumption loan	80,282,796	31.39%	66,652,085	31.73%
Personal operation loan	3,416,714	1.34%	4,492,093	2.14%
Personal housing loan	1,502,438	0.59%	1,591,171	0.76%
Total amount	255,688,580	100.00%	210,062,182	100.00%

(2) Security investment

The security investments include financial assets at fair value through profit and loss, financial assets available for sale, held-to-maturity investments and investment receivables.

Investment structure divided upon purpose

Unit: (RMB) Thousand Yuan

Item	Dec. 31, 2015		Dec. 31, 2014	
	Amount	Proportion	Amount	Proportion
Financial assets at fair value through profit and loss	7,039,891	1.95%	8,878,979	4.09%

Financial assets available for sale	249,257,941	69.20%	120,109,026	55.32%
Held-to-maturity investments	32,671,512	9.07%	16,569,101	7.63%
Investment receivables	71,231,132	19.78%	71,554,844	32.96%
Total	360,200,476	100.00%	217,111,950	100.00%

Financial assets at fair value through profit and loss

As of Dec. 31, 2015, the financial assets at fair value through profit and loss of the Company was 7.040 billion Yuan, decreasing 1.839 billion Yuan than the end of the previous year. It was mainly due to the changes upon seizing trading opportunities in the bond market. In 2015, due to the slow economic growth and downward inflation in China, People's Bank of China reduced both the reserve-requirement ratio and the interest more than once, and the yield rate of bonds kept going down and reached the new lowest record since 2009. The transaction accounts of the Company increased its bonds holdings for several times during 2015, accelerated the band operation in the market fluctuations. As the sharp down of the bond yield in the 4th quarter of 2015, the Company moderately lightened up the bond position of the transaction account in the end of the year.

Financial assets available for sale

As of Dec. 31, 2015, the financial assets available for sale of the Company was 249.258 billion Yuan, increasing 129.149 billion Yuan over the end of 2014. It was mainly due to the increase of available -for- sale financial products and medium-and-long term treasury bond investment.

In 2015, in order to stabilize the economic growth and guarantee the reasonable level of monetary market liquidity, People's Bank of China put liquidity to the market in manners of reducing the reserve-requirement ratio and interest, as well as MLF. The bond yield and various return on assets were in sharp down during the whole year. Against this background, the Company actively seized the market opportunity, increased the investment in the interbank financial products with relatively high yield and focused on the increasing hold of medium-and-long term treasury bond, optimized the asset allocation structure and further improved the profit contribution.

Held-to-maturity investments

As of Dec. 31, 2015, the total face value of the held-to-maturity bond of the Company was 32.672 billion Yuan, increasing 16.102 billion Yuan over the end of the previous year. Based on the estimation of the downturn of bond yield of 2015 in the beginning of the year, the Company started to increase the treasury bond investment from the 1st quarter of 2015. Meanwhile, for the consideration of interest rate risk management and liquidity

management demand, the Company put part of the increased held bond into the held-to-maturity investment account during the bond yield descending period and kept a rapid growth in these investment.

Investment receivables

Investment receivables refer to the various bond investment held by the Company without open market price in domestic or overseas market. As of Dec. 31, 2015, the balance of investment receivables was 71.231 billion Yuan, decreasing 0.324 billion Yuan over the end of 2014.

Situation of ten financial bonds held with the highest face value

Unit: (RMB) Thousand Yuan

Category	Balance of face value	Interest rate%	Date of maturity	Depreciation reserve
Financial bond of 2015	1,010,000	3.74	2025-9-10	-
Financial bond of 2014	450,000	5.3	2017-7-24	-
Financial bond of 2015	300,000	4.4	2020-12-30	-
Financial bond of 2015	290,000	3.75	2017-1-26	-
Financial bond of 2015	250,000	4.13	2020-4-13	-
Financial bond of 2015	231,500	4.48	2020-12-25	-
Financial bond of 2015	220,000	3.85	2018-1-8	-
Financial bond of 2014	210,000	4.5	2017-6-26	-
Financial bond of 2015	200,000	5.2	2020-7-15	-
Financial bond of 2015	200,000	3.86	2020-6-25	-

During the reporting period, the Company balanced the requirements of liquidity management and profit growth, made rational allocation on the bond investment. As of Dec. 31, 2015, the total face value of the ten largest financial bonds was 3.362 billion Yuan, mainly of which was financial bond of policy banks with the average yield of 4.24% and the major holding period as 3-5 years.

(3) Derivative financial instruments held at the end of the reporting period

Unit: (RMB) Thousand Yuan

Derivative financial instruments	Dec. 31, 2015		
	Contract/nominal amount	Fair value of assets	Fair value of liabilities
Foreign exchange forwards	9,085,218	139,241	(31,211)
Foreign exchange swap	268,942,352	2,237,256	(2,244,235)
Interest rate swap	649,138,064	922,607	(993,116)
Currency swap	640,203	3,756	(24,027)
Option contract	4,801,268	188,631	(62,707)

precious metal forward/swap	16,474,917	46,073	-
TOTAL	949,082,022	3,537,564	(3,355,296)

During the reporting period, the following derivative financial instruments were used by the Company in transactions:

Foreign exchange forwards: refers to the transaction that both parties agree to make a currency transaction on a regulated price and amount in a certain time in the future.

Foreign exchange swap refers to the currency swap transaction composed of two transaction with two different settlement days, contrary directions but same amount.

Interest rate swap refers to the transaction that both parties make interest payment to each other at an agreed interest rate within an agreed period. Both parties, as based on the same currency and the same amount, will exchange a fixed interest rate for a floating interest rate, or exchange one floating interest rate for another. By the end of the agreed period, the interest will be paid according to the agreed interest rate.

Currency swap refers to the exchange of debt capital based on same amount, same term, same interest rate calculation method but different currencies, as well as the currency swap at different amount of interest. is also

Option contract: an option refers to the right of choice, that is, the right to sell or purchase a certain quantity of subject matter at a specific price (strike price) within a specific period.

Precious metal inquiry transaction: refers to the gold transaction made by the market participants authorized by Shanghai Gold Exchange in the manner of bilateral inquiry via China Foreign Exchange Trade System. The trade category is the specified gold transaction listed in the foreign exchange trading system of the trading center. The gold inquiry transaction includes categories such as spot, forward and swap depending on different trade terms.

The nominal amount of derivative financial instruments in the balance sheet was regarded as a basis to compare with fair value assets or liabilities in the balance sheet, which did not represent the cash flow in the future or the fair value at present. Therefore, it should not be used to reflect the credit risk or market risk of the Company. With the fluctuation of foreign exchange rate and market interest rate, as related to the contract terms of derivative financial instruments, the evaluated value of derivative financial instruments may have positive (assets) or negative (liabilities) effect on the Company. There may be considerable fluctuation on such effect in different periods.

In 2015, the Company made positive use of derivative products such as interest rate and exchange rate to for hedging and directional trade with the transaction scale under stable expansion and the trading strategy getting more diversified. On one hand, the Company actively seized the opportunity of the down-going trend of the money market rate in the year, especially in the first half year, intensified the transaction of interest rate swap and significantly improved the income of interest rate derivative transactions; on the other hand, the Company actively seized the opportunity of swap market under the narrowing situation of interest margin between China and US and gained remarkable transaction profits in foreign exchange derivative proprietary trading.

(4) Interest receivables and bad debt provision on- and off-balance sheet

As of Dec. 31, 2015, the total interest receivables on- and off-balance sheet was 3.099 billion Yuan, including 2.765 billion Yuan of on-balance sheet interest receivables and 0.334 billion Yuan as off-balance sheet.

Unit: (RMB) Thousand Yuan

Item	Beginning balance	Current increase and decrease	Ending balance	Balance of bad debt reserve	Withdrawal method
Interest receivables on the balance sheet	3,015,047	(249,902)	2,765,145	-	Individually determined
Interest receivables off the balance sheet	225,886	108,611	334,497	-	-

(5) Debt assets and provision for impairment

As of Dec. 31, 2015, the total amount of debt assets of the Company was 0.280 billion Yuan, the provision for impairment was 0 and the net debt assets was 0.280 billion Yuan.

Unit: (RMB) Thousand Yuan

Land, housing and buildings	279,740
Others	-
Subtotal	279,740
Provision for debt assets impairment loss	0
Net value of debt assets	279,740

2. Liabilities

As of Dec. 31, 2015, the total liabilities of the Company was 671.367 billion Yuan, increasing 151.419 billion Yuan than the end of the previous year with a growth of 29.12%. It was mainly due to the increase of deposits and interbank deposits, financial bond, Tier-II capital debt and other liabilities issued by the Company.

Unit: (RMB) Thousand Yuan

Item	Dec. 31, 2015		Dec. 31, 2014		Changes	
	Amount	Proportion	Amount	Proportion	Amount	Proportion (percentage point)
Borrowings from central bank	1,700,000	0.25%	-	-	1,700,000	0.25
Due to other banks and financial institutions	68,632,509	10.22%	86,634,335	16.66%	(18,001,826)	(6.44)
Loans from other banks	20,200,607	3.01%	14,071,981	2.71%	6,128,626	0.30
Financial assets at fair value through profit and loss	182,682	0.03%	1,272,100	0.24%	(1,089,418)	(0.21)
Derivative financial liabilities	3,355,296	0.50%	1,303,488	0.25%	2,051,808	0.25
Financial assets sold for repurchase	46,497,690	6.93%	28,155,132	5.41%	18,342,558	1.52
Deposit taking	355,685,634	52.98%	306,531,829	58.97%	49,153,805	(5.99)
Wages and salaries payable	1,495,977	0.22%	1,098,768	0.21%	397,209	0.01
Tax payable	899,812	0.13%	795,134	0.15%	104,678	(0.02)
Interest payable	6,195,876	0.92%	5,587,627	1.07%	608,249	(0.15)
Bond payable	144,056,767	21.47%	50,655,391	9.74%	93,401,376	11.73
Deferred income	283,081	0.04%	29,496	0.01%	253,585	0.03
Deferred income tax liabilities	6,122	0.00%	3,871	0.00%	2,251	0.00
Other liabilities	22,175,281	3.30%	23,809,254	4.58%	(1,633,973)	(1.28)
Total liabilities	671,367,334	100.00%	519,948,406	100.00%	151,418,928	0.00

Customer deposits

During the reporting period, the Company actively responded to the changes of external situation such as the quickened interest rate liberalization, the launching of deposit insurance system and the intensified industrial competition, constantly optimized the product system, upgraded the customer marketing mode, improved the deposit interest rate differentiation pricing mechanism and achieved the stable growth of customer deposits. As of Dec. 31, 2015, the total customer deposits of the Company was 355.686 billion Yuan, increasing 49.154 than the

end of the previous year with a growth of 16.04% and accounted for 52.98% of the total liabilities of the Company.

The table below shows the customer deposits categorized upon product types and customer types at the end of Dec. 31, 2015.

Unit: (RMB) Thousand Yuan

Item	Year 2015		Year 2014	
	Balance	Proportion	Balance	Proportion
Corporate deposits				
Demand	139,347,474	39.18%	101,446,377	33.09%
Time	135,499,278	38.10%	130,879,244	42.70%
Subtotal	274,846,752	77.27%	232,325,621	75.79%
Personal deposits				
Demand	25,241,411	7.10%	21,696,287	7.08%
Time	55,597,471	15.63%	52,509,921	17.13%
Subtotal	80,838,882	22.73%	74,206,208	24.21%
Total	355,685,634	100.00%	306,531,829	100.00%

During the reporting period, in addition to the promotion of steady growth of deposit scale, the Company actively optimized the deposit structure and further enhanced the proportion of current deposit through measures of marketing new customers and promoting products for the retention of settlement funds. As of Dec. 31, 2015, the proportion of the Company's demand deposits in the total customer deposits was 39.18%, increasing 6.08 percentage points over the end of the previous year. Of which, the time deposits of corporate customers accounts for 38.10% of the customer deposits, decreasing 4.60 percentage points than the end of the previous year; the time deposits of personal customers accounts for 7.10% of the customer deposits, increasing 0.02 percentage points than the end of the previous year;

3. Shareholders' Equity

Unit: (RMB) Thousand Yuan

Item	Dec. 31, 2015		Dec. 31, 2014		Changes	
	Amount	Proportion	Amount	Proportion	Amount	Proportion (percentage point)
Share capital	3,899,794	8.65%	3,249,829	9.51%	649,965	(0.86)
Other equity instruments	4,824,691	10.70%	--	--	4,824,691	10.70

Capital reserve	9,948,236	22.06%	10,598,201	31.02%	(649,965)	(8.96)
Other comprehensive income	1,312,883	2.91%	309,130	0.90%	1,003,753	2.01
Earned surplus	3,181,124	7.05%	2,531,957	7.41%	649,167	(0.36)
General risk reserve	5,055,801	11.21%	4,054,719	11.87%	1,001,082	(0.66)
Undistributed profit	16,778,919	37.21%	13,347,261	39.08%	3,431,658	(1.87)
Equity attributable to shareholders of the Parent company	45,001,448	99.79%	34,091,097	99.79%	10,910,351	0.00
Minority equity	95,871	0.21%	73,115	0.21%	22,756	0.00
Total shareholders' equity	45,097,319	100.00%	34,164,212	100.00%	10,933,107	0.00

(III) Analysis of assets quality

During the reporting period, the credit assets scale of the Company was in a stable growth and the non-performing loans were in general control. As of Dec. 31, 2015, the total loans of the Company was 255.689 billion Yuan, increasing 21.72% over the end of the previous year; the ratio of non-performing loan was 0.92%, increasing 0.03% than the beginning of the year, which was relative low among the banking industry.

Quality of loan assets at the end of the reporting period

Unit: (RMB) Thousand Yuan

Five-class classification	Dec. 31, 2015		Dec. 31, 2014		Changes	
	Loans & advances	Proportion	Loans & advances	Proportion	Increase/decrease	Proportion (percentage point)
Subtotal of performing loans:	253,326,969	99.08%	208,199,352	99.11%	45,127,617	(0.03)
Normal	248,799,232	97.31%	204,479,949	97.34%	44,319,283	(0.03)
Special mention	4,527,737	1.77%	3,719,403	1.77%	808,334	-
Subtotal of non-performing loans:	2,361,611	0.92%	1,862,830	0.89%	498,782	0.03
Substandard	1,062,020	0.41%	543,229	0.26%	518,791	0.15
Doubtful	894,656	0.35%	881,732	0.42%	12,924	(0.07)
Loss	404,935	0.16%	437,869	0.21%	(32,934)	(0.05)
Total customer loans	255,688,580	100.00%	210,062,182	100.00%	45,626,398	-

Under the loan supervision system of five-class classification, the non-performing loans of the Company was classified as substandard, doubtful and loss loans. As of the end of the reporting period, the total non-performing loans of the Company was 2.362 billion Yuan with the ratio of non-performing loan as 0.92%, increasing 0.03

percentage points than the previous year. The ratio of non-performing loan was relatively stable. The increase of non-performing loans was mainly the substandard loans, of which the proportion rose by 0.15 percentage points to 0.41%; the loss loans decreased 0.05 percentage points over the end of the previous year through recovering and cancelling after verification; the special mention loans at the end of the period was 4.528 billion Yuan, accounting for 1.77%, equaling to the one of the end of the previous year.

Loan proportion in different industries at the end of the reporting period

Unit: (RMB) Thousand Yuan

Industry	Year 2015	
	Amount	Proportion
Agriculture, forestry, animal husbandry, fishing	1,014,448	0.40%
Mining	900,893	0.35%
Manufacturing	39,676,014	15.51%
Production and supply of electricity, gas and water	3,510,332	1.37%
Construction	11,064,796	4.33%
Transportation, storage, mailing	4,213,295	1.65%
Information transfer, computer service and software	3,048,475	1.19%
Commerce	30,242,126	11.83%
Hotel, restaurant	885,389	0.35%
Finance	6,425,543	2.51%
Operating property loan	8,613,416	3.37%
Leasing and commercial service	25,234,562	9.87%
Scientific research, technology service and geological exploitation	660,110	0.26%
Water resource, environment and public facilities management and investment	16,053,531	6.28%
Real estate development	13,309,413	5.20%
Loans for urban construction	2,097,645	0.82%
Resident service and other services	329,669	0.13%
Education	864,880	0.34%
Health, social security and welfare	489,329	0.19%
Culture, sports and entertainment	377,116	0.15%
Public management and social organization	1,475,650	0.58%
Personal loans	85,201,948	33.32%
Total	255,688,580	100%

During the reporting period, on one hand, the Company constantly enhanced the support on entity economy,

especially the middle and small-sized enterprises, strengthened the credit resource guarantee for middle and small-sized enterprises in industries of manufacturing, commercial, leasing and commercial service; on the other hand, actively adjusted the credit structure, strictly controlled the total credit for group customers, abided by supervision department's "Three Red Lines" for government platform loans, restricted the credit investment in industries with excessive capacity and uncertain future and further improved the anti-risk capability of credit assets.

Loan proportion in different areas at the end of the reporting period

Unit: (RMB) Thousand Yuan

Region	Year-end balance	
	Amount	Proportion
Zhejiang Province	166,908,828	65.28%
Including: Ningbo	127,853,845	50%
Shanghai	18,213,488	7.12%
Jiangsu Province	51,746,930	20.24%
Guangdong Province	10,511,244	4.11%
Beijing	8,308,090	3.25%
Total amount of loans and advances	255,688,580	100%

The credit policy of the Company includes asset quota strategy, quality control objective, concentration ratio objective and credit orientation policy, customer access policy, etc and formulated regional credit extension enforcement regulation combining with the local conditions to highlight the differentiation between credit policies for different regions and made the policy closer to the local market. At the end of the reporting period, the loans of the Company were mainly in Zhejiang, Jiangsu and Shanghai.

Loan proportion for different guarantees at the end of the reporting period

Unit: (RMB) Thousand Yuan

Guarantee type	Year-end balance	
	Amount	Proportion
Credit Loan	78,113,812	30.55%
Guarantee loan	68,687,701	26.86%
Mortgage loan	76,565,130	29.95%
Pledge loan	32,321,937	12.64%
Total amount of loans and advances	255,688,580	100.00%

During the economic downturn, the Company consolidated the basis of risk prevention by risk mitigation measures such as increasing the mortgage and pledged goods. As of the end of the reporting period, the maximum proportion of mortgage and pledge loans was 42.59%.

Loan for top 10 customers at the end of the reporting period

Unit: (RMB) Thousand Yuan

Industry	Loan balance	Proportion to net capital
Water resource, environment and public facilities management	1,215,600	2.07%
Public administration, social security and social organization	1,044,400	1.78%
Construction	1,000,000	1.70%
Leasing and commercial service	798,000	1.36%
Loans for real estate development	685,000	1.16%
Loans for real estate development	600,000	1.02%
Loans for real estate development	549,037	0.93%
Loans for real estate development	504,535	0.86%
Wholesale and retail industry	500,000	0.85%
Water resource, environment and public facilities management	500,000	0.85%
Total	7,396,572	12.58%
Net capital	58,822,834	

As of the end of the reporting period, the loan balance for the largest single client was 1,215.60 million Yuan, accounting for 2.07% of the net capital. The loan balance of the top 10 customers was 7,396.57 million Yuan, accounting for 2.89% of the total loans of the Company.

Loans divided upon overdue limit

Unit: (RMB) Thousand Yuan

Overdue limit	Dec. 31, 2015		Dec. 31, 2014	
	Amount	Proportion to the total loans	Amount	Proportion to the total loans
Overdue within 3 months	1,654,532	0.65%	1,940,271	0.92%
Overdue for 3 months to 1 year	1,869,337	0.73%	1,352,866	0.64%
Overdue for more than 1 year and within 3 years	876,096	0.34%	750,394	0.36%
Overdue for more than 3 years	28,741	0.01%	18,237	0.01%
Total overdue loans	4,428,706	1.73%	4,061,768	1.93%

As of the end of the reporting period, the overdue loans of the Company was 4.429 billion Yuan, increasing 0.367 billion Yuan than the end of the previous year and the proportion of overdue loan was 1.73%, decreasing 0.20 percentages points than the end of the previous year

Provision and written-off of bad debts

Unit: (RMB) Thousand Yuan

Item	Year 2015	Year 2014	Year 2013
Balance at the beginning of the year	5,312,304	3,887,496	3,052,914
Current provision	3,835,612	2,420,150	1,319,252
Current recovery	137,180	29,110	645
Including: recoveries of loans and advances written-off previously	137,180	29,110	645
Current written-off	(1,927,873)	(983,145)	(457,033)
Transferred in from decreased loan interests	(67,748)	(41,307)	(28,282)
Balance at the end of the year	7,289,475	5,312,304	3,887,496

During the reporting period, the total provision of loan loss reserves of the Company was 3.836 billion Yuan, the recovery of non-performing loan was 0.137 billion Yuan, the written-off of non-performing loan was 1.928 billion Yuan and the balance of the loan loss reserves at the end of the reporting period was 7.289 billion Yuan.

The Company adopted two methods of assessing impairment losses on loans at the balance sheet date: individual assessment and portfolio assessment.

Loans considered individually significant were assessed individually for impairment test. If there was any objective evidence indicating that a loan was impaired, the impairment losses amount would be measured as the difference between the carrying amount of the loan and its discounted value of estimated future cash flows recoverable through profit or loss of the current period.

Loans considered individually insignificant, and those with no objective evidence showing that an impairment had incurred according to individual assessment were grouped in a pool of loans with similar credit risk characteristics for the purpose of impairment testing. Based on the results of the testing, the Company would determine allowances for impairment losses on loans assessed on a portfolio bases.

(IV) Analysis of the cash flow statement

The net cash inflow from operating activities was 19.561 billion Yuan, including the cash flow of 87.432 billion Yuan, decreasing 6.179 billion Yuan than the previous year. It was mainly due to the decrease of customer deposits and deposit taking of interbank. The cash outflow was 67.871 billion Yuan, decreasing 2.963 billion Yuan.

It was mainly due to the decrease of due from other banks and lending to other financial institutions.

The net cash inflow from investment activities was -131.140 billion Yuan, including the cash inflow as 1,856.562 billion Yuan. It was mainly due to the increase of cash inflow from returns on investment. The cash outflow was 1,987.702 billion Yuan, increasing 1,207.080 billion Yuan than the previous year. It was mainly due to the increase of cash outflow for investment.

The net cash inflow from financing activities was 92.919 billion Yuan, including the cash inflow of 137.9 billion Yuan. It was mainly due to the cash inflow of financial instruments for preferred stock issuing and interbank deposits; the cash outflow was 44.980 billion Yuan. It was mainly due to the distribution of common stock dividends and payment of issued matured bond interest.

Unit: (RMB) Thousand Yuan

Item	Year 2015	Year 2014	Changes
Subtotal of cash inflows from operating activities	87,431,613	93,610,423	(6,178,810)
Subtotal of cash outflows from operating activities	67,871,072	70,834,126	(2,963,054)
Net cash flow from operating activities	19,560,541	22,776,297	(3,215,756)
Subtotal of cash inflows from investment activities	1,856,561,558	717,990,390	1,138,571,168
Subtotal of cash outflows from investment activities	1,987,701,510	780,621,802	1,207,079,708
Net cash flow from investment activities	(131,139,952)	(62,631,412)	(68,508,540)
Subtotal of cash inflows from financing activities	137,899,529	40,307,252	97,592,277
Subtotal of cash outflows from financing activities	44,980,073	6,982,065	37,998,008
Net cash flow from financing activities	92,919,456	33,325,187	59,594,269
Net increase of cash and cash equivalents	(18,736,495)	(6,541,365)	(12,195,130)

(V) Segment analysis

The main business segments of the Company were corporate banking, personal banking, capital banking and other banking business segments. The report data of segments were mainly from the management accounting system of the Company. The Company was in the full implementation of internal funds transfer pricing to confirm the interest income and interest expense among segments, adopted term matching, re-pricing and other methods to calculate the income and expenses of transfer pricing among segments as per the account class trade by trade to accelerate the Company for optimizing the structure of assets and liabilities, rationalizing the product pricing, centralizing the interest rate risk management and achieving the

comprehensive assessment of the performance level.

During the reporting period, the retail strategy implementation of the Company reached a significant achievement and stepped into a sound progress with the scale and profit proportion in continuous improvement. The total profit of personal banking was 2.525 billion Yuan, increasing 51.72% than the previous year and accounted for 31.50% of the total profit before tax with a year-on-year growth of 7.75 %.

Unit: (RMB) Thousand Yuan

Year 2015 年	Corporate banking	Personal banking	Capital banking	Others	Total
Net external interest income	4,179,587	2,163,162	9,273,965	-	15,616,714
Net internal interest income	3,017,690	464,834	(3,482,524)	-	-
Net fees and commissions income	1,501,503	2,244,249	244,038	-	3,989,790
Investment income	-	-	398,447	-	398,447
Changes in fair value through profit or loss	-	-	240,543	(37)	240,506
Exchange gain or loss	152,779	-	(928,953)	14,575	(761,599)
Other operating income/expense	-	-	120	12,592	12,712
Business tax and surcharges	367,769	216,956	472,458	-	1,057,183
Operation and administrative expense	2,325,279	1,371,737	2,943,484	-	6,640,500
Assets impairment loss	3,012,755	758,850	9,252	-	3,780,857
Operating profit	3,145,756	2,524,702	2,320,442	27,130	8,018,030
Net non-operating income	-	-	10,218	(13,320)	(3,102)
Total profits	3,145,756	2,524,702	2,330,660	13,810	8,014,928
Total assets	160,353,944	85,282,073	469,913,355	915,281	716,464,653
Total liabilities	280,549,250	83,649,282	306,972,925	195,877	671,367,334
Supplementary information					0
Capital expenditure	224,604	119,453	652,780	11,142	1,007,979
Depreciation and amortization expense	260,105	153,442	320,448	-	733,995
Year 2014	Corporate banking	Personal banking	Capital banking	Others	Total

Net external interest income	4,294,951	1,877,664	7,182,066	-	13,354,681
Net internal interest income	2,362,392	510,396	(2,872,788)	-	-
Net fees and commissions income	1,299,059	1,152,404	33,580	-	2,485,043
Investment income	-	-	156,004	8,937	164,941
Changes in fair value through profit or loss	-	-	148,693	(13)	148,680
Exchange gain or loss	168,512	-	(1,029,904)	31,257	(830,135)
Other operating income/expense	-	-	-	16,026	16,026
Business tax and surcharges	524,141	275,944	66,069	672	866,826
Operation and administrative expense	2,235,708	1,182,300	1,503,796	2,879	4,924,683
Assets impairment loss	2,003,016	418,134	100,000	-	2,521,150
Operating profit	3,362,049	1,664,086	1,947,786	52,656	7,026,577
Net non-operating income	-	-	5,964	(25,649)	(19,685)
Total profits	3,362,049	1,664,086	1,953,750	27,007	7,006,892
Total assets	134,890,347	73,248,241	345,216,856	757,174	554,112,618
Total liabilities	258,162,341	76,602,125	184,901,633	282,307	519,948,406
Supplementary information					
Capital expenditure	276,283	150,028	708,072	1,551	1,135,934
Depreciation and amortization expense	284,662	149,866	186,573	365	621,466

(VI) Off-balance sheet items with significant influence on the operating results

As of Dec. 31, 2015, the main off-balance risk assets of the Company was 223.084 billion Yuan, increasing 91.196 billion Yuan than the previous year with a growth of 69.15%.

Unit: (RMB) Thousand Yuan

Item	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
1. Main off-balance risk assets			
L/C issued	11,570,259	15,629,215	24,015,051
Bank acceptances	69,716,782	50,545,875	40,924,641

L/G issued	18,052,693	13,480,670	8,074,604
Loan commitments	123,744,601	52,232,448	31,404,156
2. Capital expenditure	501,318	393,977	541,402
3. Operating lease commitment	1,768,280	1,597,734	1,481,522
4. Pledge of assets commitment	45,790,000	28,280,000	30,033,700

(VII) Assets and liabilities at fair value through profit and loss

Unit: (RMB) Thousand Yuan

Item	Beginning amount	Current changes in fair value through profit and loss	Accumulated fair value changes entered into equity	Withdrawal for impairment	Ending amount
Financial assets at fair value through profit and loss	8,878,979	41,942	-	-	7,039,891
Derivative financial assets	1,293,140	2,258,524	-	-	3,537,564
Available-for-sale financial assets	120,095,776	-	1,724,353	-	249,244,691
Subtotal of financial assets	130,267,895	2,300,466	1,724,353	-	259,822,146
Financial liabilities at fair value through profit and loss	(1,272,100)	(14,351)	-	-	(182,682)
Derivative financial liabilities	(1,303,488)	(2,045,572)	-	-	(3,355,296)
Subtotal of financial liabilities	(2,575,588)	(2,059,923)	-	-	(3,537,978)

Explanation on fair value measurement of the Company:

(1) Financial assets designated at fair value through profit and loss include financial assets held for trading, or those designated at fair value through profit or loss upon initial recognition by the management. Financial assets held for trading include financial assets and derivative financial instruments held for selling in the short term. All profit and loss of these financial assets and all changes designed at fair value at the end shall be recorded as investment income. During the disposal of those assets, the difference between the fair value and the initial amount shall be recorded as investment profit and the profit and loss of fair value changes shall be correspondingly adjusted.

(2) Available-for-sale financial assets are non-derivative financial assets which are held for sale or are not classified in any of three categories including loans and investment receivables, held-to-maturity investment and financial assets designated at fair value through profit or loss. During the follow-up measurement period, available-for-sale financial assets are subsequently measured at fair value. Unrealized income from fair value change of such financial assets shall be counted into the capital reserves (other capital reserves) before termination or impairment. On the termination or impairment of such financial assets, the accumulated fair value, as previously recorded in capital reserves, shall be transferred into the income statement. The interest income of available-for-sale financial assets shall be entered into the income statement as well.

(3) Financial liabilities designated at fair value through profit or loss can be divided into financial liabilities held for trading and those designated at fair value through profit or loss at inception. Financial liabilities held for

trading include financial liabilities and derivative financial instruments held for selling. They are recognized at fair value at inception and recorded in the income statement. Costs of these financial assets and all changes designed at fair value at the end shall be recorded in the income statement. When they are disposed, the difference between the fair value and the initial amount shall be recorded as investment profit and the profit and loss of fair value changes shall be correspondingly adjusted.

(4) Investment real estate refers to the real estate held to generate rental income or earn capital gains or both. Since there is an active local trading market of real estate, the Company is able to obtain the market prices of the identical or similar real estates and other relevant information from the market, so as to estimate the fair value of the investment real estate. Therefore investment real estate of the Company are measured at fair value. Initial value of purchased or self-constructed investment real estate shall be confirmed at its cost. Investment real estate converted from a fixed asset is initially measured at fair value on the date of conversion. Differences are recorded as capital reserve (other capital reserve) if the fair value is higher than the carrying value, and recorded in the income statement on the contrary. Thereafter, investment real estate is measured at fair value on each balance sheet date and changes on fair value are taken into the income statement.

Foreign currency financial assets

As of Dec. 31, 2015, the total equivalent RMB balance of foreign currency financial assets of the Company was 14.874 billion Yuan with a slight increase of 0.155 billion Yuan than the end of the previous year.

Unit: (RMB) Thousand Yuan

Item	Beginning amount	Current changes in fair value through profit and loss	Accumulated fair value changes entered into equity	Withdrawal for impairment	Ending amount
Financial assets:					
Cash and deposits in central banks	658,854	-	-	-	1,291,473
Due from other banks	1,991,106	-	-	-	2,677,494
Lending funds	266,686	-	-	-	706,493
Derivative financial assets	946,322	1,417,762	-	-	2,364,084
Loans and advances	10,790,780	-	-	(191,883)	6,728,861
Available-for-sale financial assets	-	-	1,033,702	-	1,033,702
Investment receivables	62,020	-	-	-	52,273
Other financial assets	2,833	-	-	-	19,691
Subtotal of financial assets	14,718,601	1,417,762	1,033,702	(191,883)	14,874,071

Financial liabilities:

Due to banks and other financial institutions	12,518,450	-	-	-	5,221,999
Borrowings	10,217,481	-	-	-	5,712,607
Derivative financial liabilities	197,479	39,310	-	-	236,789
Deposit taking	14,481,152	-	-	-	18,667,085
Other financial liabilities	321,228	-	-	-	355,553
Subtotal of financial liabilities	37,735,790	39,310	-	-	30,194,033

(VIII) Key items and financial indicators with over 30% changes and main causes

Unit: (RMB) Thousand Yuan

Item	Jan.-Dec. 2015	Jan.-Dec. 2014	Increase/decrease	Main causes
Fees and commissions income	4,400,491	2,696,649	63.18%	Rapid development of intermediate business
Fees and commissions expense	410,701	211,606	94.09%	Increase of trading service charges in financial markets
Gains from fair value changes	240,506	148,680	61.76%	Increase in fair value in interest rate swap
Operation and administrative expense	6,640,500	4,924,683	34.84%	Increase in investment of IT and E-channel construction
Assets impairment loss	3,780,857	2,521,150	49.97%	Increase in loan scale and provision withdrawal
Item	Jan.-Dec. 2015	Jan.-Dec. 2014	Increase/decrease	Main causes
Due from banks	14,199,976	30,447,600	(53.36%)	Decrease in due to banks
Lending funds	1,381,143	2,866,596	(51.82%)	Decrease in due from banks and other financial institutions
Derivative financial assets	3,537,564	1,293,140	173.56%	Change in estimated fair value
Redemptory monetary capital for sale	10,980,600	17,079,001	(35.71%)	Decrease in purchases of resale bills
Available-for-sale financial assets	249,257,941	120,109,026	107.53%	Increase in available-for-sale financial products

Held-to-maturity investment	32,671,512	16,569,101	97.18%	Increase in held-to-maturity bonds
Borrowing funds	20,200,607	14,071,981	43.55%	Increase in interbank borrowing
Financial liabilities at fair value through profit and loss	182,682	1,272,100	(85.64%)	Decrease in trading financial liabilities
Derivative financial liabilities	3,355,296	1,303,488	157.41%	Change in estimated fair value
Financial assets sold for repurchase	46,497,690	28,155,132	65.15%	Increase in pledge-style repo
Employee pay payable	1,495,977	1,098,768	36.15%	Increase in staff, improvement in performance
Bonds payable	144,056,767	50,655,391	184.39%	Increase in bond issuing and interbank deposits
Other comprehensive income	1,312,883	309,130	324.70%	Increase in investment revaluation reserve of available-for-sale financial assets

IV. Investment Analysis

(I) Overall condition

Unit: (RMB) Thousand Yuan

Item	Ending amount	Beginning amount	Proportion of equity of invested companies held by the Company	Main business
China UnionPay Co., Ltd.	13,000	13,000	0.34%	Establishing and running a nationwide unified cross-bank network of information exchange for bankcards; providing advanced electronic payment technology and specialized services in regard to cross-bank information exchange for bankcards; conducting technology innovation in bankcard business; managing and operating the logo of "Unionpay"; stipulating business rules and technical standards on cross-bank transactions with bankcards; coordinating and arbitrating disputes occurred in bankcard cross-bank transactions; organizing training program and seminars and carrying out international exchange; providing consulting and research services and other related services approved by the PBC.
Clearing Center for City Commercial Banks	250	250	0.83%	The Clearing Center for City Commercial Banks is a nonprofit membership organization which city commercial banks may join in or not of their own accord. It is mainly responsible for non-local clearing for city commercial banks.

Maxwealth Fund Management Co., Ltd.	135,000	135,000	67.50%	Fund raising, fund sales, assets management for special customers, assets management and other businesses approved by CSRC.
Maxwealth Financial Leasing Co., Ltd.	1,000,000	-	100.00%	Financial leasing business; transferring and receiving financial leasing assets; fixed-income securities investment; acceptance of lessee and deposit from lease; inter-bank borrowing; borrowing from financial institutions; off shore borrowing; leasehold selling off and disposal; economic consulting; business approved by CBRC.
Total	1,148,250	148,250		

(II) Significant equity investment acquired during the reporting period

Save as the disclosed above, the Company had no significant equity investment during the reporting period.

(III) On-going significant non-equity investment during the reporting period

Save as the disclosed above, the Company had no on-going significant non-equity investment during the reporting period.

(IV) Investment on derivatives

1. Investment on Derivatives

Instructions on risk analysis and control measures of derivatives during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk and legal risk, etc.)	Before launching new types of derivatives, the Company fully identified, analyzed and assessed different risks by the new product committee which adopted duration, limit control, risk value, stress test, credit line management to conduct risk measurement and control of derivatives.
Changes on the market price or the fair value of invested derivatives during the reporting period. The analysis on the fair value of derivatives shall disclose detailed methods and setting of related hypotheses and parameters.	The market price or the fair value of derivatives invested by the Company fluctuates with the changes of trading parameters during the reporting period. Estimated parameters of derivatives shall be set according to different products and in accordance with industry practice. For fair value measurement, it adopted the estimation model provided by the middle- and back- office estimation system.
Instructions on whether accounting policies and accounting of derivatives during the reporting period changed significantly compared with those in the previous reporting period.	None
Independent directors' opinions on investment and risk control of derivatives of the Company	Independent directors of the Company understood that trading of derivatives is one of regular banking business approved by CBRC. During the reporting period, the Company attached importance to risk management of this business and carried out efficient risk control over trading of derivatives.

2. Derivatives held at the end of the reporting period

Unit: (RMB) Thousand Yuan

Contract category	Contract sum at the beginning of the period	Contract sum at the end of the period	Profit and loss during the reporting period	Proportion of the contract sum to the net assets attributable to the shareholders' of the Parent company at the end of the reporting period
Foreign exchange forwards	15,740,563	9,085,218	88,307	20.19%
Foreign exchange swap	165,780,139	268,942,352	31,938	597.63%
Interest rate swap	230,561,606	649,138,064	47,141	1442.48%
Currency swap	147,036	640,203	(3,760)	1.42%
Option contract	2,344,628	4,801,268	45,324	10.67%
Precious metal forwards/swap	-	16,474,917	249,552	36.61%
Total	414,573,972	949,082,022	458,502	2109.00%

At the end of the reporting period, the total derivative contract held by the Company was 949.082 billion Yuan, increasing 534.508 billion Yuan than the beginning of the period. In 2015, the Company kept to make positive use of derivative products such as interest rate and exchange rate for hedging and directional trades, steadily scaled up the trading, optimized the trading strategy and further improved the trading profits. During the reporting period, the Company achieved a total derivative profit and loss of 0.459 billion Yuan, increasing 0.330 billion Yuan than the previous year with a growth of 255.81%.

(V) Use of the raised fund

1. General condition of raised fund use

Unit: (RMB) Thousand Yuan

Year of raising	Mode of raising	Total raised fund	Total raised fund used in the current period	Total accumulated used raised fund	Total raised fund with use variation during the reporting period	Total accumulated raised fund with use variation	Proportion of total accumulated raised fund with use variation	Total amount of unused raised fund	Use and allocation of unused raised fund	Amount of raised fund unused over two years
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Year 2015	Non-public offering of preferred stocks	4,850,000	4,850,000	4,850,000	-	-	-	-	Not applicable	-
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General condition of raised fund use

In accordance with the usage of raised fund as disclosed in the reporting of issuing preferred stocks through non-public offering, all the fund raised from this issuance, after deducting the issuing expense, was counted as other Tier-I capital of the Company.

In accordance with *Approval regarding non-public offering of Bank of Ningbo Co., Ltd.* (Z.J.X.K.[2015] No.2332) issued by CSRC, in November 2015, the Company issued 48,500,000 shares of preferred stock at 100 Yuan per share in a manner of non-public offering with the total raised fund of 4,850,000,000 Yuan. After deducting sponsoring and underwriting expenses, the actual net raised fund for this non-public offering of the Company was 4,824,691,200 Yuan and had verified by Ernst & Young (2015) No. 60466992_B03 *Capital Verification Report* issued by Ernst & Young (special general partnership).

2. Commitment items of raised fund

Unit: (RMB) Thousand Yuan

Investment project commitment and super raise funds allocation	Whether changed the project (partially changed included)	Total commitment investment of raised fund	Total amount after adjustment (1)	Investment amount of the reporting period	Aggregate investment amount by the end of the period (2)	Investment progress by the end of the period(3)=(2)/(1)	Date for intended use	Benefits achieved in the reporting period	Whether reached the expected benefits	Whether any significant change on the project feasibility
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To be counted as other Tier-I capital	No	4,850,000	4,850,000	4,850,000	4,850,000	100%	Nov. 17, 2015	N/A	N/A	No
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3. Changes on the raised fund

During the reporting period, the Company had no changes on the raised fund.

(VI) Major assets and right offering

During the reporting period, the Company had no major assets or right offering issues.

(VII) Analysis on major holding companies and joint stock companies

1. Information of major joint stock companies with over 10% influences on the net profit of the Company

Unit: (RMB) Thousand Yuan

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Maxwealth Fund Management Co., Ltd.	Subsidiary	Fund raising, fund sales, assets management for special customers, assets management and other businesses approved by CSRC.	200,000	548,978	294,986	211,210	91,911	69,718
Maxwealth Financial Leasing Co., Ltd.	Subsidiary	Financial leasing business; transferring and receiving financial leasing assets; fixed-income securities investment; acceptance of lessee and deposit from lease; inter-bank borrowing; borrowing from financial institutions; off shore borrowing; leasehold selling off and disposal; economic consulting; business approved by CBRC.	1,000,000	7,206,822	1,014,284	97,656	(2,050)	5,599

2. Information of subsidiary acquisition and disposal during the reporting period

Company name	Mode of acquisition and disposal during the reporting period	Influence on the overall production, operation and performance
Maxwealth Financial Leasing Co., Ltd.	Sponsoring and establishing	No significant influence

3. Information of major holding companies and joint stock companies

A holding subsidiary of the Company---Maxwealth Fund Management Co., Ltd. was established on Nov. 7, 2013 with a registered capital of 0.2 billion Yuan. Maxwealth Fund Management Co., Ltd. increased in capital and share in August, 2014 and its registered capital was increased to 0.2 billion Yuan. The Company held 67.5% of the shares. Maxwealth Fund Management Co., Ltd. is mainly engaged in fund raising, fund sales, assets management for special customers, assets management and other businesses approved by CSRC.

A wholly-owned subsidiary of the Company--- Maxwealth Financial Leasing Co., Ltd. was established on

May 26, 2015 with a registered capital of 1 billion Yuan. Maxwealth Financial Leasing Co., Ltd. is mainly engaged in financial leasing business; transferring and receiving financial leasing assets; fixed-income securities investment; acceptance of lessee and deposit from lease; inter-bank borrowing; borrowing from financial institutions; off shore borrowing; leasehold selling off and disposal; economic consulting and other business approved by CBRC. Maxwealth Financial Leasing Co., Ltd. persists in the management principle of steady operation, scientific management, characteristic development and high-efficiency service. Relying on the current outlets and customer advantages of the Parent company, Maxwealth Financial Leasing Co., Ltd. focused on the three major business areas of “intelligent leasing”, “green leasing” and “civil leasing”, actively expanded government public service and middle and small-sized enterprises customers with leasing demand, smoothly started various business and developed new source for stable profit growth.

(VIII) Information of structure entities controlled by the Company

Please refer to the “Notes 7 to Financial Statement: Equity in other Entities” of “Chapter 13 Financial Report” for the information of structure entities controlled by the Company.

V. Risk Management

The major risks confronted by the Company during the operation are: credit risk, liquidity risk, market risk, operational risk, compliance risk and reputation risk. The details are as follows:

(I) Credit risk

Credit risk refers to the risk which incurs loss to the bank due to the nonperformance of the borrower or the counterparty. The credit risk assets of the Company include loans, capital business (interbank lending, assets under resale agreements, due from banks, bank account bonds investment, etc.), receivables and off-balance credit business.

The major mechanisms for credit risk management of the Company are as follows:

1. Prudent credit policy. In the aspect of credit access, the Company actively adjusted the loan policies combining with the internal and external economic situation, selected high quality customers and strictly checked the “source” of credit risk. Meanwhile, adjusted the credit structure, selected the superior and eliminated the inferior to improve the anti-risk capability of credit assets. Strictly controlled the total credit of group customers, abided by supervision department’s “Three Red Lines” for government platform loans; restricted the credit

investment in industries with excessive capacity and uncertain future; continuously focused on the risk in real estate industry, followed close to the credit policy for real estate and practically controlled the newly added loans of the real estate industry.

2. Independent review and approval mechanism. The Company established proper loan review and approval systems, and appointed independent review and approval personnel. After the business submittal, professional risk management personnel would go through comprehensive analysis on client's information and give out independent risk review opinions. The Company enforced the centralized approval mechanism of loans, implemented credit approver system with the approval authority centralized in the head office. Branches have approval centers with the approvers under the direct leadership of the head office in unified approval criterion. The approver system guarantees the independence of approval and the implementation of credit policy on system. There are five titles and ten levels for approvers. Each level of approvers is endowed with different approval authority, giving consideration of the approval efficiency and effective risk control.

3. Overall post-loan management. (1) Forewarning management. The Company developed the risk early warning system in 2011 and keep upgrading and improving the system year by year. Relying on the credit risk management system, made early warning upon bidirectional forewarning modes as from bottom to top and from top to bottom, adjusted the risk early warning level according to the change of forewarning customer risk and carried out dynamic and sustained tracking. The Company has introduced external information such as "public summons information" and "national business registration information" and broadened the information sources to gain the warning information timely. (2) Risk monitoring. The Company developed the multiple-dimensions monitoring platform, used the customer mode and risk detection functions to realize targeted monitoring on the key products, hot industry and products of the Bank, quantificationally analyzed and judged the business rationality and risk status, thus to provide data support for industry and product policy adjustment. (3) Post-loan inspection. The Company attached importance to the post-loan inspection on existing customers with the management covering post-loan purpose inspection, complete inspection and early-warning customer tracking inspection. After the loans are granted, the Company carried out inspection upon whether the practical use of the loans are complying with the agreed purpose and method specified in the loan contract, and collected relevant vouchers for filing; implemented complete inspection on crediting business in multi-channel and multi-measures ways upon the combination of on-site and off-site, made deep analysis on the business condition and financial situation to realize full risk announcement for crediting business; proceeded dynamic tracking inspection on crediting customers with

effective early warning information. (4) Risk checking. The Company has established normalized risk checking and special checking mechanisms and reinforced the risk checking in risk-sensitive areas. In 2015, the Company organized and programmed risk checking in large-amount crediting, guarantee circle and commercial real estate development, timely grasped risk situations for relevant areas, developed risk prevention requirements and measures and practically and effectively prevented credit risks.

The Company strictly executed the sort management method required by the supervision department. According to the documents such as “*Guidelines on Risk-Based Loan Classification*” and “*Classification Method of Small Business Loan Risk*” formulated by the supervision department, the Company worked out management method and operating procedures on loan classification, covering corporate banking, retailing banking, personal loan and credit card lines with the businesses including loans, discounts, advances, trade financing and credit card overdraft. Based on the five-class classification, the Company further implemented the ten-class classification system and divided the loans into normal (including normal+, normal and normal-), special mention (including special mention+, special mention and special mention-), substandard (including substandard+ and substandard-), doubtful and loss. The ten-class classification system quantitatively revealed the practical value and risk degree of loans. The Company made proportional provisions upon different classes to ensure effective defense against credit risk.

In 2015, the economic growth continues to be slow and the risk probability of credit customer increased. On this background, the Company carried out stricter and more prudent classification requirements. Firstly is to execute stricter classification standard. For some crediting business, in consideration of composite factors such as repayment willingness and repayment capacity, those overdue debit interest failing to meet the supervision requirements would be classified as substandard ones. Secondly is to perform beforehand risk announcement.

For the customers in the guarantee circle with compensation risks, guarantee weakening and those in high-risk industries, the Company prudently classified their loans into the special mention or substandard class. Thirdly, is the coordinated adjustment of assets classification. For the middle and small-sized enterprises customers, the customer classification would be lowered synchronously in case any bad record in personal loan service or credit card of the actual controller or other key person. Meanwhile, due to the poor real estate market in 2015, there was a certain influence on mortgage realization, leading to increasing difficulty in non-performing recovery and the progress therein. In 2015, the Company carried out stricter classification standard with more real quality of assets. The non-performing ratio of the Company increased slightly during the reporting period, while

the overall assets quality of the Company was under control and the future non-performing ratio would keep steady.

During the reporting period, the Company mainly took following measures to prevent credit risks of corporate loans: firstly, enhanced analysis and prediction of the market, researched changes in industries to which major loans were granted, stipulated 2014 credit business guidelines in time, and realized forward control of credit business. According to external environment changes, the Company properly adjusted credit policies and credit structure, and further clarified key industries and sectors for credit policies. The Company supported listed clients, import and export clients, investment bank clients and other high-quality clients; strictly controlled the credit extension for clients in real estate industry, construction industry, traditional manufacturing industry and automobile sales industry; actively avoided clients in sensitive fields with excessive capability, merging and reorganization and large amount guarantee circle. Secondly, sturdily performed the whole-process risk management. Upon the requirement of business development, the Company comprehensively organized all the risk units in credit business based on the further optimization of credit business process, formulated relevant standard for specific risk point and improved the standard during the business development. The Company periodically organized personnel to make special inspection and analysis on post-credit business to ensure the implementation of risk management work in each step of the credit business. Thirdly, strengthened the risk early warning and risk monitoring work. Integrating the internal risk information and combining the mass external data from the Internet, the Company perform early warning and detection on credit clients. The first and second phases of risk monitoring system were starting in 2015. Conducted pre-loan risk detection to find if any negative information of the planned cooperative enterprise; continuously monitoring after the loan and gave early warning or prompt to notify the client administration institution once found any negative information or abnormal account change of the existing clients, combining with the early-warning system and management mechanism and performed follow-up tracking disposal. Fourth, to improve post-loan management. The Company carried out differential post-loan hierarchical management on customers as according to their corporate nature and guarantee situation; for retail banking clients, combined with the internal rating results of the clients and triggered the rules upon post-loan inspection. The Company took seriously of the existing client post-loan inspection, continuously promoted each risk checking work and conducted well client duration management, integrating the risk early warning and monitoring. Fifthly, took learning from the past and strict precautions against on the credit risk. In 2015, the Company made overall organization and cause analysis on the historical non-performing loan data, found out the generality and established follow-up solutions for the occurrence of non-performing loans. The

Company carried out propagation and implement on risk causes in organizations at all level, asked the business and administrative staff to learn the experience and lessons, firmly implemented targeted risk control measures and strictly prevented the recurrence of same-type risks. Sixthly, applied the results of internal rating for new capital accord. In 2015, the Company achieved the preliminary establishment of the internal rating project, provided data support in quantitative analysis of risk measurement, policy formulation, credit access, loan pricing, limit management and performance assessment, thus to improve the refined level of credit risk management work of the Company.

During the reporting period, the Company mainly took the following measures in the prevention of personal service credit risk: firstly, optimized the credit extension process for personal credit business. Established and implemented on-site visit for credit business, organized visiting team to make visits for credit business clients to verify the authenticity of client identification and application willingness, and also further checked the access channel and the usage for the credit fund; carried out the concentrated review system to centralize the credit personal loans of branch regions to the loan center in the operation department of the head office for unified review standard in the whole bank. Secondly, developed and optimized the personal credit risk management tools, realized the overall information interaction of credit risk management system and credit review system in the bank, opened up the bi-directional channel of credit risk system and credit review system to reach overall information sharing; developed and applied personal non-performing loan estimation platform with the non-performing business autoprompted by the system and calculated the time of non-performing period, thus greatly improved the efficiency and accuracy of the non-performing estimation; developed the post-loan management module for Wan Li Jin, the key product of credit card with the potential risk client automatically screened by the system to prompt the administrator to follow up; optimized the access assessing card for Yin Qi Tong and Zun Shang card B to adapt the change of business development. Thirdly, performed analysis on key products portfolio analysis, finely tuned the credit policy according to the results of portfolio analysis and controlled the access of high-risk clients. Fourthly, reinforced the monitoring management on personal asset securitization business, included the personal asset securitization business into the risk classification management system of the whole bank and continuously monitored the changes of the assets quality; included the personal asset securitization business into the early-warning management system of the whole bank, timely started the interaction mechanism of head office and branch in case of any client with early-warning signal and made the affiliated agency which the business was attributable to get involved into the process of monitoring and collection in advance. Fifthly, strengthened the management of new products, arranged specially-assigned person

to take the post of project manager to follow up the overall process from deliberation and post-evaluation of personal loans and new products of credit card and reach real-time focus on the new production promotion and risk changes.

The Company's credit risk concentration index at the end of the reporting period was as follows:

1. Credit concentration level of the largest single customer

As of Dec. 31, 2015, the loan balance of the largest single customer of the Company was 1,215.60 million Yuan, accounting for 2.07% of the net capital and met the requirement of no more than 10% as specified by CBRC.

2. Credit concentration level of the largest single group customer

As of Dec. 31, 2015, the loan balance of the largest single customer of the Company was 2,565.08 million Yuan, accounting for 4.36% of the net capital and met the requirement of no more than 15% as specified by CBRC.

3. Proportion of top 10 customers of loans

As of Dec. 31, 2015, the loan balance of the top 10 customers of the Company was 7,396.57 million Yuan, accounting for 12.57% of the net capital.

4. Credit proportion of the single related party

As of Dec. 31, 2015, the credit exposure of the largest single related party of the Company was 2,274.53 million Yuan, accounting for 3.87% of the net capital.

5. Overall relevancy

As of Dec. 31, 2015, the utilized credit exposure of all related parties of the Company was 6,329.75 million Yuan, accounting for 10.76% of the net capital and met the requirement of no more than 50% as specified by CBRC.

(II) Liquidity risk

Liquidity risk refers to the risk that failing to obtain adequate funds in a timely way at a reasonable cost to pay matured debts or satisfy other payment obligations for business development. The Company has established head office and branch two level management mode with the risk management department of the head office

responsible for the overall management of liquidity risk and the financial marketing department of the head office responsible for the daily liquidity gap management of the Company.

According to requirements of regulatory policies and macro-economic changes, the Company strengthened the construction of liquidity risk system, continued to improve liquidity risk management technologies, periodically monitored liquidity risk indicators, daily monitored the cash flow gap, conducted regular liquidity risk stress test, and enhanced the liquidity risk management capability.

In the first half year of 2015, the People's Bank of China implemented steady monetary policy, the market liquidity kept neutral to easy. People's Bank of China reinforced the pre-adjustment and fine tuning through open market and reserve & interest reduction to release the liquidity in aimed easing way. In the latter half of 2015, the People's Bank of China continued to implement steady monetary policy, comprehensively applied various tools such as open market operation, medium-term lending convenience, general reduction in deposit reserve ratio of financial institutions for rational adjustment of banking system liquidity to fill the liquidity gap rising from decrease of funds outstanding for foreign exchange and to keep reasonable and sufficient banking system liquidity. For all the above deposit reserve ratio and market fund, the Company kept close tracking and made deployment, dynamic liquidity adjustment management strategy ahead of schedule according to the liability business increase and liquidity gap of the Company to ensure the liquidity risk to be in the safety range. During the reporting period, the Company took the following measures to improve the liquidity risk control: firstly, comprehensively improved the policy, system and measurement method for liquidity risk management; secondly, built asset and liability management system, realized daily auto-metering of cash flow gap and liquidity risk index and supported multi-scenario liquidity risk stress test; thirdly, improved liquidity risk management early warning mechanism, established daily market fund early warning system, and tracked the market liquidity change in the market timely; fourth, continued to increase the investment on treasury bonds and the reserve of high-quality liquid assets; fifthly, improved the liquidity emergency plan, conducted liquidity emergency exercise and enhanced the decision-making and handling capacity under the emergency state.

The liquidity risk indicators of the Company at the end of the reporting period were as follows:

1. Liquidity ratio

As of Dec. 31, 2015, the balance of liquid assets of the Company was 101,611.30 million Yuan and the balance of liquid liability was 239,402.71 million Yuan with the liquidity ratio as 42.44%, meet the requirement

of no less than 25% as specified by CBRC.

2. Loan-deposit ratio

As of Dec. 31, 2015, the balance of loans of the Company was 255.689 billion Yuan and the balance of deposits was 355.686 billion Yuan with the loan-deposit ratio (banking caliber) as 63.73%, meet the requirement of no more than 75% as specified by CBRC.

3. Liquidity coverage ratio

As of Dec. 31, 2015, the balance of high-quality liquid assets of the Company was 65,087.44 million Yuan and the net cash outflow within 30 days was 64,869.81 million Yuan with the liquidity coverage ratio as 100.34%, meet the requirement of no less than 70% as specified by CBRC.

During the reporting period, the Company featured good asset liquidity, reasonable control of loan-deposit ratio and high liquidity ratio, as well as the liquidity coverage ratio complying with supervision requirements. The Company had a sound assets and liabilities maturity matching degree with relative small stress on the liquidity management.

(III) Market risk

Market risk refers to the risk of potential losses in future benefits or future cash flow arising from the value change of financial instruments due to the changes in interest rate, exchange rate and other market factors. The major market risks influencing the Company's business were interest rate risk and exchange rate risk, including the transaction account and bank account. Of which, the transaction account refers to the financial instrument held for transaction or other items of hedging transactions account, and the bank account is for the on- and off-balance sheet items not credited into the transaction account.

1. Transaction account

The Company established sound and reliable transaction account market risk management system that adapted to the nature, scale and complexity of the business, clarified the responsibilities and report requirement of the board of directors, special committees, senior management and department concerned under the market risk governance structure, specified the policy of market risk management, as well as the identification, measurement, monitoring and control procedures, defined the program and requirements for market risk report, information disclosure, emergency disposal and market risk capital measurement, and delivered clear demands on market risk

internal control, internal & external audit and information system construction.

The Company built transaction account market risk index limit management system and set three layers of market risk index limits, of which, the topmost layer was the quantitative index of the market risk preference of the whole bank, which was the annual layer risk limitation of the whole bank approved and authorized by the board of directors and granted to the senior management, including VAR limit and stress testing limit; the second layer was approved and authorized by senior management and granted to the risk taking department and set out the sub-item limit as per the specific business or transaction combination, including sensitivity limit and exposure limit; the third layer was the functional management limit, allocated and used within the risk taking department.

The risk department of the Company was responsible for the market risk management of transaction risk to make daily risk and profit & loss report, monitor the implementation of market risk index limit; periodically conduct stressing test of market risk and perform emergency scene stressing test and post early warning information upon emergency circumstances such as significant market fluctuations and policy changes.

During the reporting period, the Company started the project construction of market risk internal model method. Firstly is to organize the policies & systems and measurement systems of the market risk management in the whole bank, revised and completed all the systems for market risk management; secondly is to perfect the market risk index limit management to carry out exposure analysis, duration analysis, sensitivity analysis and scene analysis as per the account property and the transaction combination character via different market risk measuring index and measuring method. Thirdly is to develop new market risk internal modeling method system and data mart construction to improve the risk measuring capacity and level.

The domestic bond market and RMB exchange rate performed a stable operation generally, though there was lots of impact and challenge confronted by the domestic and overseas economy and finance in 2015, especially the continuous increasing pressure in domestic economic downturn and FRB interest rates-rising policy anticipation. The Company intensively studies and constantly tracked the changes in macro economy and monetary policy, timely adjusted the trading strategy and creased great profits for the transaction account business of the Company upon the market fluctuations and also realized normal performance of all the market risk indicators.

2. Bank account

The Company established the bank account market risk management system, clarified the responsibilities and report requirement of the board of directors, special committees, senior management and department concerned

under the bank account interest rate risk governance structure, specified the policy and procedures of risk management, and defined the requirements for bank account interest rate risk report, internal control, emergency disposal and information system construction.

The risk management department of the Company is responsible for the interest rate risk management of bank account. The Company conducted interest rate risk measurement of bank account based on different currencies and different source of interest rate risk in the bank account through re-pricing exposure analysis, duration analysis, net interest income simulation, economic value simulation and stressing tests, and offered management suggestion and business adjustment strategy according to the monthly asset-liability management report and stressing testing report.

In 2015, the Company completed the asset-liability management system construction and started for operation, thus improved the refined measurement level and forward-looking management capability of interest rate risk of bank account. There was a certain influence on the net interest income of the Company from the unsymmetrical reduction of loans and deposits base rate in 2015, in spite of this, the Company actively and timely adjusted the business pricing and the strategy in structure of assets and liabilities, and achieved the stable growth on net interest income and economic value.

(IV) Operational risk

Operational risk refers to the risk of loss arising from inappropriate or problematic internal procedures, personnel, systems or external events. Operational risks are mainly from four categories of risk factors: personnel risk, procedure risk, system risk and external event risk.

During the reporting period, The Company continued to promote the use of management tools on operational risks and further enhanced the operational risk management level:

Firstly, improved the system of operational risk, enhanced the pertinency and effectiveness of operational risk management, and established or revised “*Measures of Operational Risk Management of Bank of Ningbo*”, “*Measures of Outsourcing Business Risk Management of Bank of Ningbo*” and other relevant systems.

Secondly, carried out case triggering assessment and strengthened the analysis on the assessment results. Performed differentiation early warning upon part key risk indicators according to the regional branch scale difference and geographical characteristics; reinforced the reason analysis, rectification plan formulation and implementation and improved the application effect of the three tools of operational risk management.

Thirdly, performed business continuity management projects, comprehensively tackled the business continuity management structure, organized the business impact analysis and risk assessment, compiled various important business emergency plans and established business emergency recovery management system.

Fourth, carried out outsourcing business tackling, improved the outsourcing business information, organized annual outsourcing business risk assessment and outsourcing supplier evaluation and practically prevented the risk of outsourcing business.

(V) Compliance risk

Compliance risk refers to the risk of commercial banks being subject to legal sanctions, regulatory punishments, major financial losses, or reputation diminishing as a result of their failure to obey the laws, rules and guidelines.

During the reporting period, the Company achieved great results in the prevention of compliance risk and was awarded as selected as the “Advanced Unit in Legal Risk Management” by China Banking Association, and also the “Best Internal Governance Listed Company---2015 China's Listed Companies Reputation Ranking List”. Firstly, continued to improve the internal control management. Tabled the suggestions of system optimization through measures such as analysis on external supervision rules, optimization on internal business procedures and post-system evaluation on key business areas, effectively solved the problems during system implementation, strengthened the system operability and upgraded the quality of internal control system. Secondly, continued to arrange inspection of business compliance. In combination with business implementation and focuses of supervision department, the compliance department coordinated annual business examinations in various departments, enhanced examination in high-risk field and weak links and key businesses, tracked implementation schedule of examinations, summarized and analyzed problems in examinations, urged rectification and improved effects of the examinations. Thirdly, continued to enhance the employees’ consciousness of compliance risk. Kept richening the study mode of five case prevention mechanism through courses in networking academy and E-school testing to enhance employee training on financial crime knowledge by teaching through lively activities and improve their compliance concept; monitored employees’ illegal behaviors, analyzed the illegal behaviors discovered during internal and external investigation, collected typical breaching cases for analysis and interpretation, notified those in the whole bank, continued to optimize the compliance evaluation and assessment in the meantime and practically improved the evaluation effectiveness. Fourthly, continued to strengthen the construction of compliance culture. Carried out hierarchical staff conversation and training on compliance to

make sure they are familiar with the latest supervisory policy, basic legal knowledge and compliance risk management requirement of the Company. Fifthly, continued to improve the efficiency of legal review. Shortened the reviewing time on each case to about two workdays through promoting template, simplifying process, time-limited service and advancing special case; for custody and investment bank key projects, implemented specially-assigned person for special case review, achieved one-day review and ensured working efficiency of front office business.

(VI) Reputation risk

Reputation risk refers to the risk that the Company might be negatively evaluated by relevant interested parties due to the Company's operations, management and other behaviors or external events. In 2015, the Company insisted on the principle of prevention first, being active, reporting timely and whole staff participation based on the regulatory requirements and the development trend of new media, and continuously improved the reputation risk management process and pre-arranged planning to make sure the bottom line of having no significant negative public opinions. Firstly, reinforced the organization of reputation risk management system, defined the responsibilities of the departments of head office and the branches, specified the reporting path and time effectiveness of the management and upgraded the reputation risk management level in prevention, rapid response and guaranteed effect. Secondly, integrated and standardized the compliant processing procedure. All compliant of the Bank should be dealt with by the department of procedure innovation and customer experience. Knotty problems were discussed between departments periodically. The monitoring and post-evaluation issues of the reputation risk events were supervised by the Office. Thirdly, tracked the whole procedure of compliant processing and result feedback through the compliant management system platform to improve the timeliness, resolution rate and satisfaction rate of compliant processing. Avoided the reputation risk due to improper response upon compliant. Fourthly, specific to bank hotspot public opinions, made active response and disposal pre-arranged planning on the mode of "internal discussion, scenario simulation and external assistance" as per the severity of the reputation risk cases to ensure the timely response under the new media environment. Fifthly, improved the staff capacity in common reputation risk scenario response by performing online promotion of "Standard Procedure of Reputation Risk Response" and regularly organizing "Reputation Risk Management Capability Enhancement" courses.

(VII) Anti-money laundering management

The Company strictly abided by the anti-money laundering laws and regulations, positively carried out the

risk-based anti-money laundering supervision requirements, conscientiously fulfilled the anti-money laundering social responsibility and legal duty, and strived to promote the anti-money laundering and anti-terrorist financing risk management level.

In 2015, the Company established the product money laundering risk assessment and institution money laundering risk assessment mechanism, further perfected the comprehensive money laundering risk assessment system from customer, product to institution; optimized the anti-money laundering system and further implemented the high-risk client due diligence trackable management; developed the NRA account unusual transaction monitoring model, upgraded the international business sanctions blacklist and further reinforced the pre-action and post-action control on international business anti-money laundering and anti-terrorist financing; organized the suspicious transactions manual analysis and screening process, strengthened the manual analysis intensity, further enhanced the highlight suspicious transactions report value and provided strong support to People's Bank of China and public security departments in fighting money laundering and other illegal criminal activities; carried out anti-money laundering special internal audit, found the problems and shortage in the current policy system, positively improved with effective measures and constantly promoted the money laundering risk management effectiveness; actively implemented anti-money laundering public promo activities and practically performed the social responsibilities.

During the reporting period, no organizations in all levels or employees of the Company was found to involve in or suspected of being involved in money laundering or terrorist financing activities.

(VIII) Implementation of New Capital Accords

In 2015, the Company continued to promote implementation preparation for advanced approaches of capital management, established risk measurement model, further improved data quality management, stepped up up-cycling of IT system, completed the Pillar One Project basically, meanwhile, it improved the implementation of risk measurement results and further enhanced risk management ability.

In terms of credit risk management, first, the application of large retail internal rating system that covers credit card, personal loans and small and micro businesses realized the scientific and refined management of credit approval, limit management, limit adjustment and renewal, after-loan layering and collection management; second, focused on promoting the implementation and application of RAROC loan pricing in the whole bank to measure risk and return with the RAROC tool and optimize loan approval plans before loan approval; to approve

unqualified businesses one by one and formulate follow-up measures during loan approval; and to realize differential hierarchical management with actual return after loan approval; third, continued to improve internal rating continuous monitoring mechanism and put internal rating into full play in credit approval access, approval authorization and performance appraisal; fourth, completed the development of risk releasing system and realized centralized collateral information management, dynamic value management and refined capital measurement.

In terms of market risk management, the Company pushed forward the establishment of market risk internal model approach project: first, completed implementation planning of the internal model approach project and established policies and measurement system related to internal model approach; second, completed demand design, planning and model selection of system development.

In terms of operational risk management, the Company completed the development of operational risk system and finished impact analysis, risk appraisal, overall plan and five important businesses plan compiling of business continuity project under the circumstances where three tools of operational risk have been carried out.

In terms of RWA system establishment, the Company completed the establishment of risk weighted assets (RWA) system and realized the setup of credit risk internal rating approach, market risk standard approach and operational risk standard approach.

During the reporting period, the Company formulated a comprehensive compliance application plan which concludes self-assessment of compliance, comprehensive validation of model and application system, internal audit, quantitative measurement, application writing and supporting process documents preparation, fully prepared for formal application to China Banking Regulatory Commission for advanced approaches of capital management.

(IX) Explanations on the Completeness, Reasonability and Effectiveness of the Internal Control System

The Company attaches great importance to the completeness of the internal control system. So far, the internal control system published by the Company has covered business activities, management activities and supporting activities. Among them, systems of business activities account for 50.83% of the total number of the bank's systems and those of management and supporting activities account for 49.17%. In accordance with external laws and regulations, regulatory policies and internal management requirements, the Company promptly formulated and revised related internal control system, continued to optimize business and management processes and implemented risk management and control measures, to make the internal control system more complete and

content of the system more reasonable and efficient.

1. Relatively perfect system

The Company's system is divided into administrative methods and stipulations/procedures. The former one lays stress on making explanation about administrative principles and requirements, while the latter one pays stress on business operation process of the system, cutting the business flow chart into several phases, each phase combining with overall requirements and procedures of relevant job responsibilities.

The Company's system framework is relatively complete. The corporate compliance department is the leading administrative department of system compiling. The Company's new products and processes shall be approved by the new-product committee before being launched and their corresponding systems shall be submitted to the compliance department for approval. The compliance department gives comprehensive examination opinions that integrate anti-money laundering, legal investigation, compliance management and operational risk management in one. Then the business department implements the product system and ensures that where there is a product, there is a system. All the Company's risk management department systems are able to cover risk management responsibilities of all departments, segment administrative requirements of business lines according to lines and cover overall life cycle of the business process.

If there are special local regulatory requirements or business need of branch or subbranch after the corporate system is published, the branch or subbranch can formulate administrative system and implementation regulations with regional characteristics and improve the system for areas with key business products. If the corporate system is directly applicable, forward it directly and form a perfect detective system.

2. Prompt and reasonable system updating

The Company keeps an eye on external laws, regulations and regulatory policies and formulates and revises relevant systems in a timely manner in accordance with internal business need. The Company's compliance department collects opinions about system through technological demands analysis, business and management activity combing and daily communication, supervises and evaluates all business and management activities with external regulatory requirements to confirm whether there are systematic gaps or rectification needs related to business and management activities, cooperates with relevant departments to discuss revision, continues to push forward the establishment of internal system, ensures of prompt system updating and satisfies actual demands of business development.

To sum up, the Company has formulated a relatively complete, reasonable and efficient internal control system; the execution of corporate internal control system is improving, the internal control consciousness of branches and subbranches is growing, internal control measures of all business lines are put in place, and no significant internal control system gap occurs. The Company will continue to improve the completeness, reasonability and efficiency of the internal control system depending on state laws and regulations, as well as its business management demands.

VI. Capital Management

The objective of company's capital management include: (1) to maintain a reasonable level of capital adequacy ratio and steady capital foundation, support the development of company's business and implementation of strategies, improve the ability to defense risks and realize comprehensive, harmonious and sustainable development; (2) to constantly perfect performance management system focusing on economical capital, accurately measure and cover all types of risks, optimize resource allocation and operational management mechanism to create the best returns for shareholders; (3) to apply various capital instruments properly, optimize amount and structure of capital and improve quality of capital. The company's capital management contains capital adequacy management, capital financing management and economic capital management.

Capital adequacy ratio management is the core of the Company's capital management. According to regulations of China Banking Regulatory Commission, the Company shall monitor capital adequacy ratio on a regular basis and submit required information to the commission every quarter. It shall predict capital adequacy ratio every month through stress test and other approaches to ensure the index complies with regulatory requirements. With the establishment of new capital accord, the Company further strengthened risk identification and appraisal abilities to make it measure risk-weighted assets more accurately according to business essence. In 2015, it realized credit risk-weighted assets under RWA system measurement weighting method and market risk-weighted assets under standard method and steadily advanced establishment of credit risk internal rating approach, market risk internal model approach and operational risk standard approach.

The capital financing management is dedicated to increasing capital strength, improving capital structure and improving capital quality. The Company attached importance to the endogenous growth of the capital, endeavored to realize harmony and coordination of scale expansion, profitability and capital constraints and supplemented capital through profit growth, retained surplus reserve and accrued loan loss reserve. Meanwhile, the Company actively studied new capital tools and utilized external financing reasonably. In 2015, the Company successfully

issued write-down tier II capital bonds of RMB 7 billion to supplement tier II capital; successfully issued preferred shares of RMB 4.85 billion to supplement tier I capital. The Company further strengthened its capital strength and optimized its capital structure by supplementing all tiers of capital. As a result, the capital adequacy ratio has been improved and the Company's abilities of resisting risks and supporting development of real economy have been improved as well.

The economic capital management is dedicated to establishing concepts of capital constraints, optimizing corporate resource configuration and realizing intensive management of capital. In 2015, the Company steadily pushed forward economic capital limit management, formulated economic capital allocation plans, realized optimized configuration of capital in all business lines, regions, products and risk areas, made overall arrangements of risk-weighted asset scale of all business departments and business lines, promoted optimized and reasonable configuration of capital and endeavored to realize maximization of risk-weighted asset yields; further displayed group comprehensive business advantages, gradually strengthened corporate capital management by perfecting group consolidated administration and other systems, and satisfied group and comprehensive business' demand for capital management.

(I) Conditions of capital adequacy ratio

In compliance with the relevant regulations of *Capital Management Measures for Commercial Banks (Trial)*, the scope of consolidated data covers the parent company, the affiliated fund company and financial leasing company. Up to Dec. 31, 2015, the consolidated and non-consolidated capital adequacy ratios, tier 1 capital adequacy ratio and core 1 capital adequacy ratio of the company are as follows:

Table for the conditions of capital adequacy ratio

1. Measured in compliance with *Capital Management Measures for Commercial Banks (Trial)*

Unit: (RMB) 1,000

Item	Dec. 31, 2015		Dec. 31, 2014	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
1. the net balance of core tier one capital	39,970,280	38,762,631	33,994,546	33,779,441
2. the net balance of tier one capital	44,794,971	43,587,322	33,994,546	33,779,441
3. the net balance of total capital	58,822,834	57,551,178	41,844,020	41,628,915
4. the total risk-weighted assets	442,562,618	437,713,081	337,552,562	337,046,637

Of which: credit risk-weighted assets	405,532,405	400,883,602	307,305,701	306,815,399
Market risk-weighted assets	7,258,681	7,248,992	6,353,503	6,362,789
Operational risk-weighted assets	29,771,532	29,580,487	23,893,359	23,868,449
5.core tier one capital adequacy ratio	9.03%	8.86%	10.07%	10.02%
6.tier one capital adequacy ratio	10.12%	9.96%	10.07%	10.02%
7.capital adequacy ratio	13.29%	13.15%	12.40%	12.35%

Note: In accordance with relevant regulations specified within *Capital Management Measures for Commercial Banks (Trial)* (China Banking Regulatory Commission No.1, 2012) issued by China Banking Regulatory Commission on June 7, 2012, the credit risk is measured by weighting method, market risk is measured by standard method and operational risk is measured by basic index method.

(II) Situation on leverage ratio

Unit: (RMB) 1,000

Item	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	Mar. 31, 2015
Leverage ratio	5.40%	4.76%	4.87%	5.01%
Net balance of tier one capital	44,794,971	37,070,975	37,870,121	35,549,424
Adjusted in and off-balance assets balance	829,690,835	778,436,442	777,250,264	710,116,862

Note: indexes relevant to leverage ratio at the end of this report period, third quarter of 2015, second quarter of 2015 and first quarter of 2015 are calculated in accordance with Management Measures for Leverage Ratio of Commercial Banks (Revised) (China Banking Regulatory Commission, No. 1, 2015) carried out since April 1, 2015.

VII. Conditions of Organization Construction

No.	Organization name	Business address	Number of organizations	Number of employees (persons)	Asset size (1000 yuan)
1	Head office	No. 700, South Ningnan Road, Yinzhou District, Ningbo City	1	1,952	345,524,659
2	Shanghai Branch	Floors 20-22 of 21st Century Tower, No. 210, Century Avenue, Pudong New Area, Shanghai City	15	691	41,070,632
3	Hangzhou Branch	No. 146, Baochu Road, West Lake District, Hangzhou City	16	628	27,701,435
4	Nanjing Branch	No. 120, Hanzhong Road, Gulou District,	12	555	31,946,135

Nanjing City

		D of F1, whole floor of F2 and B of F3, Times Fortune Tower, southeast of Downtown District, No. 3 Fuhua Road, Futian District, Shenzhen City			
5	Shenzhen Branch		12	538	33,622,582
6	Suzhou Branch	No. 129, Wangdun Road, Industrial Park, Suzhou	17	652	37,873,006
7	Wenzhou Branch	No. 260, Nanpu Road, Lucheng District, Wenzhou City	9	367	9,452,816
8	Beijing Branch	Floors 1-2, Floors 11-15, Glorious Oriental Center, No. 100, 3rd West Ring Road North, Haidian District, Beijing City	6	373	18,793,049
9	Wuxi Branch	No. 666, Zhongshan Road, Chong'an District, Wuxi	7	363	19,618,595
10	Jinhua Branch	No. 1133, Danxi Road, Jinhua	2	175	5,264,574
11	Shaoxing Branch	Beichen Commercial Building, No.653, Jiefang Road, Shaoxing City	2	120	5,203,509
12	Taizhou Branch	No. 296 -306, Donghuan Avenue, Taizhou	1	83	3,038,870
13	Haishu Subbranch	No. 230, Liuting Street, Haishu District, Ningbo	9	212	8,573,416
14	Jiangdong Subbranch	No .466, East Zhongshan Road, Jiangdong District, Ningbo City	7	180	10,366,282
15	Jiangbei Subbranch	No. 270, Renmin Road, Jiangbei District, Ningbo City	7	146	13,294,736
16	Hudong Subbranch	No. 801, North Liyuan Road, Haishu District, Ningbo City	2	81	5,424,443
17	West Gate Subbranch	No. 197, West Zhongshan Road, Haishu District, Ningbo City	5	116	4,104,745
18	East Gate Subbranch	No. 868, East Beizhang Road, Jiangdong District, Ningbo City	9	195	6,984,510
19	National Hi-tech Zone Subbranch	No. 651-655, Jiangnan Road, Hi-tech Zone, Ningbo City	6	134	5,092,182
20	Siming Subbranch	No. 9, Lantian Road, Haishu District, Ningbo City	6	127	11,860,176
21	Mingzhou Subbranch	No .199, Middle Songjiang Road, Yinzhou District, Ningbo City	10	190	7,377,040
22	Beilun Subbranch	No. 221, Mingzhou Road, Xinqi Town, Beilun District, Ningbo City	8	175	7,010,446

23	Zhenhai Subbranch	No. 18, Station Road, Zhenhai District, Ningbo City	6	147	5,604,042
24	Yinzhou Subbranch	No.666, Middle Siming Road, Zhonggongmiao Street, Yinzhou District, Ningbo City	11	207	9,080,227
25	Ninghai Subbranch	No. 158, Times Avenue, Taoyuan Street, Ninghai County, Ningbo City	7	168	3,899,661
26	Yuyao Subbranch	No .28, West Yangming Road, Yuyao City, Ningbo	10	195	7,453,365
27	Xinjian Subbranch	No. 136-1-2, Yuli Road, No. 357-6-13, West Yangming Road, Yangming Street, Yuyao, Ningbo	10	133	4,181,753
28	Cixi Subbranch	No. 207, Ciyong Road, Cixi City, Ningbo	13	210	6,381,435
29	Chengdong Subbranch	No. 1600, Xincheng Avenue, Gutang Street, Cixi, Ningbo	10	182	3,916,659
30	Xiangshan Subbranch	No. 503, Xiangshangang Road, Dandong Street, Xiangshan County, Ningbo City	5	115	3,267,171
31	Fenghua Subbranch	No. 16, Zhongshan Road, Fenghua City, Ningbo	7	133	5,726,702
32	Maxwealth Fund Management	Floor 27, 21st Century Tower, No. 210, Century Avenue, Pudong New Area, Shanghai City	1	50	548,978
33	Maxwealth	Floor 7, Block E, International Finance Centre, No. 180, Heji Street, Jiangdong District, Ningbo	1	26	7,206,822
Total: 285 (including 1 secondary subbranch within the jurisdiction of Business Office of Head Office and 34 community subbranches)				9,619	716,464,653

VIII. Core Competitiveness Analysis

In the present context of interest rate liberalization, the banking industry has entered an age of meager profit and faced more and more challenges. It is in such new normal of the industry that banks with good quality can stand out; it is such kind of era background that offers great development opportunities to small and medium-sized banks that are well prepared. In recent years, the Company has had specific goals, been full of confidence and kept exploring a differential and specialized development road that “big banks cannot do well and small banks cannot do” and which has achieved initial results, shown in the following four aspects:

First, profit structure is optimized and profit growth keeps steady and secured. After years of efforts and accumulation, the establishment of Company’s profit center is pushed forward constantly. By far, it has contained

corporate banking, personal banking, retail company, credit card, financial market, bill business, investment bank, asset custody and asset management profit centers. In addition, with the expansion of Yongying Fund Management Co., Ltd. and Yongying Financial Leasing Co., Ltd. these two non-bank institutions, a diverse profit pattern has been formed initially, which will promote the optimization of corporate profit structure and make profit growth more sustainable. Meanwhile, the business areas of the Company are economically developed areas of China, so there are a large quantity of basic customer groups applicable to the Company's business characteristics, which means a broad business expansion space. At present, the profit from branches has accounted for over a half of the Company's profit, which enables the Company to push forward its development strategy more leisurely.

Second, risk management escort. Under the circumstances where major business areas are greatly influenced by the structural adjustment, the current non-performing rate of the Company remained at a low level, which fully proved of the efficiency of all risk management measure of the Company. Meanwhile, after repeated investigations, the Company's non-performing loan amount of next stage is also within a controllable range and the Company is also capable enough to absorb these non-performing loans, which makes the Company free from development pressures in the next stage. Therefore, the Company can devote to business expansion wholeheartedly without any burden. In addition, with the implementation of credit business list system, the comprehensive application of the new capital accord project after finishing standard reaching application and continuous optimization and upgrading of five mechanisms of case prevention can escort for the steady development of business.

Third, staff pool is solid and talent team is guaranteed. In the new normal of the banking industry, the core competitiveness lies in the competitiveness of talents. After years of effort, the Company has achieved evident advancement in talent teams building. In particular, the Company cultivated a large number of business backbone inside the company by improving abilities of staff of different levels, which provides a driving force for sustainable development of business in the next stage. Meanwhile, the Company adhered to high-standard talent recruitment and introduction strategies, laying a solid foundation for rapid development of business in the next stage.

Fourth, technology supports future and guarantees sustainable development. After more than 10 years of continuous accumulation and effort, the current technological support level of the Company has taken the lead in the banking industry and formed a certain comparative advantage. At present, the Company is planning to

establish a new data center. When the new data center is put into use, the Company will form a “double data centers” structure, and its technological support will reach a new height then, which will better support the sustainable growth of the Company’s business in the next stage.

The core competitiveness will be sustainably developed around the strategic goal from the following six aspects:

First, continue to optimize the layout of the eight profit centers, add more profit growth points for each profit center, explore integrated business model and try to establish more non-bank institutions and a more diversified profit channel with the approval of regulatory policies.

Second, continue to perfect the full-flow risk management system, push forward credit business list system, form the competitive power of risk management, minimize the costs of various risks to ensure sustainable development of the bank with economic structure adjusted constantly.

Third, continue to improve IT system, accelerate the establishment of technological system and new data center, basically form the technological support competitiveness, ensure of its leading position in the banking industry and of the business support of the technological system in the new normal of the banking industry.

Fourth, continue to dock Internet financial channel, proactively embrace Internet finance, basically establish the competitiveness of e-channel through technology and service innovation, and promote synchronous development of multiple channels, so as to better win customers, serve customers and manage customers.

Fifth, continue to perfect HR working mechanism, meet demand of business development, and establish a multi-level and systematic talent introduction, training & cultivation and management promotion mechanism, so as to build a staff team that adapt to development demand of new normal of the banking industry.

Sixth, continue to promote construction of branches, continuously perfect the institutional layout of “one body and two wings”, covering all institutions within Zhejiang province and spreading business outlets to large communities and villages and towns of strategic importance outside Zhejiang, so as to build a regional mainstream bank.

IX. Business Review

(I) Corporate banking business

The Company's banking business was devoted to service innovation, product innovation and providing

all-around comprehensive financial service for medium-sized clients. During the reporting period, influenced by several benchmark interest rate reductions by the People's Bank of China, economic restructuring and other external factors, the Company stepped up basic business development and basic client establishment, focused on expanding cash management and international business basic clients, and realized sustainable development of the corporate banking business.

Corporate banking customers. During the report period, the Company continued to strengthen concepts of customer marketing. It launched “List win”, “Import win” and “Export win” these three comprehensive financial service schemes for listed companies and import & export enterprises and endeavored to build key customer brand marketing. Up to the end of the report period, the basic customers of corporate banking reached 49,800, increasing by 19.25%, among whom 6321 were valued customers, taking up 12.7%, and 1596 were key customers, taking up 3.2%.

Corporate banking deposit. At the end of 2015, the corporate banking deposit balance was 239.2 billion yuan, increasing by 36.5 billion yuan at a growth rate of 18% from the end of 2014, and the proportion of demand deposit reached 54%, controlling cost of interest payment successfully.

Corporate banking loans. The corporate banking RMB and foreign currency inside-sheet loan balance (discount exclusive) was 115.1 billion yuan, increasing by 10.2 billion yuan at a growth rate of 9.72% from the beginning of the year. The mid- and long-term loan balance was 61.6 billion yuan, accounting for 53.52% and increasing by 3% from the beginning of the year. The corporate non-performing loan rate was 0.93%, increasing by 0.2% from the beginning of the year. It is mainly because of economic downturn and decreasing corporate debt paying ability. From the analysis of invested industries, the proportion of rental and business service industry, water conservation, environment and public facilities management industry exceeded 65%; manufacturing and retail & wholesales industries continued to reduce, decreasing by 20% from the beginning of the year.

Cash management. The corporate cash management business is carried by e-bank, investment financing, group investment management three core product systems, provides corporate customers with comprehensive cash management service that integrates payment settlement, wealth increment and capital management, fully exploits products' values in deepening customer cooperation, acquires low-cost settlement fund and stimulates growth of light capital business revenue. The Company continued to innovate product systems and services, launched “Star bank” in all round, advocated the service concept of “7*24hr”, and realized a series of e-bank night service of “star international settlement”, “star financing” and “star settlement”; launched online financial share

transfer service for vast financial customers, which made it the first bank to support corporate customer financial transfer and improved liquidity of customers' financial asset; launched cross-border foreign currency capital pool and group bill pool services for large- and medium-sized enterprise groups to assist in corporate internal asset management. Up to the end of the report period, customers of the Company's cash management reached 34,000, increasing by 27% from the end of 2014; the settlement amount of e-bank reached 4300 billion yuan, increasing by 10%; and the balance of financial products reached 51.9 billion yuan, increasing by 64%. All business data remained a rapid growth.

Trade financing and cross-border business. The Company efficiently linked with the strategic investor OCBC Bank Singapore and continued to promote "Kuajingying" platform featured with domestic and foreign linkage, covering cross-border trade financing, cross-border loan, investment banking and private banking businesses. In 2015, the cross-border business volume reached 5.1 billion dollars, increasing by 25% from the previous year. At the same time, the Company actively pushed forward syndicated loan and direct loan businesses with overseas banks, so as to help high-quality enterprises obtain direct loans from overseas banks, further solve the problem of difficult financing abroad and improve global competitive power. In terms of domestic trade financing, the Company launched bill pool business and expanded corporate bill service business. In 2015, the total amount of the bill pool business reached 13 billion yuan and the number of signed customers exceeded 500.

(II) Retail company business

The retail company business was devoted to providing all kinds of "simple, convenient and efficient" financial products and services for small enterprises. During the reporting period, faced with external economic downward pressure and financing difficulty of small enterprises, the Company adhered to product innovation and service innovation, continuously improving its comprehensive service level to small enterprises and focusing on providing small enterprises with customized, characteristic and comprehensive financial service package in financing business, international business, cash management, e-finance and other business.

Retail company clients. In 2015, the Company continued to deepen small enterprise clients business and expand basic small enterprise customer base. By the end of the report period, the total amount of retail company clients has reached 108828, increasing by 18%, among which, credit-approval clients were 24542, increasing by 41%, international business clients were 8710, increasing by 47%, and e-bank clients were 77150, increasing by 37%. Among e-bank clients, 9401 were mobile-bank clients, increasing by 505%. Besides, the coverage of e-bank clients reached 71%.

Retail company deposit. At the end of the report period, the balance of retail company deposit was 36.5 billion yuan, increasing by 7.2 billion yuan with a growth rate of 25% from the last year. Its demand deposit was 17.3 billion yuan, taking up 47% of the total and increasing by 5% from the last year. Its cost of interest payment was reduced efficiently.

Retail company loan. In 2015, the Company made an effort to improve its quality and efficiency of financing service for small enterprises. Based on the former "Golden Pond" financing brand, it launched "Fast-verification, Fast-loan" rapid financing service, came out "Export rebate pond" loan for export-oriented small enterprises, innovated export rebate loan mode, optimized "Relending financing" automatic refinancing products and solved small enterprises' turnover pressure when the loan is due. Meanwhile, the Company also positively responded to "bank-taxation interaction" proposed by China Banking Regulatory Commission and State Administration of Taxation, utilized big data and Internet technologies, developed on-line credit loan products and improved small enterprises' financing efficiency and customer experience.

Special business of retail company. During the report period, the Company constantly enhanced special businesses for small enterprises. First, innovated and optimized settlement tool of small enterprises "shortcut card", enriched "7*24hr" deposit & withdrawal, account transfer and POS consumption functions, simplified supporting "Touyirong" overdraft service, and provided with exclusive financial increment service. At the end of the report period, 36965 shortcut cards were issued, customer coverage reached 62% and introduced settlement deposit was 2.8 billion yuan. Second, innovated international business service for small enterprises, launched proactively approving credit loan products "Maoyirong", "Fumaoying" and "Legal person's foreign currency account overdraft", and meanwhile, launched "7*24hr" "Star international settlement" e-bank night service. At the end of the report period, the international settlement business volume of retail company was 13.8 billion dollars, increasing by 53%. Third, accelerated the development of e-finance services for small enterprises, introduced mobile counter service MTS and Wechat Subscription service, and formed a trinity e-financial service system of online banking, mobile banking and Wechat banking.

(III) Personal banking business

The Company always regards personal banking as one of mainly developing fields and continues to strengthen the marketing of saving deposits, wealth management, consumption loan and other basic businesses, positively explores innovative business modes like direct sales banking, operates comprehensively with focusing on key customer base, tries to build characteristic and localized personal banking business and constructs

competitive advantage of its personal business in the market segmentation.

Deposit business. The Company paid much attention to expanding basic customer base and core deposit scale. First, based on income resources of residents, it actively promoted "Xinfubao" comprehensive financial service, expanded social security and pension payment agency channels and brought in basic customer base in bulk. Second, emphasized community marketing. It took root in communities and integrated in communities to attract community residents with high-quality services. Third, continuously expanded and developed new channels. It obtained high-quality clients in bulk and introduced short-term deposits by cooperating with third-party institutions, such as travel agencies and overseas service institutions. At the end of 2015, the balance of personal deposits reached 80.839 billion yuan, increasing by 6.633 billion yuan from the previous year.

The Company continuously improved client operation capacity and endeavored to become a main bank of clients. First, based on daily life of clients, it enriched receipt and payment agent business in life and utilities and made daily settlement more convenient. Second, complying with clients' wealth management demands, it enriched wealth-related products, improved risk identification and adaptation capacities to become the most assured bank. Third, tried to improve service level. For different kinds of clients, it established a standard client service model system and continuously improved its client service level.

Personal loan business. The Company continued to take consumption finance as its focus, focused on white-collar customer group and accelerated market expansion. It innovated channel marketing modes, made retail business sold wholesale and increased marketing efficiency greatly. In 2015, new basic clients of personal loan of the whole bank were 178,900 and additional personal loans reached 11.224 billion yuan. Up to the end of the report period, the balance of personal non-performing loan was 318,750,000 yuan with a non-performing rate of 0.49%, which was constantly kept at a relatively low level.

Wealth management business. To comply with increasing wealth management demands of individual investors in the new situation, the Company speeded up the development of wealth management business. In 2015, the Company continuously perfected the wealth management product system, developed new demand financial products, enriched types of insurance sold on a commission base, launched physical gold investment and satisfied diverse configuration demands of clients. It also set up a standard process of pre-sale, sale and after-sale services, strengthened sales staff's professional ability in wealth, and improved product sales and customer service abilities. Up to the end of the report period, the revenue of the Company's wealth management reached 552 million yuan, increasing by 61.04% from the previous year.

Direct sales banking. With the prosperous development of Internet finance and deepening financial innovation, the Company has explored direct sales banking since the second half of 2014. It provided real-time deal-making asset transaction services for investment and financing clients through direct sales banking platform and developed "Bailingrong", "Zhitou series" and other inclusive finance products in succession. Because the direct sales banking business of the Company is safe in fund, low in threshold of participation and high in returns, it received a favorable response and developed well after being launched. At present, the Company has established a relatively mature direct sales banking system and its service network has covered major cities in East China and some cities in Central China and is expected to spread to western China. By the end of the report period, the turnover of the Company's direct sales banking business has exceeded 20 billion yuan and the accumulative clients at the financing end have exceeded 180,000.

(IV) Credit card business

By the end of the report period, the Company issued 1,210,000 credit cards in total, increasing by 12.04% from the beginning of the year; it reached credit card trading volume 21.5 billion yuan, increasing by 9.58% from the previous year; money advanced at the end of the year was 28.385 billion yuan, increasing by 45.06%.

The Company's credit card business adhered to characteristic development and continued to provide customers with featured financial services with the strategy of market segmentation, accurate marketing and intensive cultivation. In 2015, with the development of mobile Internet technologies, the Company continuously enriched payment channels of credit card business. Acting on safe and convenient principles, it launched HCE cloud-pay service and became one of the first regional commercial banks that support Apple Pay. In addition, the Company cooperated with VISA International for the first time and issued multi-currency platinum card, which made it become the first regional bank to issue VISA chip/no-touch credit cards and better satisfy customers' consumption demands in domestic and abroad markets.

(V) Financial market business

The Company drew advanced business modes and development experience from domestic and foreign financial markets, continuously expanded business chain, strengthened product development and expanded channel establishment. By far, it has been closely involved in domestic and foreign interest rate and exchange rate markets, its businesses covering bond business, foreign exchange business, precious metals business, financial liability business, financial derivative business and asset management, etc.

Acting on the development strategy of sincere service, extensive cooperation, compliance operation and mutual benefit, the Company attached great importance to the cooperation with inter-bank customers in the financial market business. Till now, the Company has established various business cooperation relationship with more than 500 domestic and foreign inter-bank customers, including state-owned banks, policy banks, national joint-equity banks, foreign banks, urban commercial banks, credit cooperatives, securities companies, fund management companies, insurance companies, trust companies, registration and clearing companies, enterprise group finance companies, futures companies and financial asset management companies. Meanwhile, the Company took "perfecting profit structure, improving profit mode and raising market position" as the starting point, continuously expanded cooperation with other banks and financial institutions, innovated and enriched product system, deepened market making business, established investment banking business steadily, increased proportion of transaction, valet and other intermediary businesses, and aimed to be one of the best cooperative partners in medium and small-sized financial market business.

In 2015, the turnover of the Company's various financial market businesses kept growing rapidly. The underwriting amount of CDB debts reached 94.5 billion yuan, increasing by 153% from the previous year; the underwriting amount of credit debts reached 120 billion yuan, increasing by 216% from the previous year; spot transaction volume of bond reached 1107.6 billion yuan, increasing by 125% from the previous year; the transaction volume of interest rate swap reached 909.9 billion yuan, increasing by 207% from the previous year; forward exchange transactions and foreign exchange swap transactions reached 631.1 billion dollars, increasing by 156% from the previous year; and the transaction volume of precious metals business reached 77.6 billion yuan, increasing by 178% from the previous year. The transaction volumes of the above businesses all ranked high in various markets.

During the report period, the Company obtained qualifications of class B main underwriter, silver proprietary trading in Shanghai Futures Exchange, large deposit issuing and bond lending, which laid a solid foundation for the sustainable, healthy and stable development of its financial market business. The Company won the First Prize of Comprehensive Award of the Year, the First Prize of Comprehensive Award of the First Half of the Year, the Third Prize of Comprehensive Award of the Second Half of the Year and Policy and Best Capital Prediction Award of the Year in "2015 China's Fixed Income Market Anticipation" by Thomson Reuters, a leading professional information service provider.

(VI) Asset management business

In terms of financial business, the Company grasped changes in market situation and customer demands and continued to improve its asset management ability. First, actively promoted product innovation and system improvement. During the year, the Company gradually introduced several net-value-type products and open-type products, steadily promoted richness of all line product systems and satisfied customers' diverse finance and investment demands. Second, optimized and upgraded investment ability. In the situation of interest rate downturn and equity market fluctuation in 2015, the Company flexibly adjusted categories and tempo of large asset allocation, invested more into equity assets and overseas assets, pushed forward pluralistic layout of large assets and realized optimized asset allocation under the balance between risks and returns, so as to maintain the competitiveness of the Company's financial products. Third, continued to improve risk management ability. During the year, the Company continued to expand and deepen risk management instruments of financial business, made full use of asset-liability linkage mechanism, rationally planned asset-liability structure and gradually realized coordination and dynamic equilibrium of financial business configuration and structure.

During the report period, the Company's financial business rose steadily, realizing steady growth of several scale and structure indexes, such as financial issuing amount and raising amount. During the whole year, the Company issued 2540 batches of financial products in total with a total sales amount of 406.991 billion yuan. Up to the end of the report period, the operational capital balance of the Company's financial products was 171.3 billion yuan, increasing by 53% from the previous year.

In 2015, the Company focused on the transformation and upgrading of its asset management business. First, it was dedicated to developing open-type and net-value-type financial products. Up to the end of the report period, the amount of open-type and net-value-type financial products reached 68 billion yuan, increasing by 185% from the beginning of the year. Among which, the balance of open-type financial products was 61.3 billion yuan, increasing by 149% from the beginning of the year; and the balance of net-value-type financial products was 6.9 billion yuan, increasing by three times from the beginning of the year. Second, it constantly improved operational management ability, established and improved liquid management system and transaction process, and actively participated in inter-bank and exchange repo markets. Third, it invested in accordance with balance limit of non-standard credit assets stipulated by China Banking Regulatory Commission. At the end of the report period, the Company's financial fund invested in non-standard credit assets accounted for 12.70% of the financial product balance and 3.93% of the Company's total assets at the end of the last year, both lower than the upper limit prescribed by relevant regulations.

(VII) Asset custody business

Up to the end of the report period, the total amount of the Company's assets under custody reached 1933.8 billion yuan, increasing by 985.6 billion yuan at a growth rate of 104% from the end of 2014 and ranking the 13th place in the industry three quarters in a row; the number of projects under custody reached 3524, increasing by 1578 at a growth rate of 81% from the end of 2014; the accumulative custody fees of the whole year reached 248,380,000 yuan.

In February, 2015, the Company launched its self-owned brand of asset custody business "Easy custody" and on-line client, which covers the overall process of custody business with "easy signing", "easy account opening", "easy pay" and "easy checking" core services and improves business processing efficiency greatly. By upgrading constantly, the usability and intelligence of the system have led the industry and been highly valued by customers. Up to the end of the report period, the Easy Custody opening rate of the Company's key customers has reached 71%.

In September, 2015, the Company filed on record through the private equity fund outsourcing service institute, launched "Easy Service", a new subbrand under Easy Custody in October, and hired Ernst & Young to make a due diligence report on fund business outsourcing service staff, facilities, professional competence and risk control and other elements, which was the first in the industry. Besides, the Company also obtained depository qualification of securities customers' transaction and settlement fund in 2015, which further expanded the Company's service scope.

Relying on the high-quality service and product innovation of custody business, the Company won "Best Asset Custody Bank in 2015" of Gold-shell Award selected by 21st Century Business Herald.

(VIII) Investment banking business

In 2015, the Company's investment banking business formed structural financing, bond financing, middle-level capital, asset securitization and capital market five business segments, which became an important business means of comprehensively serving large- and medium-sized customers.

During the report period, the Company gained qualification of Class-B main underwriter of non-financial enterprise debt financing tools. In the whole year, it jointly registered 19 non-financial enterprise debt financing tools with a jointly registered capital of 14.3 billion yuan and a joint issuing amount of 5.05 billion yuan.

In terms of asset securitization, during the report period, the Company issued “Yongying 2015 first-phase consumer credit asset-backed securities” which adopted dynamic capital pool that can be circularly bought for the first time in the market. During the report period, the Company issued four phases of asset-backed securities in total, its total amount reaching 11.481 billion yuan. Its total amount and diversity of varieties both made a breakthrough. In 2015, the Company won the Best Project Sponsor of Asset Securitization Jiefu Award hosted by Caishi China.

In terms of middle-level capital, the Company recommended its private customers to cooperative fund companies or OCBC Bank Singapore and conducted equity investment business to carry out staff and system reserves for promotion of investment-loan link business and to lay solid foundation for increasing growth of revenue from investment banking business in the future.

(IX) Bill business

The Company's bill business aimed at serving to middle- and small-sized enterprise bill financing and accumulating basic customer group. It laid equal stress on discount and transfer discount and optimized asset structure and improved profit contributions by making full use of low risks and low capital consumption of bills.

In terms of discount business, the Company satisfied diverse bill financing demands of middle- and small-sized enterprises and expand corporate basic customer group with a professional service team, efficient business process and perfect product system. In 2015, the amount of the Company's bill discount reached 265.6 billion yuan, increasing by 10.8% from the previous year, and the number of discount customers reached 6400, increasing by 45.6% from the previous year.

In terms of transfer discount business, the Company flexibly arranged buy-out, outright sale, buy-back and other transaction modes and continued to expand transaction channels with state-owned, joint-equity, urban commercial, and agricultural commercial banks through inter-bank hierarchical management. In 2015, the number of inter-bank transaction customers exceeded 1000 and constantly consolidated inter-bank cooperative customer group ensured of successful transfer discount business effectively.

(X) International business

In 2015, the Company's international business continued to develop rapidly. The accumulative completed settlement amount of the Company in the whole year was 58.523 billion dollars, increasing by 23% from the previous year. The development of regional branches speed up with a settlement growth rate of more than 30%;

the growth rate of Ningbo reached 19% and its market share rose to the fifth position.

In 2015, the Company continued to support “going global” strategy and regarded product innovation, online banking optimization and service upgrading as importation development orientation of international business. In terms of the “going global” strategy, during the report period, the Company provided enterprises “going global” with cross-border financial service platform and helped them obtain finance required for overseas business by means of cooperative channels with overseas banks; in terms of product innovation, during the report period, the Company launched export pool financing and legal person’s foreign currency account overdraft, so as to improve convenience and flexibility of corporate financing; in terms of online banking optimization of international business, during the report period, the Company launched English version of online banking and added remittance express, minority currency remittance, hand-held document surrender and other functions; in terms of service upgrading, the Company launched on-line and off-line “Star international settlement” service synchronously to satisfy corporate “7*24hr” international business handling demands.

(XI)E-channel

Internet banking. In 2015, the Company formally launched Internet banking 6.0. in terms of personal Internet banking, it focused on the establishment of differential characteristic functions and launched "Bailingtong", "Xinfubao" and "Chuguobao" financial services; in terms of corporate Internet banking, it spares no effort to build a "Xingguang bank" and to realize 24-hour and more convenient service experience. At the end of the report period, the total customer number of personal Internet banking increased by 36.41% from the previous year and that of corporate Internet banking increased by 26.09%.

Mobile banking. With the popularization of mobile Internet, mobile banking has gradually become a preferred personal financial tool of customers. In 2015, the Company made great effort in building mobile banking 4.0, introducing one-stop transfer, audio UK and other special functions, and building "zero-distance accounting opening, zero-limit transfer, zero-wait cash withdrawal and zero-threshold service" advantages. At the end of the report period, the total customer number of personal mobile banking increased by 110.10% from the previous year, the number of transactions increased by 135.18% and the transaction amount increased by 188.88%.

Wechat banking. In a socialized age, the Company focused on the establishment of Wechat banking, constantly optimized operational experience, designed new layout, launched hand-held fund, gold Wechat shops

and other innovative services, further attracted users to follow and improved customer stickness. Up to the end of the report period, the number of customers who followed up Wechat banking and who were bound increased by 165.82% and 187.99% respectively from the previous year, the total times of inquiring transactions increased by 131.64%, and the transaction amount increased by 904.03%.

Self-service banking. To effectively draw customers from counter and reduce operating cost of banking outlets, the Company continued to develop ATM (automatic teller machine) and CRS (cash recycling system) and other equipment. In 2015, the Company launched new automatic card issuing system, introduced automatic account opening, e-channel signing, card replacement and other convenient services, supported account checking, password alteration and other counter services, and became the first to launch card replacement for the same card function in China, all of which aimed to improve customer experience in all round.

Telephone banking. In 2015, the Company's telephone banking aimed at improving customer experience, constantly strengthened service ability, added international settlement service channel, and improved service content coverage rate; upgraded service platform, added 18 new functions, including "Cash Easy", free installment and finance/fund purchase, with the business volume of the whole year increasing by 30.41% from the previous year; innovated proactive services, established service detection mechanism, realized customer status identification and transaction block detection; laid stress on the establishment of service channels, realized seamless connection with Wechat banking, mobile banking and online banking, and provided with more convenient services; enhanced service efficiency, optimized automatic service menu and short message service, with IVR utilization rate and manual processing speed improving by 6% and 10.83% respectively.

(XII) Technological support

During the report period, the Company continued to push forward integration and innovation of technologies and businesses and constantly improved technological support for businesses. In 2015, the Company's information system operated efficiently and stably. It established a 7-day 24-hour unified monitoring and warning system, pushed forward the "Two places & Three centers" disaster tolerance system establishment, finished remote branch same city disaster preparation establishment and rehearsal, and efficiently improved continuity of the whole bank's businesses.

Establishment of custody system. Pushed forward the establishment of custody system group, finished upgrading and optimizing "Easy custody" system, project management system and instruction system, and

improved account checking electronization, instruction electronization and project management going digital substantially; finished establishing custody direct connection system and realized dock successfully; finished automatic receipt and reconstruction of estimate accounting system data and automatic promotion of clearing flow, so as to improve automatic business capability.

Big data mining and analysis. Construct a leading big data platform and supporting system in the industry and endeavor to build a big data application ecosystem. Oriented by business demands, through internal data mining and external data expansion, successfully realized big data customer acquisition and mining, provided firm support for accurate marketing of personal and corporate lines, and formed an automatic marketing mode centering in big data platform and supported by data mining and E sales platform.

Mobile application innovation. Accelerated mobile application innovation, launched direct sales banking 2.0, Wechat banking 3.0, online banking 6.0 and mobile banking 3.0 in succession and improved the competitive power of the system in all round. Realized multiple products innovation with characteristics of mobile technology: direct cash withdrawal through ATM scanning, mobile-banking fingerprint transaction, hand-held bill identification and gold Wechat shops, etc. Built a mobile door-to-door service platform and provided customers with door-to-door one-stop account opening, signing and other businesses with e-signature, centralized approval and other technologies, so as to foster business marketing.

Intelligent payment platform. The Company's intermediary business is optimized constantly, the intelligent payment platform is brought into operation. The Company reasonably allocated transaction amount of payment channels inside the bank, efficiently reduced failure rate of payment and provided more humanistic payment services. As a leading payment innovation business in the industry, it realized "unified channel and intelligent payment".

(XIII) Protection of customers' rights and interests

The Company attached great importance to protection of customers' legal rights and interests, established normalized customer rights and interests protection mechanism, gradually perfected customer rights and interests protection system and work process, implemented customer rights and interests protection publicity and education, positively coordinated and dealt with customers' rights maintenance, improved work standard of the Company's customer rights and interests protection, and pushed forward healthy development of regional financial ecology. Bring financial customers' rights and interests protection into corporate governance and corporate culture building

and manifest it in the development strategy. During the report period, the Company conducted financial consumption rights and interests protection knowledge publicity and education via multiple channels and held “315 theme education”, “financial knowledge popularization”, “financial knowledge entering home”, “financial knowledge popularization month” and other financial customers’ rights and interests protection thematic activities for customers. In the whole year, it held more than 300 such activities in total with more than 3000 staff participating in.

X. Future Development Prospect of the Company

(I) Industry competition pattern and development trend

In the new normal of economy, the current banking industry is facing slower economic growth, narrowing interest margin and increasing risks. Unlike large state-owned commercial banks and national joint-equity commercial banks, urban commercial banks are facing more difficulties and challenges. The banks cannot acquire opportunities of sustainable development in the increasingly competitive market until they pay more effort and resources. In the new economic and financial situations, with the intensifying market competition, urban commercial banks are faced with greater pressures.

First, the interior of the banking industry will be further differentiated, the homogenization business of the bank will be broken, big bank will move towards integrated management and comprehensive management; medium-sized bank will seek special operation in some special fields, and the development of some urban commercial banks without characteristics will be influenced to some extent. Therefore, they are supposed to establish differential core competitive advantages as soon as possible.

Second, with more competitors entering traditional banking businesses, the limit of separation is being broken gradually and mixed operation has become a trend. Insurance, securities, fund, trust and other non-bank financial institutions will compete with banks in various areas, including asset management. Besides, license control becomes weak gradually and private capital is allowed to enter the banking industry. Although these institutions cannot compete with large and medium-sized commercial banks in a short time, it, to some extent, intensifies the competition with urban commercial banks.

Third, the impact of Internet finance is increasing gradually. Driven by “Internet plus”, Internet finance becomes a hot spot of the market in a short time, non-financial institutions are increasing, various e-business platforms and direct sales platforms are emerging, all of which challenge customers of assets of the banking

industry. Banks without core competitiveness will face risks of a significant drain of customers and asset impairment.

(II) Company's development strategy

The company's long and medium-term development strategic objective: after "triple three years" effort, construct the Company as a respected modern commercial bank with a good reputation and core competitiveness.

At present, the goal of first three years of company has been completed successfully. A "one-body and two-wing" development layout taking the Yangtze River Delta as a main body, and Pearl River Delta and Bohai Bay as two wings is primarily formed; through the effort of second three years, company tries to accumulate comparative advantages in target market constantly and primarily equip itself with different core competitiveness in horizontal competition, so as to become a respected modern commercial bank with a good reputation and core competitiveness as soon as possible.

(III) Business development plan in 2016

In 2016, faced with interest rate liberalization, the Company will hold fast to the bottom line of various risks, improve professional operating capacity, ensure of growing profit, accumulate differential comparative advantage and push forward sustainable development of the bank under the leadership of the board of directors.

Hold fast to the bottom line. In the current economic and financial situation, the banking industry is facing more challenges and pressure on business development and earnings growth is increasing. The Company will firmly establish a sense of bottom line and take holding the bottom line as the foundation of the bank's sustainable development. In terms of the current situation of the Company, it shall hold fast to three bottom lines: first, ensure there is no accident; second, ensure there is no large non-performing loan; third, ensure continuous operation of business.

Professional operation. In the fully competitive new normal of the banking industry, only good banks can stand out in the intense market competition, which means professional operation is becoming more and more important. The front-ground profit center, middle-ground risk line and rear-ground service support departments will all spare no effort to make the bank more professional and improve the business quality of the bank. Professional operation can be shown in three aspects: first, improve professional level of business marketing promotion; second, transfer customer business mode to professional business mode; third, make linkage between head office and branches more professional.

Ensure of profit. In the age of great financial changes, a wave of differentiation will be bound to hit the development of the banking industry. The continuous and steady growth of profit decides whether we can win a place in the competitive market and continue to consolidate our position in the banking industry, our brand in the market and our reputation among clients. We should focus on the following five aspects: first, strengthen assets and liability management capacity; second, strengthen capital management and coordination capacities; third, improve application and value creation capacities of RAROC; fourth, strengthen collection of non-performing loans; fifth, strengthen cost control.

XI. Registration Sheet of Research, Communication, Interview and Other Activities Reception within Report Period

(I) Registration sheet of research, communication, interview and other activities reception within report period

Reception time	Reception way	Type of reception object	Basic information index of research
May 4, 2015	Field research	Institution	<i>Investor Relationship Activities Log Sheet</i> on (www.cninfo.com.cn)
May 19, 2015	Field research	Institution	<i>Investor Relationship Activities Log Sheet</i> on (www.cninfo.com.cn)
May 26, 2015	Field research	Institution	<i>Investor Relationship Activities Log Sheet</i> on (www.cninfo.com.cn)
June 15, 2015	Field research	Institution	<i>Investor Relationship Activities Log Sheet</i> on (www.cninfo.com.cn)
July 18, 2015	Field research	Institution	<i>Investor Relationship Activities Log Sheet</i> on (www.cninfo.com.cn)
Nov. 3, 2015	Field research	Institution	<i>Investor Relationship Activities Log Sheet</i> on (www.cninfo.com.cn)
Nov. 6, 2015	Field research	Institution	<i>Investor Relationship Activities Log Sheet</i> on (www.cninfo.com.cn)
Nov. 11, 2015	Field research	Institution	<i>Investor Relationship Activities Log Sheet</i> on (www.cninfo.com.cn)
Nov. 13, 2015	Field research	Institution	<i>Investor Relationship Activities Log Sheet</i> on (www.cninfo.com.cn)
Dec. 9, 2015	Field research	Institution	<i>Investor Relationship Activities Log Sheet</i> on (www.cninfo.com.cn)

(II) Registration sheet of research, communication, interview and other activities reception from the end of the report period to the disclosure date

Reception time	Reception way	Type of reception object	Basic information index of research
Jan. 21, 2016	Field research	Institution	<i>Investor Relationship Activities Log Sheet</i> on (www.cninfo.com.cn)
Mar. 1, 2016	Field research	Institution	<i>Investor Relationship Activities Log Sheet</i> on (www.cninfo.com.cn)
Mar. 3, 2016	Field research	Institution	<i>Investor Relationship Activities Log Sheet</i> on (www.cninfo.com.cn)
Mar. 16, 2016	Field research	Institution	<i>Investor Relationship Activities Log Sheet</i> on (www.cninfo.com.cn)

Chapter Seven Important Matters

I. Situation of Company's Common Stock Profit Distribution and Capital Reserve Extension

(I) Formulation, implementation or regulation of profit distribution policy of common stocks within the report period

The 2014 first extraordinary general meeting of shareholders held on February 10, 2014, deliberated and passed *Shareholder Return Plan of Ningbo Bank Stock Co., Ltd. in Future Three Years (from 2014 to 2016)*, which clarified that from 2014 to 2016, the Company will distribute dividend by cash dividend first and the Company's profit distributed by means of cash every year shall exceed 10% of its distributable profit of the year.

Within the report period, the Company is free from adjustment or change in cash dividend policy.

Special description of cash dividend policy	
Whether complies with the regulations of Articles of Association of the Company and the regulations of the resolutions of the shareholder's meetings:	Yes
Whether both the dividend standards and proportions are definite and clear:	Yes
Whether the relevant decision-making programs and mechanisms are complete:	Yes
Whether the independent directors have fully performed their responsibilities and obligations:	Yes
Whether minority shareholders have opportunities to fully express their opinions and demands and their legal rights and benefits have been fully protected:	Yes
Whether the conditions and procedures for the adjustment and modification of the cash dividend policy are standard and transparent:	Yes

(II) Company's profit distribution plan and capital reserve extension situations in last three years (including report period)

1. Company's 2015 profit distribution plan: extract statutory surplus reserve by 649,167,000 yuan by 10% of 2015 net profit; in accordance with regulation prescribed with *Reserve Fund Extraction Management for Financial Enterprise* (Caijin [2012] No. 20) issued by the Ministry of Finance, extract general reserve fund by 1,518,173,000 yuan by 1.5% balance of risk assets outside and inside the Sheet; on the basis of 3,899,794,081 shares at the end of 2015, issue cash dividend 4.5 yuan (including tax) for each 10 shares, 1,754,907,000 yuan in total; not donate share or transfer or increase share capital in 2015.

2. Company's 2014 profit distribution plan: extract statutory surplus reserve by 561,113,000 Yuan by 10% of

2014 net profit; in accordance with regulation prescribed with Reserve Fund Extraction Management for Financial Enterprise (Caijin [2012] No. 20) issued by the Ministry of Finance, extract general reserve fund by 998,683,000 Yuan by 1.5% balance of risk assets outside and inside the Sheet; on the basis of 3,249,828,401 shares at the end of 2014, issue cash dividend 4.5 Yuan (including tax) for each 10 shares, 1,462,423,000 Yuan in total; 2 shares was increased per 10 shares of capital reserve-transferred equity.

3. Company's 2013 profit distribution plan: extract statutory surplus reserve by 484,541,000 Yuan by 10% of 2013 net profit; in accordance with regulation prescribed with Reserve Fund Extraction Management for Financial Enterprise (Caijin [2012] No.20) issued by the Ministry of Finance, extract general reserve fund by 1,194,715,000 Yuan by 1.5% balance of risk assets outside and inside the Sheet; on the basis of 2,883,820,529 shares in 2013, issue cash dividend 4 Yuan (including tax) for each 10 shares, 1,153,528,000 Yuan in total; not donate share or transfer or increase share capital in 2013.

(III) Common stocks' cash dividend situation of the company in last three years (including report period)

Unit: (RMB) 1,000

Year of dividend	Amount of cash dividend (including tax)	Net profit that belongs to parent company's common stock shareholders in consolidated statement during the year of dividend	Proportion to net profit that belongs to parent company's common stock shareholders in consolidated statement	Cash dividend amount via other methods	Proportion of cash dividend via other methods
2015	1,754,907	6,544,333	26.82%	0	0
2014	1,462,423	5,627,466	25.99%	0	0
2013	1,153,528	4,847,071	23.80%	0	0

II. Profit Distribution and Capital Reserve in Cash Extension Plan within the Report Period

Quantity of bonus shares in every 10 shares	-
Quantity of dividend (yuan) (including tax) in every 10 shares	4.5
Quantity of extension in every 10 shares	-
Equity base in distribution plan	3,899,794,081
Total cash dividend amount (1,000 yuan) (including tax)	1,754,907
Allocable profit (1,000 yuan)	17,359,934
Proportion of cash dividend in total profit distribution	100%
Cash Dividend Policy	

For more information, please refer to *Shareholder Return Plan of Ningbo Bank Stock Co., Ltd. in Future Three Years (from 2014 to 2016)* disclosed on <http://www.cninfo.com.cn> on January 14, 2014.

Details of profit distribution plan

Depending on 2015 annual accounting sheet approved by Ernst & Young, the company realized net profit of 6,491,671,000 yuan in 2015, adding distribution profit 13,329,369,000 yuan at the end of 2014, deducting payable common stock dividend 1,462,423,000 yuan and deducting general risk reserve 998,683,000 yuan, the allocable distribution profit at the end of 2015 is 17,359,482,934 yuan.

The Company issued preferred shares of RMB 4.85 billion in November 2015. Since the preferred shares were issued, the Company's business has operated normally and orderly, finance operated normatively and steadily, remaining a sustainable development trend. Based on the current situation, the Company has reasons to believe that it can pay the dividend of the first year of these preferred shares fully in the future.

Depending on the previous situations, the company proposes the 2015 annual profit distribution plan as follows:

I. Extract legal capital reserve by 649,167,000 yuan by 10% of 2015 net profit;

II. Depending on regulation prescribed with *Reserve Fund Extraction Management for Financial Enterprise* (Caijin [2012] No. 20) issued by the Ministry of Finance, extract general reserve fund by 1,518,173,000 yuan by 1.5% of the ending balance of the risk assets of 2015;

III. On the basis of 3,899,794,081 shares in 2015, issue cash dividend 4.5 yuan (including tax) for each 10 shares, 1,754,907,000 yuan in total;

After implementing the distribution plan, the rest undistributed profit is 13,437,687,000 yuan

The plan shall be submitted to 2015 AGM for approval.

III. Commitment Item Implementation

(I) Commitment issues performed within the report period or unperformed up to the end of report period of company, shareholder, actual controller, buyer, director, supervisor, senior manager or other related party

Commitment Issues	Commitment party	Commitment type	Commitment content	Commitment time	Commitment deadline	Performance situation
Commitment of share reform	-	-	-	-	-	-
Commitment in purchase report or equity change report	-	-	-	-	-	-
Commitment made in asset reformation	-	-	-	-	-	-
Commitment of non-public development bank	Singapore Overseas-Chinese Banking Co., Ltd., Ningbo Development Investment Group Co., Ltd.	Share limited sale commitment	Since the date of ending issuance, do not transfer the subscribed shares within 60 months	Oct. 8, 2014	60 months	Strictly perform
Other commitments on company's middle and small shareholders	Corporate	Commitment made during refinancing	Various measures shall be adopted to guarantee the effective use of raised funds, to effectively prevent diluted risk of return on demand and improve return capacity in the future	July 16, 2014	Long term	Strictly perform
Other commitments on company's middle and small shareholders	Corporate	Commitment made during refinancing	In order to protect interests of common stock shareholders and make up decrease of return on demand that may be caused by the issuance of preferred shares, various	Nov. 26, 2015	Long term	Strictly perform

	measures shall be adopted to guarantee the effective use of raised funds, to effectively prevent diluted risk of return on demand and improve return capacity in the future.
Whether commitment performed in real time	Yes
If commitment is overdue and unperformed, specific reasons and next plan should be provided	Not applicable

(II) Capital expenditure commitment

Unit: (RMB) 1,000

Item	December 31, 2015	December 31, 2014
Signed but not withdrawn	501,318	393,977

(III) Business rent commitment

Depending on rent contract with leaser, the minimum rent payment rate of irrevocable rent is as follows:

Unit: (RMB) 1,000

Items	December 31, 2015	December 31, 2014
Within 1 year (including)	321,710	279,575
1-2 years (including)	294,820	267,897
2-3 years (including)	262,959	249,021
Longer than 3 years	888,791	801,241
Total	1,768,280	1,597,734

(IV) Asset pledge commitment

Unit: (RMB) 1,000

Pledge asset content	Pledge asset face value	Pledge application	Pledge amount	Pledge expiring date
Financial asset-bonds for sale	34,024,919	Sell purchased financial asset amount-bond	33,664,199	Jan. 4, 2016- June 30, 2016
Expiring investment-government bond	11,765,081	Sell purchased financial asset amount-bond	11,625,801	Jan. 4, 2016- June 3, 2016

IV. Non-business Capital Occupation of Controlling Shareholder and Related Party Thereof Occurred in Listed Company

Within the report period, the company is free from the situation when controlling shareholders and other related parties occupy the company's capital.

V. Compared with Financial Report of the Last Year, Description on Change of Accounting Policy, Accounting Estimate and Accounting Method

During the report period, the Company had no changes on accounting policy, accounting estimate and accounting method.

VI. Situation of Major Accounting Error Correction Requiring Retrospection and Restatement within Report Period

During the report period, the Company had no situations of major accounting error correction that require retrospection and restatement.

VII. Compared with Financial Report of the Last Year, Description on Change of Consolidated Statement Scope

During the report period, Yongying Financial Leasing Co., Ltd., a wholly-owned subsidiary of the Company was found on May 26, 2015 and included in the consolidated statement scope.

VIII. Situation of Appointing and Dismissing Accounting Firm

(I) Current appointed accounting firm

Name of domestic accounting firm	Ernst & Young
Reward of domestic accounting firm	3,070,000 yuan, including 2,200,000 yuan of financial report audit and 870,000 yuan of internal control audit
Continuous service year of domestic accounting firm	7 years
Name of registered accountant of domestic accounting firm	Guo Hangxiang, Chen Sheng

(II) Within report period, the company does not change employment of accounting firm

(III) Situation on appointing internal control audit accounting firm, financial consultant or sponsor

During the report period, Ernst & Young is employed as an internal auditing firm of the Company, and the company shall pay 870,000 yuan to it for the 2015 internal auditing.

During the report period, the Company employs CITIC Securities Co., Ltd. as a sponsor.

During the report period, the Company does not employ any financial consultant.

IX. Related Issues of Bankruptcy Reorganization

Within the report period, the Company is free from related issues of bankruptcy reorganization.

X. Significant Arbitration or Lawsuit Issues

Within the report period, the Company has no arbitration or lawsuit items which will result in significant influence on the business. Up to December 31, 2015, the Company, as a plaintiff, has a total object amount of 2,468,070,000 yuan for lawsuit; 14 cases that the company functions as a defendant occur with a total object amount of 6,370,000 yuan, and there is no compensation amount in expectation.

XI. Punishment and Rectification

During the report period, in the Company and more than 5% of the shares from the director, supervisor, senior management and shareholder holding are free from situations of being to be investigated by authorities, judicial or discipline inspection departments to take coercive measures, transferred to judicial organs be held criminally responsible, China Securities Regulatory Commission to initiate an investigation or administrative penalties, to be ejected by the market, be regarded as improper person, punishment of other administrative departments, or publicly condemned by the stock exchange.

XII. Credit Status of the Company and Its Majority Shareholders and Actual Controllers

During the report period, the Company and its first major shareholder Ningbo Development & Investment Co., Ltd. had no situations of not performing effective judgments or a large amount of unliquidated debt due.

XIII. Implementation of Company's Equity Incentive Plan, Employee Stock Ownership Plan or Other Employee Incentive Measures

Within the report period, the company is free from any equity incentive plans, employee stock ownership plans or other employee incentive measure.

XIV. Major Related Transaction

(I) Implementation of credit extension of inside natural person and close relatives thereof in the bank

Internal natural person statistics involves the board of directors, the board of supervisors, senior management, and other staff having right to decide or participate in commercial credit and asset transfer. Depending on statistical data of bank related natural person credit business at the end of December 2015, credit business

exposure balance under mortgage loan is 196,116,200 yuan, 2,260,300 yuan under the pledge and 2,455,000 yuan under warranty; for businesses under no credit, the principle of not issuing credit loan for the board of directors, the board of supervisors, senior management, and other staff having right to decide or participate in credit and asset transfer of the commercial bank as well as near relatives thereof is insisted.

Unit: RMB 10,000

Guarantee way	Approved limit business (VIP, Daiyitong, Bailingtong, etc.)	Unused rate of approved limit business	Current exposure balance of loan business in the bank (including business under limit item)
Mortgage	17,203	7,483	19,611.62
Pledge	0	0	226.03
Guarantee	0	0	245.5
Credit	0	0	0
In total	17,203	7,483	20,083.15

(II) Transaction higher than 300,000 yuan (including) of related natural person in the bank

The total number of transactions with the related person and the bank that is over 300,000 yuan (including) in 2015 is 1057, daily total business balance is 686,798,600 yuan, and exposure after deducting deposit is 659,836,600 yuan; and up to the end of December 2015, exposure after deducting deposit is 191,945,500 yuan.

(III) Credit extension implementation of relevant legal shareholders

According to the objective and requirement of the board of directors on related credit control in 2015, the single-family maximum credit limit for related Ningbo Development & Investment Group Co., Ltd., Youngor Group Co., Ltd., Huamao Group Co., Ltd., Ningbo Shanshan Co., Ltd. and Ningbo Fubon Holding Group Co., Ltd. shall not exceed 2 billion yuan, the maximum single-family bond underwriting limit shall not exceed 1.5 billion yuan, the maximum credit limits for shareholder related bodies shall not exceed 3 billion yuan, and the maximum bond underwriting for shareholder related bodies shall not exceed 2 billion yuan. The total credit balance and bond underwriting limit of above five non-natural person shareholders shall not exceed 14 billion yuan, among which the total single-family credit exposure and bond underwriting limit shall not exceed 3 billion yuan and the total credit exposure and bond underwriting limit for shareholder related bodies shall not exceed 5 billion yuan.

Implementation: by the end of December 2015, actual business balance of Ningbo Development & Investment Group Co., Ltd. and related party in the bank after deducting deposit is 496,703,300 yuan and the

bond underwriting balance in the bank is 500,000,000 yuan; actual business balance of Youngor Group Co., Ltd. and related party in the bank after deducting deposit is 1,793,870,000 yuan; actual business balance of Huamao Group Co., Ltd. and related party in the bank after deducting deposit is 966,814,800 yuan; actual business balance of Ningbo Shanshan Co., Ltd. and related party in the bank after deducting deposit is 992,250,700 yuan and the bond underwriting balance in the bank is 500,000,000 yuan; actual business balance of Ningbo Fubon Holding Group Co., Ltd. and related party in the bank after deducting deposit is 921,948,900 yuan and the bond underwriting balance in the bank is 800,000,000 yuan; the total credit balances of the above five shareholder related parties is 5,171,587,600 yuan and the total bond underwriting balance in the bank is 1,800,000,000 yuan. From the above statistical data, the credit of the above five shareholder related parties complies with the objective and requirement of the board of directors on related credit control in 2015.

1. Ningbo Development & Investment Group Co., Ltd. and related party

Unit: RMB 10,000

No.	Enterprise name	Revolving rate	Actual balance	Actual business balance after deducting deposit	Remarks
1	Ningbo Development & Investment Group Co., Ltd	20,000	Flow loan 20,000	20,000	
2	Ningbo Dahongying Education Group	5,000	Flow loan 5,000	5,000	
3	Ningbo Ningdian Import & Export Co., Ltd	10,500	Flow loan 2,597.4 Pledge 4,618.18 Issuing 832.70 Capital business 1,355.15	8,125.51	
4	Ningbo Ningdian International Trade Co., Ltd	8,500	Issuing 428.67 Capital business 1,695.44	431.08	
5	Ningbo Ningdian International Trade Co., Ltd.	8,470	Capital business 2,915.87	0	
6	Ningbo Mingzhou Biomass Power Generation Co., Ltd.	5,000	Flow loan 4,937.74	4,937.74	
7	Ningbo Yingda Educational Science & Technology Co., Ltd.	15,000	Flow loan 11,000	11,000	
8	Ningbo Zhongning Construction Investment Co., Ltd.	0	Issuing 203.90	175.99	
9	Ningbo International Logistics Development Co., Ltd	0	Letter of guarantee 206.55	0	
Total			55,791.59	49,670.33	

2. Youngor Group Co., Ltd. and related party

Unit: RMB 10,000

No.	Enterprise name	Revolving rate	Actual balance	Actual business balance after deducting deposit	Remarks
1	Zhongji Ningbo Group Stock Co., Ltd.	500	Flow loan 305	305	
2	Ningbo Youngor Clothing Co., Ltd.	22,400	Flow loan 18,021.36 Letter of guarantee 18,021.36	19,380	
3	Fusheng International Industry Co., Ltd.	12,716	Import issuing 4,814.93	4,814.93	
4	Ningbo Honda Auto Sales Co., Ltd.	1,000	Yincheng 1,420.00	994	
5	Zhongji (Ningbo) Group Co., Ltd.	150,000	Import issuing 265,046.25 Capital business 26,668.96	148,966.97	
6	Ningbo Economic Technology Development Zhongji Import & Export Co., Ltd.	6,600	Import issuing 4636.63 Letter of guarantee 120 Capital business 7.39	4,764.02	
7	Ningbo Youngor International Trade Transport Co., Ltd.	5,000	Pledge 162.09	162.09	
8	Ningbo Yayuan Garden Engineering Co., Ltd.		Letter of guarantee 90	0	
9	Ningbo Zhongji Dongben Auto Sales Service Co., Ltd.	1,000		0	
Total			339,313.96	179,387.00	

3. Huamao Group Co., Ltd. and related party

Unit: RMB 10,000

No.	Enterprise name	Revolving rate	Actual balance	Actual business balance after deducting deposit	Remarks
1	Ningbo Huamao International Trade Co., Ltd.	35,000	Flow loan 4,545.45 Yincheng 2,455.00 Import issuing 10,938.58 Letter of guarantee 6,493.50 Capital business 3.20 Rongchuying 5,649.35	23,213.51	
2	Ningbo Huamao Science & Technology Co., Ltd.	20,000	Flow loan 16,000 Yincheng 4,000	20,000	
3	Ningbo Maoxuan International Trade Co.,	35,000	Flow loan 1753.25	34,347.37	

	Ltd.		Pledge 217.64 Import issuing 21307.54 Capital business 30 Rongchuying 11038.95	
4	Huamao Group Co., Ltd.		Flow loan 14000	14,000
5	Zhejiang Huamao International Trade Co., Ltd.	5,000	Flow loan 1,558.44 Discount 1,500.00 Import issuing 2,778.16	4,348.37
6	Ningbo Shuxiang New Material Co., Ltd.	1,000	Flow loan 600 Yincheng 344.45	772.23
Total			105,213.49	96,681.48

4. Ningbo Shanshan Co., Ltd. and related party

Unit: RMB 10,000

No.	Enterprise name	Revolving rate	Actual balance	Actual business balance after deducting deposit	Remarks
1	Shanshan Group Co., Ltd.	50,000	Yincheng 35,500	33,000	
2	Ningbo Shanchen Industry Co., Ltd.	10,000	Yincheng 14,300	10,000	
3	Ningbo Shanshan Industry Development Co., Ltd.	15,270	Flow loan 813 Pledge 988.84 Yincheng 111.03 Import issuing 2.01 Capital business 4,383.11	1,870.49	
4	Ningbo Shanshan Property Co., Ltd.	10,000	Yincheng 16,598 Discount 400 Import issuing 10,930.93	9,898.02	
5	Zhejiang Shanshan Hongzhi Import & Export Co., Ltd.	0	Discount 174.10	0	
6	Ningbo Hongxing International Trade Co., Ltd.	3,254			
7	Shanghai Shanshan Science & Technology Co., Ltd.	2,800	Yincheng 3,854.16	2,697.92	
8	Ningbo Daxie Development Zone Chongsheng Trade Co., Ltd.		Discount 6,000		
9	Ningbo Shanshan Co., Ltd.	4,900		0	
10	Ningbo Economic Technology Development Zone Huixing Trade Co., Ltd.	9,717.6	Flow loan 3,441.56 Import issuing 1,438.12	4,879.67	
11	Ningbo Daxie Development Zone Dehui Trade Co., Ltd.	10,000	Yincheng 14,286	10,000	

12	Ningbo Xinmingda Knitting Co., Ltd.	4,000	Flow loan 1,395 Discount 850 Yincheng 1,555.86 Capital business 700	3,098.84
13	Ningbo Beiersen Motherhood Supplies Co., Ltd.	0	Flow loan 500	500
14	Ningbo Shanshan New Material Science & Technology Co., Ltd.	2,000	Yincheng 1,391.99	974.39
15	Ningbo Shangong Structure Monitor & Control Engineering Center Co., Ltd.	0	Letter of guarantee 41.02	0
16	Ningbo Ulica Solar Science & Technology Co., Ltd	25,000	Flow loan 3,000.00 Pledge 705.43 Yincheng 11,176.43 Letter of guarantee 53.77 Capital business 100 domestic credit 4,960.03	14,416.95
17	Ningbo Shanshan Hanxiang Trade Co., Ltd.	10,000	Import issuing 7,653.68 Pledge 1,057.53	7,888.80
Total			131,863.60	99,225.07

5. Ningbo Fubon Holding Group Co., Ltd. and related party

Unit: RMB 10,000

No.	Enterprise name	Revolving rate	Actual balance	Actual business balance after deducting deposit	Remarks
1	Ningbo Fubon Wood Co., Ltd.	3,000	Flow loan 3,000	3,000	
2	Ningbo Domestic Daily Article Import & Export Co., Ltd.	42,750	Flow loan 10,920 Discount 3,540 Import issuing 10,690.65 Pledge 6,612.32 Refactoring 2,100	24,775.68	
3	Ningbo Fubang Wood Co., Ltd.	8,780	Pledge 1,334.24 Yincheng 4,000 Import issuing 229.88	4,335.04	
4	Ningbo Yujiang Special Adhesive Tape Co., Ltd.	2,500	Discount 1,450 Yincheng 2,098.65	2,499.33	
5	Ningbo Fubang Greens Furniture Co., Ltd.	4,000	Discount 4,000	4,000	
6	Ningbo Hengrun Furniture Co., Ltd.	10,100	Yincheng 16,350 Discount 11,800	11,800	
7	Ningbo Henrun Polymerization Co., Ltd.	9,900	Flow loan 7,500 Discount 2,568.87 Yincheng 430 Domestic LC forfeiting 2,168.84 Domestic LC negotiated 100.23	8,015.73	
8	Ningbo Henrun Plasticizer Co., Ltd.	5,000	Flow loan 2,000	2,000	
9	Ningbo Fubon holding Group Co., Ltd.	18,500	Flow loan 18,500	18,500	
10	Ningbo Fubon Green Furniture Co., Ltd.	5,800	Discount 7,200 Yincheng 8,670	5,200	
11	Ningbo Fubon Plaza Investment	0	Flow loan 6,250	6,250	

Development Co., Ltd.				
12	Ningbo Fubang Systex Trade Co., Ltd.	1,000	Yincheng 1,600	960
13	Ningbo Fubon E-Commerce Development Co., Ltd.	3,000	Flow loan 788 Capital business 71.11	859.11
Total			129,360.48	92,194.89

(IV) Implementation of general related transaction, major related transaction and particularly major related transaction

In accordance with special regulations on information disclosure of commercial banks by China Securities Regulatory Commission and *Implementary Method of Related Transactions of Bank of Ningbo Co., Ltd.*:

General related transactions is a transaction that the single batch of transaction amount between the bank and the related party is lower than (including) 1% of the bank capital net amount or the latest approved net asset (principle of taking lower, the same as below), and the transaction balance of the bank and the related party after the transaction is lower than (including) 5% of the bank capital net amount;

Major related transactions is a transaction that the single batch of transaction amount between the bank and the related party is higher than 30,000,000 yuan (not including) and bank capital net amount or the latest approved net asset is greater than 1% (not including), or the transaction balance of the bank and the related party after the transaction is higher than (not including) 5% of the bank capital net amount;

Particularly major related transactions is a transaction that the single batch of transaction amount between the bank and the related party is higher than (not including) 5% of the bank capital net amount or the latest approved net asset, or the transaction balance of the bank and the related party after the transaction is 10% of the bank capital net amount.

According to the above definitions, up to December 2015, the situation of the above three related transactions of Ningbo Development & Investment Co., Ltd., Youngor Group Co., Ltd., Huamao Group Co., Ltd., Ningbo Shanshan Co., Ltd., and Ningbo Fubon Holding Group Co., Ltd. are as follows:

(1) Statics shows that, 2 general related transactions that transaction amounts accounting for more than 0.2% of recent audited net capital of the Company in the whole year of 2015;

(2) Statics shows that, 467 major related transactions occurred in the whole year of 2015;

(3) No particularly major related transactions occurred in the whole year of 2015.

Depending on statistics of general related transaction, major related transaction and particularly major related transaction in 2015, the approval program of the related credit business is accordant with requirement of the board of directors on the related credit control.

(V) Transaction with Overseas-Chinese Bank Corporation and related party thereof

Depending on related regulations of Article VIII of Commercial Bank and Insider and Shareholder Related Transaction Management Method issued by the China Banking Regulatory Commission, commercial banks is not included in the related legal person of it. But in accordance with regulations prescribed with related clauses of Stock Listing Rule of Shenzhen Stock Exchange approved by the related party, the legal person holding more than 5% of shares belongs to the reorganization range of the related party, therefore, the bank reports related transactions of Overseas-Chinese Bank Corporation and Related Party thereof as follows:

Up to December 31, 2015, we provide Overseas-Chinese Bank Corporation with credit limit to RMB 2.5 billion yuan; at present, risk exposure of the bank is RMB 266 million yuan, and pre-settlement is RMB 160 million yuan, interest exchange is RMB 6 million yuan and external credit really/standby letter of credit limit is 100 million yuan; we provide Overseas-Chinese Bank (China) Co., Ltd. with credit limit to 1.55 billion yuan; at present, risk exposure of the bank is RMB 92 million yuan, pre-settlement is 71 million yuan and interest exchange is 21 million yuan.

XV. Major Contract and Implementation Thereof

(I) Trusteeship, contract and rent issue situations

Within the report period, the Company is free from trusteeship, contract, rent and other major contract issues.

(II) Major guarantee situation

To the end of the report period, the balance of the company's guarantee business (letter of guarantee) is 18,052,690,000 yuan, and company's outward guarantee business is one of conventional bank businesses approved by People's Bank of China and China Banking Regulatory Commission.

(III) Situation of entrusted cash asset management

1. Entrusted wealth management

During the report period, the Company had no entrusted wealth management beyond its normal operation.

During the report period, the Company issued 2540 accumulated financing products which caused the sale of RMB 406.991 billion. At the end of the report period, the balance of financing products managed by the Company was RMB 171.3 billion.

2. Entrusted loan

Up to the end of the report period, the Company had no entrusted loan issues beyond its normal operation.

(IV) Other major contracts

Within the report period, the Company is free from other major contract issues.

XVI. Description on Other Major Issues

Within the report period, the Company is free from other major issues except those have been disclosed.

XVII. Major Events of the Company's Subsidiaries

Within the report period, the Company's subsidiaries had no major events except those have been disclosed.

XVIII. Social Responsibility

In 2015, the company conscientiously fulfilled the social responsibility as a commercial bank, adhered to social responsibility concept of "being fair and honest, kind to customers, caring staff, public-spirited, committed to environmental protection, and social return", firmly combine bank operation management and performance of social responsibility, and work hard to feedback the society.

First, proactively adapt to the new normal of economy, promote the development of real economy and push forward livelihood improvement; second, dedicate into financial popularization and benefiting and meet the financial requirements of the small and micro enterprises as well as community residents; third, innovate financial products, optimize business processes and improve customer experience; fourth, strive to develop mobile finance, continue to perfect Wechat banking and online banking, and provide customers with more convenient financial services; fifth, safeguard legitimate rights and interests of shareholders and investors and constantly improve value creation; sixth, pay attention to the improvement of staff's competence, personal development and improve their sense of belonging and happiness; seventh, promote the green credit, optimize the credit structure, advocate green low-carbon business and combine the environment protection consciousness into our minds and the banking business; eighth, promote mainstream values, spread the positive social energy and create a caring, helping and assisting social environment.

We, with effects and truth, are widely recognized by the various sectors of society, and have gained "Advanced Small and Micro Enterprise Financial Service Unit in China's Banking Industry and Financial Institutions", "Best Internal Governance Listed Company" and "Best Charity Contribution Award" issued by China Banking Regulatory Commission and other authorities and media in 2015.

For more information, please refer to 2015 *Social Responsibility Report of Ningbo Bank Stock Co., Ltd.* disclosed by the company in April 26, 2016 on <http://www.cninfo.com.cn>.

XIX. Relevant Situation of Corporate Bond

The Company had no corporate bonds that were public offered and listed on the stock exchange, but cannot be paid fully on the date or before the date when the annual report is authorized for issue.

XX. Specific Description and Independent Suggestion of Company's Independent Directors on Capital Occupation of Company's Outward Guarantee and Company Holding Shareholder or Other Related Parties

Adhering to No.56 document [2003] issued by China Securities Regulatory Commission, as an independent director, with the altitude of being fair, just and object, the company's outward guarantee and situation that company controlling shareholder and other related parties occupying the capital are verified. We think that:

(I) Company's outward guarantee business is one of conventional banking businesses approved by China Securities Regulatory Commission and China People's Bank. Up to December 31, 2015, guarantee business balance of the company is 18,052,690,000 yuan. The company pays attention to risk management of the business, and strictly implements related operation procedure and approval program, so that the risk of outward guarantee business has been effectively controlled. To December 31, 2015, the company carefully obeys to related regulations of [2003] No. 56 document issued by China Securities Regulatory Commission, and is free from situation of guarantee against regulation.

(II) To December 31, 2015, the company is free from situation when the controlling shareholders or other related parties occupy the company's capital.

Independent directors: Tang Sining, Zhu Jiandi, Yang Xiaoping, Fu Jianhua, Fu Jijun, Ben Shenglin

Chapter Eight Changes in Share Capital and Shareholding

I. Conditions of Share Change

Unit: share

	Before current change		Increment/decrement of current change					After current change	
	Quantity	Proportion	New share issuing	Share donation	Accumulation fund turn	Other	Subtotal	Quantity	Proportion
I. Limited sale condition share	377,311,811	11.61%	0	0	74,942,421	-2,720,604	72,221,817	449,533,628	11.53%
1. National holding	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned legal person holding	158,462,192	4.88%	0	0	31,692,438	0	31,692,438	190,154,630	4.88%
3. Other domestic capital holding	11,303,939	0.35%	0	0	1,740,847	-2,720,604	-979,757	10,324,182	0.26%
wherein: domestic legal person holding	0	0.00%	0	0	0	0	0	0	0.00%
domestic natural person holding	11,303,939	0.35%	0	0	1,740,847	-2,720,604	-979,757	10,324,182	0.26%
4. Foreign holding	207,545,680	6.39%	0	0	41,509,136	0	41,509,136	249,054,816	6.39%
wherein: foreign legal person holding	207,545,680	6.39%	0	0	41,509,136	0	41,509,136	249,054,816	6.39%
foreign natural person holding	0	0.00%	0	0	0	0	0	0	0.00%
II. Limit-free condition share	2,872,516,590	88.39%	0	0	575,023,259	2,720,604	577,743,863	3,450,260,453	88.47%
1. RMB ordinary share	2,872,516,590	88.39%	0	0	575,023,259	2,720,604	577,743,863	3,450,260,453	88.47%
2. Domestically listed foreign-invested stock	0	0.00%	0	0	0	0	0	0	0.00%
3. Aboard listed foreign-invested stock	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	3,249,828,401	100.00%	0	0	649,965,680	0	649,965,680	3,899,794,081	100.00%

In accordance with the 2014 profit distribution and capital reserve extension plans approved by 2014 general meeting of shareholders held on May 18, 2015, the Company took the total share capital of 3,249,828,401 on December 31, 2014 as the base number, and 2 shares for every 10 shares were given to all shareholders listed on the date of record (July 14, 2015) by converting capital reserve into share capital, after which the total capital shares of the bank were 3,899,794,081.

II. Sheet on Limited Sale Share Change

Unit: share

Name of shareholder	Limited sale shares at the beginning of the year	Limited sale shares terminated in the year	Increased limited sale shares in the year	Limited sale shares in the end of the year	Reason for limited sale	Terminating date for limited sale
Singapore Overseas-Chinese Banking Co., Ltd.	207,545,680	0	41,509,136	249,054,816	Non-public offered subscription share limited sale	Oct.8, 2019
Ningbo Development Investment Group Co., Ltd.	158,462,192	0	31,692,438	190,154,630	Non-public offered subscription share limited sale	Oct.8, 2019
Company's directors, supervisors and senior managers holding	11,303,939	2,720,604	1,740,847	10,324,182	Senior management locked share	In-office directors, supervisors and senior managers shall transfer 25% of shares to the greatest extent within 1 year
Total	377,311,811	2,720,604	74,942,421	449,533,628		

III. Situation on Security Issuing and Listing

(I) Situation of security issuing (preferred shares exclusive) within report period

Name of stock and derivative security	Issue date	Issue price(or interest rate)	Issue quantity	Listing date	Quantity of the acquired listing transaction
Financial bond (including tier II capital bond)					
2015 Bank of Ningbo tier II capital bonds (first phase)	May 26, 2015	5.19%	70,000,000 (face amount: 100 yuan)	May 27, 2015	70,000,000
2015 Bank of Ningbo financial bonds (first phase)	July 2, 2015	4.12%	5,000,000 (face amount: 100 yuan)	July 3, 2015	5,000,000
2015 Bank of Ningbo financial bonds (second phase)	Sept. 8, 2015	3.98%	95,000,000 (face amount: 100 yuan)	Sept. 9, 2015	95,000,000

Specification on security issuing (preferred shares exclusive) within report period

1. Approved by *Official Reply of China Banking Regulatory Commission on Issuing Tier II Capital Bonds by Bank of Ningbo* (yinjianfu [2015] No.75) and the Administrative Licensing Decision of People's Bank of China (yinshichangxuzhunyu [2015] No.72), the Company publically issued the 2015 Bank of Ningbo Tier II capital bonds (first phase) to national inter-bank bond market from May 26 to May 27 in 2015. The bonds belong to

10-year fixed-rate variety with a coupon rate of 5.19% and the actual amount of issuing reached 7 billion yuan. The bonds are publically issued in the national inter-bank bond market in the form of book building or centralized sale way, where the underwriting syndicate are organized by the major underwriter.

2. Approved by *Official Reply of China Banking Regulatory Commission on Issuing Special Financial Bonds for Small and Micro Enterprises by Bank of Ningbo* (yinjianfu [2014] No.982) and the Administrative Licensing Decision of People's Bank of China (yinshichangxvzhunyuze [2015] No.59), the Company publically issued the 2015 Bank of Ningbo financial bonds (first phase) of 0.5 billion yuan to national inter-bank bond market from July 2 to 3 in 2015. The bonds belong to the 3-year fixed-rate variety, whose actual issue amount is 0.5 billion yuan with a coupon rate of 4.12%. The Company issued the 2015 Bank of Ningbo financial bonds (second phase) of 9.5 billion yuan to national inter-bank bond market from September 8 to 9 in 2015. The bonds belong to 3-year fixed-rate variety, whose actual issue amount is 9.5 billion yuan with a coupon rate of 3.98%. The above two phases of bonds are publically issued in the national inter-bank bond market in the form of book building or centralized sale way, where the underwriting syndicate are organized by the major underwriter.

(II) Specification on changes of company's total share amount, shareholder structure as well as company's asset and liability structure change

In accordance with the 2014 profit distribution and capital reserve extension plans approved by 2014 general meeting of shareholders held on May 18, 2015, the Company took the total share capital of 3,249,828,401 on December 31, 2014 as the base number, and 2 shares for every 10 shares were given to all shareholders listed on the date of record (July 14, 2015) by converting capital reserve into share capital, after which the total capital shares of the bank were 3,899,794,081.

(III) Situation on existing internal staff share

Within the report period, there are no internal staff shares.

IV. Situation on Shareholder and Actual Controller

(I) Situation on company's shareholder quantity and share holding

Unit: share

Total quantity of shareholders to the end of report period (Account)	101,252	Total quantity of shareholders to the end of the previous month before disclosure date of the annual report	101,127	Total quantity of preferred stockholders recovering voting power at the end of reporting period (Account)	0	Total quantity of preferred stockholders recovering voting power at the end of the previous month before disclosure date of the annual report	0	
Situation on shareholders holding more than 50% of shares or top ten shareholders								
Name of shareholder	Shareholder nature	Share holding proportion	Share holding quantity to the end of report period	Situation on increment/decrement change within report period	Share quantity with limited sale condition	Share quantity without sale condition	Situation on pledge or freezing	
							Share state	Quantity
Singapore Overseas-Chinese Banking Co., Ltd.	Overseas legal person	18.58%	724,639,451	120,773,242	249,054,816	475,584,635		
Ningbo Development Investment Group Co., Ltd.	State-owned legal person	13.18%	514,154,630	85,692,438	190,154,630	324,000,000	Pledge	194,400,000
Youngor Group Co., Ltd.	Domestic non-state-owned legal person	11.57%	451,245,161	96,062,540	0	451,245,161		
Ningbo Power Development Co., Ltd.	State-owned legal person	6.82%	265,804,186	44,300,698	0	265,804,186		
Huamao Group Co., Ltd.	Domestic non-state-owned legal person	5.85%	228,000,000	28,000,000	0	228,000,000	Pledge	113,000,000
Ningbo Shanshan Co., Ltd.	Domestic non-state-owned legal person	4%	155,956,535	-7,493,668	0	155,956,535		
Ningbo Futon Holding Group Co., Ltd.	Domestic non-state-owned legal person	3.78%	147,324,000	584,000	0	147,324,000	Pledge	114,000,000
Singapore Overseas-Chinese Banking Co., Ltd. (QFII)	Overseas legal person	1.42%	55,319,365	9,219,894	0	55,319,365		
Central Huijin Asset Management Co., Ltd.	State-owned legal person	1.38%	53,707,200	53,707,200		53,707,200		
Ningxing (Ningbo) Property Management Co., Ltd.	Domestic non-state-owned legal person	1.38%	53,700,000	8,950,000	0	53,700,000		
Description on related relations or consistent activities of previous shareholders	Ningbo Power Development Co., Ltd. is wholly-owned subsidiary subordinated to Ningbo Development Investment Group Co., Ltd. and has been cancelled; Ningbo Development Investment Group Co., Ltd. and Ningxing (Ningbo) Assets Management Co., Ltd. are consistent							

acting persons; Singapore Overseas-Chinese Banking Co., Ltd. (QFII) is a qualified overseas institution investor of Singapore Overseas-Chinese Banking Co., Ltd.

Situation on share holding of the top ten shareholders without limited sale condition

Name of shareholder	Share quantity without limited sale condition to the end of year	Stock Class	
		Stock Class	Quantity
Singapore Overseas-Chinese Banking Co., Ltd.	475,584,635	RMB ordinary share	475,584,635
Youngor Group Co., Ltd.	451,245,161	RMB ordinary share	451,245,161
Ningbo Development Investment Group Co., Ltd.	324,000,000	RMB ordinary share	324,000,000
Ningbo Power Development Co., Ltd.	265,804,186	RMB ordinary share	265,804,186
Huamao Group Co., Ltd.	228,000,000	RMB ordinary share	228,000,000
Ningbo Shanshan Co., Ltd.	155,956,535	RMB ordinary share	155,956,535
Ningbo Fubon Holding Group Co., Ltd.	147,324,000	RMB ordinary share	147,324,000
Singapore Overseas-Chinese Banking Co., Ltd. (QFII)	55,319,365	RMB ordinary share	55,319,365
Central Huijin Asset Management Co., Ltd.	53,707,200	RMB ordinary share	53,707,200
Ningxing (Ningbo) Property Management Co., Ltd.	53,700,000	RMB ordinary share	53,700,000
Description on relationship or consistent activities among top ten circulating shareholders without limited sale as well as top ten circulating shareholders without limited sale and among top ten shareholders	Ningbo Power Development Co., Ltd. is wholly-owned subsidiary subordinated to Ningbo Development Investment Group Co., Ltd. and has been cancelled; Ningbo Development Investment Group Co., Ltd. and Ningxing (Ningbo) Assets Management Co., Ltd. are consistent acting persons; Singapore Overseas-Chinese Banking Co., Ltd. (QFII) is a qualified overseas institution investor of Singapore Overseas-Chinese Banking Co., Ltd.		
Description on shareholders attending securities margin trading	None		

Notes: in accordance with the Approval of Merger of Ningbo Power Development Co., Ltd. by Ningbo SASAC (Yongguozigai (2015) No. 49), Ningbo SASAC approved of the merger between Ningbo Development & Investment Co., Ltd and its wholly-owned subsidiary Ningbo Power Development Co., Ltd.; on January 25, 2016, Ningbo Power Development Co., Ltd. completed registration cancellation. On March 24, 2016, the Company's shares held by the original Ningbo Power Development Co., Ltd. were all transferred and registered under the account of Ningbo Development & Investment Co., Ltd., after which, Ningbo Development & Investment Co., Ltd. hold 20% of the Company's shares.

Within the report period, the Company is free from agreed repurchase transaction among top ten shareholders without limited sale and top ten shareholders.

(II) Situation on company's holding shareholder

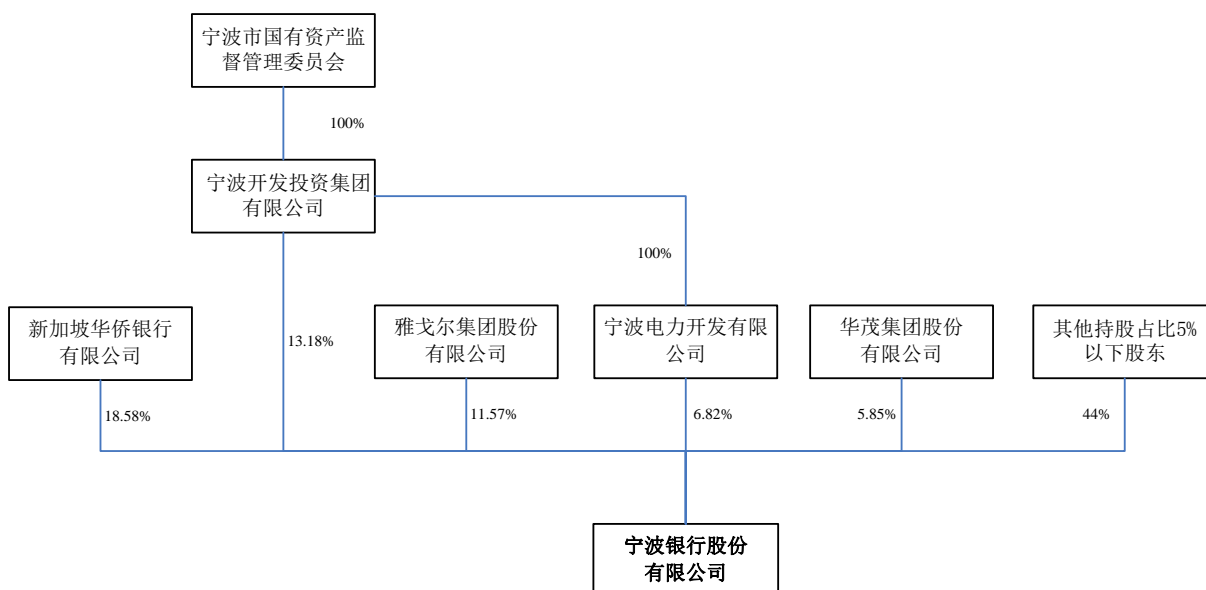
The company is free from holding shareholder to the end of the report period.

(III) Situation on company's actual controller

The company has no actual controller within the report period.

(IV) Company's shareholding structure chart

At the end of the reporting period, Company's shareholding structure chart shows as follows:



宁波国有资产监督管理委员会	Ningbo State-owned Asset Supervision & Management Committee
宁波开发投资集团有限公司	Ningbo Development & Investment Co., Ltd.
新加坡华侨银行有限公司	Singapore Overseas-Chinese Banking Co., Ltd.
华茂集团股份有限公司	Huamao Group Co., Ltd.
宁波电力开发公司	Ningbo Power Development Co., Ltd.
雅戈尔集团股份有限公司	Youngor Group Co., Ltd.
宁波富邦控股集团有限公司	Ningbo Futon Holding Group Co., Ltd.
宁波杉杉股份有限公司	Ningbo Shanshan Co., Ltd.
其他持股占比 5% 以下的股东	Other shareholders holding lower than 5% of shares
宁波银行股份有限公司	Ningbo Banking Co., Ltd.

(V) Corporate shareholders holding more than 10% of shares

Name of corporate shareholder	Legal representative/unit leader	Date of establishment	Registered capital	Major businesses or management activities
Singapore Overseas-Chinese Banking Co., Ltd.	Huang Sanguang	Oct. 31, 1932	Singapore Dollar 14.56 billion (issued capital stock)	Financial service industry
Ningbo Development & Investment Co., Ltd.	Li Bao	Nov. 12, 1992	RMB 5 billion	Project investment, assets management, real estate development, property management and so on

Youngor Group Co., Ltd.	Li Rucheng	June 25, 1993	RMB 2.227 billion	Garment production, real estate development, project investment and so on
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V. Situation of Shareholding Limit and Decrease of Majority Shareholders, Actual Shareholders, Restructuring Parties and Other Commitment Bodies

Within the report period, no shareholding limit or decrease happened to majority shareholders, actual shareholders, restructuring parties and other commitment bodies.

Chapter Nine Relevant Situation of Preferred Shares

I. Preferred Shares Issuing and Listing Situation in Last Three Years of the End of Report Period

Issue method	Issue date	Issue price (yuan/share)	Face dividend rate	Issue quantity (share)	Listing date	Quantity of acquired listed transfer (share)	Expiry date of listing
Non-public	Nov. 16, 2015	100	4.6%	48,500,000	Dec. 9, 2015	48,500,000	None

II. Situation on Company's Preferred Shares Shareholder Quantity and Share Holding

Unit: share

Total quantity of preferred shares shareholders to the end of report period		7		Total quantity of preferred shares shareholders to the end of the last month before disclosure date of the annual report		7		
Situation on share holding of preferred shares shareholders								
Name of shareholder	Shareholder nature	Share holding proportion	Share holding quantity to the end of report period	Situation on increment/decrement change within report period	Share quantity with limited sale condition	Share quantity without sale condition	Situation on pledge or freezing	
							Share status	Quantity
Cofco Trust Co., Ltd.	Others	23.53%	11,410,000	11,410,000	0	11,410,000		
Bank of Communications International Trust Co., Ltd.	Others	19.79%	9,600,000	9,600,000	0	9,600,000		
Bosera Fund Management Co., Ltd.	Others	16.06%	7,790,000	7,790,000	0	7,790,000		
China Merchants Wealth Asset Management Co., Ltd.	Others	11.75%	5,700,000	5,700,000	0	5,700,000		
HuaAn Future Asset Management (Shanghai) Co., Ltd.	Others	10.31%	5,000,000	5,000,000	0	5,000,000		
AXA SPDB Investment Managers Co., Ltd.	Others	10.31%	5,000,000	5,000,000	0	5,000,000		
Postal Savings Bank of China Co., Ltd.	Others	8.25%	4,000,000	4,000,000	0	4,000,000		

III. Profit Distribution of Company's Preferred Shares

Within the report period, the Company did not distribute profit of preferred shares.

IV. Repurchase or Conversion of Preferred Shares

Within the report period, there was no repurchase or conversion of the Company's preferred shares.

V. Voting Power Recovery of Preferred Shares within Report Period

Within the report period, there was no voting power recovery of the Company's preferred shares.

VI. Accounting Policies Adopted by Preferred Shares and Reasons

As stipulated in *Accounting Standards for Enterprises No. 22 - Recognition and Measurement of Financial Instruments*, *Accounting Standards for Enterprises No. 37-Presentation of Financial Instruments* and *Discrimination between Financial Liability and Equity Instruments and Relevant Accounting Regulations* by Ministry of Finance, the terms of issued preferred shares this time comply with the requirements of accounting as an equity instrument. Therefore, account preferred shares as an equity instrument.

Chapter Ten Directors, Supervisors, Senior Manager and Basic Information on Employees

I. Changes on Shareholding among Directors, Supervisors and Senior Manager

Name	Position	Status	Gender	Age	Term start date	Term ending date	Shares held at the beginning of the year (share)	Increase of shareholding in the year (share)	Decrease of shareholding in the year (share)	Shares held at year end
Lu Huayu	Director, chairman	Incumbent	Male	51	Jan. 15, 2005	Feb. 9, 2017	1,898,437	284,766	474,609	1,708,594
Luo Mengbo	Director, vice chairman, president	Incumbent	Male	45	Feb. 10, 2014	Feb. 9, 2017	1,521,000	248,150	280,250	1,488,900
Yu Fengying	Director, vice chairman	Incumbent	Female	57	Sept. 4, 2006	Feb. 9, 2017	1,210,253	181,538	302,563	1,089,228
Shi Lizhong	Director	Resigned	Male	60	Jan. 15, 2005	April. 8, 2015	10,125	1,519	2,531	9,113
Yu Weiye	Director	Incumbent	Male	52	Feb. 10, 2014	Feb. 9, 2017	0	0	0	0
Wei Xuemei	Director	Incumbent	Female	40	May. 18, 2015	Feb. 9, 2017	0	0	0	0
Sun Zequn	Director	Incumbent	Male	64	Aug. 15, 2006	Feb. 9, 2017	0	0	0	0
Chen Yongming	Director	Incumbent	Male	56	Jan. 14, 2011	Feb. 9, 2017	0	0	0	0
Song Hanping	Director	Incumbent	Male	52	Jan. 15, 2005	Feb. 9, 2017	0	0	0	0
Chen Guanghua	Director	Incumbent	Male	55	Apr. 12, 2010	Feb. 9, 2017	0	0	0	0
Xu Lixun	Director	Incumbent	Male	41	Jan. 10, 2013	Feb. 9, 2017	0	0	0	0
Li Hanqiong	Director	Incumbent	Female	38	Feb. 10, 2014	Feb. 9, 2017	0	0	0	0
Tang Sining	Independent director	Incumbent	Male	67	Jan. 14, 2011	Feb. 9, 2017	0	0	0	0
Zhu Jiandi	Independent	Incumbent	Male	50	Jan. 14, 2011	Feb. 9, 2017	0	0	0	0

	director	bent								
Yang Xiaoping	Independent director	Incumbent	Female	64	Jan. 31, 2012	Feb. 9, 2017	0	0	0	0
Fu Jianhua	Independent director	Incumbent	Male	64	Sept. 11, 2014	Feb. 9, 2017	0	0	0	0
Fu Jijun	Independent director	Incumbent	Male	58	Sept. 11, 2014	Feb. 9, 2017	0	0	0	0
Ben Shenglin	Independent director	Incumbent	Male	49	Sept. 11, 2014	Feb. 9, 2017	0	0	0	0
Zhang Hui	Employees' representative, Supervisory	Resigned	Male	55	Jan. 15, 2005	Sept. 30, 2015	1,701,562	255,234	425,391	1,531,405
Hong Lifeng	Employees' representative, Supervisory	Incumbent	Male	51	Oct. 9, 2015	Feb. 9, 2017	1,973,279	295,992	493,320	1,775,951
Xu Liming	Supervisor	Incumbent	Male	53	Jan. 12, 2008	Feb. 9, 2017	0	0	0	0
Liu Suoying	External supervisor	Incumbent	Female	70	Jan. 14, 2011	Feb. 9, 2017	0	0	0	0
Zhang Yingfang	External supervisor	Incumbent	Female	64	Jan. 14, 2011	Feb. 9, 2017	0	0	0	0
Pu Yiwei	External supervisor	Incumbent	female	45	Feb. 10, 2014	Feb. 9, 2017	0	0	0	0
Yu Ningning	Exemployees' representative, supervisor	Incumbent	Male	39	Jan. 14, 2011	Feb. 9, 2017	0	0	0	0
Liu Rufen	Exemployees' representative, supervisor	Incumbent	Female	50	Feb. 10, 2014	Feb. 9, 2017	167,475	25,121	41,869	150,727
Luo Weikai	vice president, financial principal	Incumbent	Male	50	Aug. 2, 2007	Feb. 9, 2017	1,720,000	344,000	0	2,064,000
Fu Wensheng	Vice president	Incumbent	Male	43	Aug. 27, 2012	Feb. 9, 2017	0	0	0	0
Wang Yongjie	Vice president	Incumbent	Male	43	Aug. 27, 2012	Feb. 9, 2017	155,000	31,000	0	186,000
Feng Peijiong	Director, vice president	Incumbent	Male	41	Feb. 3, 2016	Feb. 9, 2017	0	0	0	0
Ma Yuhui	Vice president	Incumbent	Male	34	Apr. 24, 2015	Feb. 9, 2017	0	0	0	0

Yang Chen	Board secretary	Incumbent	Male	54	Oct. 9, 2011	Feb. 9, 2017	1,114,183	222,836	0	1,337,019
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II. Personnel Alteration of the Company's Directors, Supervisors and Senior Managers

Name	Position	Type	Date	Reason
Shi Lizhong	Director	Resigned	April 8, 2015	For work
Feng Peijiong	Vice president	Appointed	April 24, 2015	
Ma Yuhui	Vice president	Appointed	April 24, 2015	
Wei Xuemei	Director	Elected	May 18, 2015	
Hong Lifeng	Director, vice president	Resigned	September 30, 2015	For work
Zhang Hui	Supervisor, chief supervisor	Resigned	September 30, 2015	For work
Hong Lifeng	Supervisor, chief supervisor	Elected	October 16, 2015	
Feng Peijiong	Director	Elected	February 3, 2016	

Notes: 1. Mr. Shi Lizhong, former director of the Company resigned from his post as a director on April 8, 2015 for career reasons

2. The Company convened the sixth meeting of the 5th board of directors on April 24, 2015, and appointed Feng Peijiong and Ma Yuhui as vice presidents of the Company.

3. The Company convened 2014 general meeting of shareholders on May 18, 2015 and elected Wei Xuemei as the director of the 5th board of directors.

4. Mr. Zhang Hui, former chief supervisor of the Company resigned from his post as supervisor and chief supervisor on September 30, 2015 for career reasons.

5. Mr. Hong Lifeng, former director and vice president of the Company resigned from his post as director and vice president on September 30, 2015 for career reasons; the Company elected Hong Lifeng as an employee supervisor of the 5th board of supervisors on October 9, 2015 through employee democratic election; the Company convened the fifth extraordinary meeting of the 5th board of supervisors on October 16, 2015 and appointed Hong Lifeng as the chief supervisor of the 5th board of supervisors.

6. The Company convened 2016 first extraordinary general meeting of shareholders on February 3, 2016, and elected Mr. Feng Peijiong as the director of the 5th board of directors.

III. Situation of Taking Office

(I) Professional background, major work experience and major duties of the current director, supervisors and senior managers

1. Directors

Mr. Lu Huayu, currently the Director of the Board of Directors and the Chairman of Bank of Ningbo Co., Ltd., born in September 1964, obtained a master degree in economics and the title of Senior Accountant. Taking the job from July 1988, Mr. Lu used to work in Finance Bureau of Ningbo and successively served as Assistant to

Director & Vice Director of Administrative Bureau of State-owned Property, Vice Director of Finance bureau of Ningbo. Mr. Lu was the President of Bank of Ningbo from November 2000 to January 2005 and has been the Director and Chairman of Bank of Ningbo since January 2005.

Mr. Luo Mengbo, currently the Director, Vice Chairman and President of the Bank of Ningbo Co., Ltd., born in November 1970, obtained a bachelor's degree and the title of Economist. Mr. Luo successively served as Business Inspector, Assistant General Manager and General Manager of the Corporate Department of the Bank, General Manager of the Credit Management Department of the Bank, President of Beilun Sub-branch of the Bank and General Manager of the Corporate Department of the Bank. Mr. Luo was the Assistant President of the Bank from January 2008 to January 2009 and has been the Vice President of the Company from January 2009 to October 2011 and the Director. He was the director and president of the company from Oct , 2011 to Feb, 2014, and is the director, vice chairman and the president of the company from Feb, 2014 till now.

Ms. Yu Fengying, currently the Director of the Board of Directors and Vice Chairman of Bank of Ningbo Co., Ltd., born in March 1958, obtained a bachelor's degree and the title of Senior Economist. Taking the job from September 1980, Ms. Yu successively served as Branch Director of Yinxian Finance & Tax Bureau, Vice President and President of Yinxian Sub-branch of Bank of China, Vice Director of Ningbo Urban Credit Cooperative and Vice President of the Bank. Ms. Yu was the President of the Bank and Ningbo Co., Ltd. from January 2005 to September 2011 and has been the Vice Chairman of the Board of the Bank since September 2006.

Mr. Yu Weiye, born in May, 1963, obtained the bachelor degree the title of certified accountant. Mr. Yu currently serves as chief accountant of Ningbo Development Investment Group Co., Ltd. and holds the position of director of Ningbo Thermal Power Co., Ltd. Mr. Yu was the chief accountant of the finance department of Ningbo Electric Power Bureau, vice manager, general manager and vice chief accountant of finance department of Ningbo Power Development Co., Ltd., vice chief accountant of Ningbo Development Investment Group Co., Ltd.; from February, 2014, he was appointed as director of the Company.

Ms. Wei Xuemei, born in August 1975, obtained a master's degree and the titles of Senior Accountant and Economist. She is currently the Vice General Manager of Ningbo Development & Investment Group Co., Ltd. and the President of Ningbo Cultural Plaza Investment & Development Co., Ltd. Ms. Wei successively served as Vice General Manager of Ningbo Kaijian Investment Management Co., Ltd., Vice Manager, Manager and Vice Chief Economist of the Investment Management Department of Ningbo Development & Investment Group Co., Ltd.; she has been the Director of the Company since May 2015.

Mr. Sun Zequn, born in Aug, 1951, obtained the MBA degree in University of Chicago and a bachelor's degree of science with honor in National University of Singapore. Mr. Sun joined OCBC in 2002 and was the CFO of OCBC to June 2008. Mr. Sun was the President of the Investment Department of OCBC from June 2008 to April 2010, in charge of strategic investment, non-core investment and industry investment of OCBC. He served as CFO of the Group again in May 2010 and retired in December 2011. Mr. Sun has been the Director of the Company since August 2006.

Mr. Chen Yongming, currently the President of OCBC Hong Kong Branch and General Manager of Northeast Asia Region of OCBC, born in April 1959, obtained the MBA degree in University of Chicago and a bachelor's degree in Georgetown University. Mr. Chen worked in the financial corporation and banking service industry in Singapore for nearly 10 years, and came to China in 1995. He was the General Manager and Director of Shanghai Pica Colour Separation & Printing Co., Ltd. from 1995 to 2004. Mr. Chen served as the General Representative of OCBC Office in China in January 2005, in charge of the management of OCBC business in China. From August 2007 to September 2009, he was the Executive Director and President of OCBC Bank (China) Limited, and has been the Director of the Company since January 2011.

Mr. Song Hanping, currently the Chairman and CEO of Ningbo Fubang (Holdings) Ltd., and the director of 81 Fubang (Ningbo) Basketball Club Co., Ltd., was born in July 1963 and obtained a master's degree and the title of Senior Economist. Mr. Song successively served as the Vice General Manager of Ningbo Bomei Zipper Co., Ltd., General Manager of Ningbo Yujiang Plastic Company and Ningbo Yujiang Industrial Company, General Manager of Ningbo Hengrun Group, Vice General Manager of Ningbo Second Light Machinery Group and General Manager & Chairman of Ningbo Light Machinery Holding Group. Mr. Song has been the Director of the Company since January 2005.

Mr. Chen Guanghua, born in August 1960, obtained an associate's degree and the title of Senior Economist. He is currently the Executive director of Shanshan Holding Co., Ltd., Executive Vice President of Shanshan Group Co., Ltd. And the director of Ningbo Shanshan Co., Ltd. Mr. Chen served as the financial director of Ningbo Yonggang Garment Factory, CFO of Ningbo Shanshan Co., Ltd., CFO of Shanshan Group Co., Ltd. and Shanshan Investment Holdings Co., Ltd. Mr. Chen has been the Director of the Company since April 2010.

Mr. Xu Lixun: born in August 1974 and holds a Master's degree. He is currently the Executive Director of the Board of Directors and President of Huamao Group Co., Ltd., and acts as Chairman of Ningbo Huamao Cultural and Education Ltd, Chairman of Ningbo Huamao International Trade Co., Ltd., Chairman of Zhejiang

Quzhou Huamao Foreign Language School, Chairman of Zhejiang Longyou Huamao Foreign Language School and Chairman of Beijing Rainbow Flower Educational Technology Development Center. Mr. Xu Lixun served as Vice General Manager of American Huayuan Holding Company, General Manager of American Taier Star Computer Co., Ltd. and Vice General Manager of Beijing Rainbow Flower Educational Technology Development Center from August 1995 to June 1999; served as director of Huamao Group Co., Ltd. since June 1999; served as Assistant President and Vice President of Huamao Group Co., Ltd. from June 1999 to December 2001; and served as director of the Company since January 2012.

Ms. Li Hanqiong, born in December 1977, obtained a master degree and currently serves as the director of Youngor Group Co., Ltd. and General Manager of Youngor Investment Co., Ltd. Ms. Li once was the Vice General Manager of Youngor (Hong Kong) Industry Co., Ltd. and Vice General Manager of Shanghai Kaishi Investment Management Co., Ltd.; from January 2008 to January 2011, Ms. Li served as director of the 3rd board of directors; she has taken the post of the Company's director since February 2014.

Mr. Feng Peijiong, born in November 1974, obtained a master's degree and the title of Senior Economist. He is currently the director and Vice President of the Company. Mr. Feng started working in 1997 and successively served as Vice Director of Office of Ningbo Bank Dongmen Subbranch, Director, Senior Associate Director at assistant general manager level, Assistant General Manager, Vice General Manager and General Manager of the Corporate HR Department, General Manager of the Corporate Personal Banking Department and Credit Card Center, and President of Ningbo Bank Suzhou Branch; he has been the Vice President of the Company since April 2015 and the Director of the Company since February 2016.

Mr. Tang Sining, born in November 1948, obtained a doctor's degree of economics and the title of Senior Economist. Mr. Tang was the Vice Director of Foreign Debt Information Office, Foreign Investment Department of SAFE, Director General of General Office, Vice Director of Foreign Investment Department of SAFE, Director General of Department of International Revenue and Expenditure, Inspector of Census and Statistics Department of People's Bank of China, Director General of Census and Statistics Department and Director of Advisory Office. He has been the Independent Director of the Company since January 2011.

Mr. Zhu Jiandi: born in February 1965, is a certified public accountant registered in China and senior economist with an educational background of doctorate. He is currently the principal partner, President and Chief Accountant of Lixin Certified Public Accountants (special general partnership), member of the Eleventh CPPCC National Committee of Shanghai, member of Internal Control Committee, Ministry of Finance, member of

Accounting Informationization Committee, Ministry of Finance, member of Listing Committee of Shanghai Stock Exchange and member of Shanghai State-owned Enterprise Directors and Supervisors Certification Committee, Executive Vice Chairman of Shanghai Research Association of Stock System and Securities, Executive Director of Chinese Institute of Certified Public Accountants, and Vice President of Shanghai Institute of Certified Public Accountants. Mr. Zhu Jiandi was awarded with the honor of “Shanghai Outstanding Accounting Professionals” in 2005 and “National Advanced Accounting Professionals” in 2008. He has served as independent director of the Company since January 2011.

Ms. Yang Xiaoping, born in September 1951, is a senior economist with an educational background of postgraduate. Ms. Yang Xiaoping was the Deputy Secretary and Secretary of Youth League Committee of Hangzhou Steam Turbine Plant in succession, Secretary of Youth League Working Committee of Hangzhou Administration of Machinery Industry, Deputy Secretary of Party Committee, Deputy Factory Director and Party Committee member of Hangzhou Steam Turbine Plant in succession, and Deputy Manager of Hangzhou Economic Development Corporation (work as chair); Deputy Director of Management Inspection Department of Zhejiang Branch, State Administration of Foreign Exchange, Deputy Director and Director of Foreign Investment and Foreign Debt Management Office in succession, Director of Foreign Exchange Swap Center and Director of Human Resources and Education Department and Director of Veteran Cadres Department of Zhejiang Branch, People’s Bank of China from November 1990 to December 1998; member of Party Leadership Group, assistant commissioner and regulatory commissioner (cadre in vice bureau level) of Hangzhou Financial Regulatory Office, Shanghai Branch, People’s Bank of China from December 1998 to July 2003; member of Preparatory Group of Zhejiang Regulatory Authority of China Banking Regulatory Commission and Vice Director and member of Party Committee of Zhejiang Regulatory Authority of China Banking Regulatory Commission from July 2003 to May 2006; Director and Secretary of the Party Committee of Fujian Regulatory Authority of China Banking Regulatory Commission from May 2006 to August 2008; and Director and Secretary of the Party Committee of Zhejiang Regulatory Authority of China Banking Regulatory Commission from August 2008 to September 2011; and the independent director of the Company from January 2012 to the present.

Mr. Fu Jianhua: born in July 1951, is a master of economics, EMBA and senior economist. Mr. Fu once took the posts of vice president of Jiangxi Branch of China Construction Bank, office director and vice president of Shanghai Branch of China Construction Bank, general manager of head office credit & loan management department of China Construction Bank, vice president of Shanghai Branch and president of Pudong Branch of

China Construction Bank, president and chairman of Shanghai Bank, vice chairman and president of Shanghai Pudong Development Bank, and chairman of SPD Silicon Valley Bank. Mr. Fu has been the independent director of the Company since September 2014.

Mr. Fu Jijun: born in January 1957, is a doctor of economic, senior economist and international registered management consultant, currently serving as chairman of Chinese Financial Consulting Co., Ltd., first management accounting consulting expert of the Ministry of Finance, standing director of the board of governors of China Merger Union, vice chairman of Management Consulting Committee of China Association of Enterprises, guest professor of International Business School of Nankai University, guest professor of International Business School of University of International Business and Economics, part-time professor of Dongbei University of Finance & Economics and independent director of ABC-CA Fund Management Co., Ltd. Mr. Fu once worked as vice general manager, general manager and other posts of Chinese Financial Consulting Co., Ltd.; since September 2014, he has been an independent director of the Company.

Mr. Ben Shenglin: born in January 1966, is a doctor of economics and currently is the professor of Management School of Zhejiang University, doctoral supervisor, director of EMBA Education Center and executive president of Institute for International Monetary Affairs of Renmin University of China. Mr. Ben once served as senior vice president of ABN AMRO and China general manager of circulating fund business, China general manager and director general manager of HSBC industry and commerce financial business, president of JPMorgan Chase (China) Co., Ltd. and member of global leading group of global enterprise; since September 2014, he is an independent director of the Company.

2. Supervisors

Mr. Hong Lifeng, born in December 1964, obtained a master's degree and the title of Senior Economist. He is currently the Chief Supervisor of the Company. Mr. Hong started working in July 1986 and successively served as Vice President of Bank of China Ningbo Branch Beilun Subbranch, Vice Director of Credit Card Department & Loans Department of Bank of China Ningbo Branch, Manager, Senior Manager, Head of China Department and Commercial Banking Department of Hua Chiao Commercial Bank Ltd., Senior Manager of Mainland Branches Banking Department of Bank of China (Hong Kong) Limited., Director of Settlement Department of Bank of China Ningbo Branch. Mr. Hong was the Vice President of the Company from January 2003 to September 2015; the director of the Company from January 2005 to September 2015; and has been the Chief Supervisor of the Company since October 2015.

Mr. Xu Liming, born in December 1962, obtained an associate's degree and the qualifications of Accountant and Senior Economist. Mr. Xu currently is the Manager of Finance Department & CFO of Zhejiang Cuori Electrical Appliances (Group) Co., Ltd. Mr. Xu was the Vice General Manager of Cixi Engineering Consultation Construction Corporation from January 1997 to August 1999. He was the Manager of Finance Department of Ningbo Swell Auto Decoration Co., Ltd. from September 1999 to March 2001. Mr. Xu has been the Manager of Finance Department & CFO of Zhejiang Cuori Electrical Appliances (Group) Co., Ltd. since April 2001 and he has been the Supervisor of Bank of Ningbo Co., Ltd. since January 2008.

Ms. Liu Suying, born in December 1945, obtained a bachelor's degree and qualification of Certified Public Accountant. Ms. Liu Suying worked in National Audit Office from July 1986 to January 2004. During that period, she was the Deputy Director and Director of Administrative Audit Office from 1986 to 1990, the Director of Agriculture and Forestry Education Department from 1990 to 1994, Director of Administrative Defense Department from 1994 to 1998, the Assistant Director and Deputy Director Auditor of News Communication Audit Department from 1998 to 2004. Ms. Liu has been the Supervisor of Bank of Ningbo Co., Ltd. since January 2011.

Ms. Zhang Yingfang, born in January 1951, obtained an associate's degree and the title of Second Grade Senior Judge. Ms. Zhang Yingfang served as Chief Justice and Secretary of Party Committee of Yinxian People's Court from December 1992 to September 1997. She was the Vice President (Deputy Director) of Ningbo Intermediate People's Court from September 1997 to September 2007, the Vice President (Director) of Ningbo Intermediate People's Court from September 2007 to January 2010, the Inspector of Ningbo Intermediate People's Court from January 2010 to December 2010. She has been the Supervisor of Bank of Ningbo Co., Ltd. since January 2011.

Ms. Pu Yiwei: born in April 1970, a doctor of laws, is currently professor of Law School of Ningbo University and master's supervisor. Ms. Pu graduated from Law Department of Southwest University of Political Science and Law in 1992 and passed postgraduate examination of Civil Procedural Law Major of Southwest University of Political Science and Law in the same year, obtained master degree of law in 1995 and worked as a teacher in Ningbo University in July of the same year; in September 2002, she became a doctoral candidate of Civil Law and Commercial Law Major of Tsinghua University and obtained doctor degree of civil law and commercial law in 2005; from September 2007 to September 2008, funded by K. C. Wong Education Foundation, visited Law School of University of Toronto as a visiting scholar. She has been the external supervisor of the

Company since February 2014.

Mr. Yu Ningning, born in December 1976, obtained a bachelor's degree. He is currently the Deputy General Manager of the Compliance Department of Bank of Ningbo Co., Ltd. Mr. Yu worked in the Assets Risk Management and Sales Department of ICBC Ningbo Branch. He has worked in the Risk Management and Compliance Department of the Bank since October 2004. Mr. Yu has been the Supervisor of the Bank of Ningbo Co., Ltd. since January 2011.

Ms. Liu Rufen, born in August 1965, obtained a bachelor degree, is currently the vice general manager of Operation Department of the Company. Ms. Liu once served as chief accountant and president assistant of Mingzhou Branch of the Company; from January 2000 to December 2004, she worked as vice general manager of financial accounting department of the Company; since January 2005, she is the vice general manager of the Operation Department of the Company, and she has been supervisor of the Company since February 2014.

3. Senior Managers

Mr. Luo Mengbo: See above

Mr. Luo Weikai, born in April 1965, obtained a master's degree and the title of Economist. He is currently the Vice President of Bank of Ningbo Co., Ltd., Mr. Luo started to work in August 1984. He used to work as the section chief and the assistant to the director of ICBC Ningbo Branch. After serving in the Company, he acted as the Vice President of Tianyuan Sub-branch, then held the position of the General Manager of Finance & Accounting Department and concurrently served as the Director of the Banking Department of the Headquarters and the General Manager of E-banking Department of the Bank. Mr. Luo was the Assistant President of the Bank from March 2005 to August 2007 and the Director of the Bank from August 2006 to September 2011. He has been the Vice President of the Company since August 2007.

Mr. Fu Wensheng, born in August 1972, obtained a master's degree and the title of Economist. He is currently the Vice President of the Bank of Ningbo Co., Ltd. Mr. Fu successively served as the Office Secretary of the Bank of Shanghai, the Assistant President and the Vice President (presided over the work) of the Bank of Shanghai Fuming Sub-branch, the President of the Bank of Shanghai Jingan Sub-branch, the Vice President of the Bank of Ningbo Shanghai Branch, the President of the Bank of Ningbo Beijing Branch. He has been the Assistant President of the Bank of Ningbo Co., Ltd. from October 2011 to August 2012. He has been the Vice President of the Company since August 2012.

Mr. Wang Yongjie, born in October 1972, obtained a bachelor's degree and the title of Intermediate Economist. He is currently the Vice President of the Bank of Ningbo Co., Ltd. Mr. Wang Yongjie started working in Aug 1995, and was successively served as the loan teller and Director of ABC Ningbo Branch Haishu Sub-branch Zhongshan Square Office, the Vice President of the Bank of Ningbo Lingqiao Sub-branch, the Deputy General Manager (work as chair) of the Risk Management Department of the Bank, the General Manager of Personal Banking Department of the Bank. During this period, Mr. Wang was also the General Manager of the Credit Cards Center of the headquarters He has been the Assistant President of the Bank of Ningbo Co., Ltd. since from Oct, 2011 to Aug, 2012, and has been the Vice President of the Company since August 2012.

Mr. Feng Peijiong: see above

Mr. Ma Yuhui, born in October 1981, obtained a bachelor's degree. He is currently the Vice President of the Company. Mr. Ma started to work in July 2006 and successively served as credit operation clerk at Jiangdong Subbranch of the Company, sales staff of the Corporate Fund Operation Department and Financial Market Department, Senior Vice Manager of Product Development Department, Senior Manager and Assistant General Manager of Product Development and Promotion Department; he worked as Vice General Manager (presided over the work) and General Manager of the Corporate Financial Market Department from January 2012 to April 2015. He has been the Vice President of the Company since April 2015.

Mr. Yang Chen, born in April 1961, obtained a bachelor's degree and the title of Senior Economist. He is currently the Secretary to the Board of Directors of Ningbo Co., Ltd.. Mr. Yang started working in September 1982, and successively served as a cadre of Wenzhou Government Office, Wenzhou Longwan District Party Committee Secretary Deputy Section Chief, a cadre of Wenzhou Government Office, the Office Director Clerk of Ningbo Foreign Capital, the Deputy Director of Ningbo Government Office. Mr. Yang was the Office Director of the Bank from January 1996 to September 2015. During this period, he was the Director and Secretary of the 2nd and 3rd Board of Directors from January 2005 to January 2011. He has been the Secretary of the Board of Directors since October 2011.

(II) Positions of the Company's Directors, Supervisors and Senior Manager under the Shareholders

Unit

Name of Staff Member	Name of Shareholders	Positions in Shareholders Unit	Term of Office	Whether be remunerated in Shareholders unit or not
Yu Weiye	Ningbo Development and Investment Group Co., Ltd	Chief accountant	From July 2013 to the present	Yes
Wei Xuemei	Ningbo Development and Investment Group Co., Ltd	Vice General Manager	From May 2015 to the present	Yes
Chen Yongmei	Singapore Oversea-Chinese Banking Corporation Ltd	General Manager in Northeast Asian Region	From Sept. 2009 to the present	No
Song Hanping	Ningbo Fubon Holding Group Co., Ltd	Chairman of the Board and President	From Apr. 2002 to the present	Yes
Chen Guanghua	Ningbo Shanshan Co., Ltd	Director	From May 2014 to the present	Yes
Xu Lixun	Huamao Group Co., Ltd.	Executive director, president	From Jan. 2002 to the present	Yes
Li Hanqiong	Youngor Group Co., Ltd	Director	From May 2011 to the present	Yes
Xu Liming	Zhuo Li Electric Appliances Group Co., Ltd	Chief Financial Office	From Apr. 2001 to the present	Yes

(III) Positions of the Company's Directors, Supervisors and Senior Manager under other Units

Name of Member	Name of other Units	Positions in other Units	Term of Office	Whether be remunerated in other units or not
Yu Weiye	Ningbo Thermal Power Co., Ltd.	Director	From Dec. 2014 to the present	No
Wei Xuemei	Ningbo Cultural Plaza Investment & Development Co., Ltd.	Chairman of the board	From Sept. 2013 to the present	No
Sun Zequn	Avic Trust Co., Ltd.	Director	From Jan. 2011 to the present	No
Sun Zequn	Wah Hin and Company Private Limited	Director	From Apr. 2012 to the present	Yes
Sun Zequn	SPH REIT Management Pte Ltd	Director	From June. 2013 to the present	Yes
Chen Yongming	Shanghai Lijia Plate Making and Printing Co., Ltd	Director	From Mar. 1995 to the present	No
Chen Yongming	OCBC Management Services Private Limited	Manager	From Jan. 2005 to the present	Yes
Chen Yongming	Eastern Holdings Limited	Director	From Sept. 2009 to the present	No
Chen Yongming	OCBC Capital Investment (Asia) Limited	Director	From Sept. 2009 to the present	No
Chen Yongming	Bathurst Enterprises Limited	Director	From Sept. 2009 to the present	No
Chen Yongming	Select Securities Limited	Director	From Sept. 2009 to Dec. 2015	No
Chen Yongming	OCBC Nominees (Hong Kong) Limited	Director	From Sept. 2009 to the present	No
Chen	OCBC Advisors Limited	Director	From Sept. 2009 to the present	No

Yongming				
Chen Yongming	OCBC Securities (HK) Limited	Director	From Sept. 2009 to the present	No
Chen Yongming	Oversea-Chinese Banking (China) Corporation Ltd.	Supervisor	From Oct. 2010 to the present	No
Song Hanping	Bayi Fubon (Ningbo) Basketball Club Co., Ltd	Chairman of the board	From Dec. 2006 to the present	No
Chen Guanghua	Shanshan Holdings Limited	Chairman of the board	From Jan. 2015 to the present	Yes
Chen Guanghua	Shanshan Group Co., Ltd	Executive vice president	From Jan. 2013 to the present	Yes
Xu Lixun	Ningbo Huamao Cultural and Educational Holdings Co., Ltd.	Chairman of the board	From Jan. 2011 to the present	No
Xu Lixun	Zhejiang Huamao Real Estate Development Co., Ltd.	Director	From Feb. 2002 to the present	No
Xu Lixun	Ningbo Huamao Educational and Cultural Investment Co., Ltd.	Supervisor	From June 2010 to the present	No
Xu Lixun	Beijing Qisehua Educational and Scientific Development Co., Ltd.	Chairman of the board	From Nov. 2001 to the present	No
Xu Lixun	Zhejiang Huamao International Trade Co., Ltd.	Chairman of the board	From Sept. 2005 to the present	No
Xu Lixun	Ningbo Maoxuan International Trade Co., Ltd.	Chairman of the board	From July 2008 to the present	No
Xu Lixun	Ningbo Huamao Education Group	Director	From Oct. 2004 to the present	No
Xu Lixun	Ningbo Huamao Foreign Languages School	Director	From July 1998 to the present	No
Xu Lixun	Zhejiang Quzhou Huamao Foreign languages School	Chairman of the board	From Nov. 1999 to the present	No
Xu Lixun	Zhejiang Longyou Huamao Foreign languages School	Chairman of the board	From Aug. 2001 to the present	No
Xu Lixun	Ningbo Yuandian Cultural Development Co., Ltd.	Executive director	From Jan. 2008 to the present	No
Xu Lixun	Ningbo Huamao Multi-culture Educational Center	Chairman of the board	From Feb. 2006 to the present	No
Xu Lixun	Zhejiang Huamao Power Technical Co., Ltd.	Executive director	From July 2011 to the present	No
Li Hanqiong	Youngor Investment Co., Ltd.	Director, general manager	From Apr. 2007 to the present	No
Li Hanqiong	Youngor Clothing Holding Co., Ltd.	Director	From Jan. 2015 to the present	No
Zhu Jiandi	Lixin Certified Public Accountants Co., Ltd. (special general partner)	Director accountant, chairman, chief partner	From Jan. 2011 to the present	Yes
Fu Jijun	Chinese Financial Consulting Co., Ltd.	Chairman of the board	From Sept. 2000 to the present	Yes
Fu Jijun	Fulue Modern Consulting (Beijing) Co., Ltd.	Chairman of the board	From Oct. 2004 to the present	No
Fu Jijun	Yuanhua Film Investment (Beijing) Co., Ltd.	Chairman of the board	From Sept. 2014 to the present	No

Ben Shenglin	School of Management of Zhejiang University	Professor, doctoral supervisor, EMBA central director	From Apr. 2014 to the present	Yes
Ben Shenglin	Tsingtao Beer Co., Ltd.	Independent director	From June 2014 to the present	Yes
Ben Shenglin	China International Capital Corporation Limited	Independent director	From May 2015 to the present	Yes
Ben Shenglin	Xiamen International Finance Technology Co., Ltd.	Director	From Oct. 2015 to the present	No
Ben Shenglin	Material Zhongda Group Co., Ltd.	Independent director	From Feb. 2016 to the present	Yes
Pu Yiwei	Assets Management Company of Ningbo University	Supervisor	From Apr. 2013 to the present	No

(IV) Situation of company's current and resigned directors, supervisors and senior managers within report period being punished by securities regulatory institution in last three years

The current or resigned directors, supervisors and senior managers within report period were not punished by securities regulatory institution in the last three years.

IV. Remuneration of Directors, Supervisors and Senior Management Personnel

(I) Decision-making Process and Determination Basis for the Remuneration of Directors, Supervisors and Senior Managers

Decision-making process for the remuneration of directors, supervisors and senior management personnel	Remuneration of Chairman of the Board and Chief Supervisor of Bank of Ningbo Co., Ltd, Allowance of Directors and Supervisors of Bank of Ningbo Co., Ltd and Remuneration of Senior Management Personnel of Bank of Ningbo Co., Ltd are drawn up by Remuneration Committee of the Board of Directors. Among of which, Remuneration of Chairman of the Board and Chief Supervisor of Bank of Ningbo Co., Ltd and Allowance of Directors and Supervisors of Bank of Ningbo Co., Ltd will be submitted to the general meeting of shareholders for approval after being consented by Board of Directors; and Remuneration of Senior Management Personnel of Bank of Ningbo Co., Ltd will be examined and approved by Board of Directors.
Determination basis for the remuneration of directors, supervisors and senior management personnel	The annual remuneration of Chairman of the Board, Vice Chairman, Chief Supervisor and Senior Management Personnel will be determined in accordance with Remuneration of Chairman of the Board and Chief Supervisor of Bank of Ningbo Co., Ltd, Remuneration of Senior Management Personnel of Bank of Ningbo Co., Ltd and their results of appraisal; remuneration of other directors and supervisors will be determined in accordance with Allowance of Directors and Supervisors of Bank of Ningbo Co., Ltd.
Actual payment of the remuneration of directors, supervisors and senior management personnel	The basic wages of Chairman of the Board, Vice Chairman, Chief Supervisor and Senior Management Personnel will be paid in accordance with the salary management system, and their performance pay will be determined in accordance with the annual performance evaluation; remuneration of other directors and supervisors will be paid monthly in accordance with their allowance standard.

(II) Remuneration of Directors, Supervisors and Senior Manager during the Reporting Period

Unit: (RMB) 10,000

Name	Position	Gender	Age	Tenure Status	Total Pre-tax Remuneration Received from the Company	Whether be remunerated from Shareholders or other related methods
Lu Huayu	Director, chairman	Male	51	Incumbent	275.00	No
Luo Mengbo	Director, vice chairman, president	Male	45	Incumbent	261.25	No
Yu Fengying	Director, vice chairman	Female	57	Incumbent	247.50	No
Yu Weiye	Director	Male	52	Incumbent	5	Yes
Wei Xuemei	Director	Female	40	Incumbent	2.5	Yes
Sun Zequn	Director	Male	64	Incumbent	6	Yes
Chen Yongming	Director	Male	56	Incumbent	6	Yes
Song Hanping	Director	Male	52	Incumbent	6	Yes
Chen Guanghua	Director	Male	55	Incumbent	6	Yes
Xu Lixun	Director	Male	41	Incumbent	6	Yes
Li Hanqiong	Director	Female	38	Incumbent	6	Yes
Tang Sining	Independent director	Male	67	Incumbent	0	No
Zhu Jiandi	Independent director	Male	50	Incumbent	25	No
Yang Xiaoping	Independent director	Female	64	Incumbent	0	No
Fu Jianhua	Independent director	Male	64	Incumbent	0	No
Fu Jijun	Independent director	Male	58	Incumbent	25	No
Ben Shenglin	Independent director	Male	49	Incumbent	25	No
Hong Lifeng	Staff representative supervisor, supervising chairman	Male	51	Incumbent	237.19	No
Xu Liming	Supervisor	Male	53	Incumbent	5.4	Yes
Liu Suoying	External supervisor	Female	70	Incumbent	0	No
Zhang Yingfang	External supervisor	Female	64	Incumbent	22.5	No
Pu Yiwei	External supervisor	Female	45	Incumbent	22.5	No
Yu Ningning	Staff representative supervisor	Male	39	Incumbent	138.63	No
Liu Rufen	Staff representative supervisor	Female	50	Incumbent	88.41	No
Luo Weikai	Vice president, finance employee in charge	Male	50	Incumbent	233.75	No
Fu Wensheng	Vice president	Male	43	Incumbent	233.75	No
Wang Yongjie	Vice president	Male	43	Incumbent	233.75	No

Feng Peijiong	Director, vice president	Male	41	Incumbent	155.83	No
Ma Yuhui	Vice president	Male	34	Incumbent	155.83	No
Yang Chen	Board secretary	Male	54	Incumbent	206.25	No

Notes: 1. Performance annual salary of senior manager undergoes deferred payment; as specified within the sheet, deferred remuneration of senior management in 2015 is 7.9895 million yuan, not transferred to person temporarily.

2. The Company also paid deferred remuneration in 2012, including 0.7288 million yuan for Lu Huayu as chairman, 0.9247 million yuan for Luo Mengbo as vice chairman and president, 0.89 million yuan for Yu Fengying as vice chairman, 0.8994 million yuan for Zhanghui as chief supervisor (resigned), 0.7564 million yuan for Hong Lifeng as chief supervisor (incumbent), 0.7564 million yuan for Luo Weikai as vice president, 0.6895 million yuan for Fu Wensheng as vice president, 0.6918 million yuan for Wang Yongjie as vice president and 0.6229 million yuan for Yang Chen as secretary of the board of directors.

3. The Company paid independent directors' emoluments of 2014 in 2015, including 250 thousand yuan for Zhu Jiandi, 62.5 thousand yuan for Fu Jijun and 62.5 thousand yuan for Ben Shenglin.

4. In 2015, the former director of the Company Mr. Shi Lizhong received a remuneration of 20 thousand yuan during his tenure; the former employee representative supervisor and chief supervisor of the Company Mr. Zhang Hui received a remuneration of 2.2125 million yuan during his tenure; Mr. Feng Peijiong and Mr. Ma Yuhui have served as vice presidents of the Company since April 2015, so their remunerations in the sheet are calculated from the date of taking office.

(III) Equity Incentive Awarded of the Company's Directors, Supervisors and Senior Manager during the Reporting Period

Company Directors, Supervisors and Senior Management Personnel have not been awarded any equity incentive during the reporting period.

V. Employees in the Company

Up to Dec. 31, 2015, there are 9543 employees in the Company, amongst which, 2866 are corporate banking staff, 1779 are personal banking staff, 2951 are financial capital and operation management staff, 672 are risk and compliance management staff, 293 are information technology staff, 364 are managerial staff, 101 are other financial business staff and 517 are other administration staff. Among the employees, employees with bachelor degree or above account for 93.38%, employees with college degree account for 6.01%, and employees with technical secondary education and below account for 0.61%.

Chapter Eleven Corporate Governance

I. Basic Conditions of the Company Governance

During the reporting period, the Company enhanced its governance mechanism, established and improved its internal control system and further improved the level of corporate governance in strict compliance with the requirements of Company Law, Securities Act, Governance Guidelines for Listed Companies, Listing Rules of Shenzhen Stock Exchange and Standardized Operation Guidelines for Small and Medium-sized Enterprise Board Listing Companies of Shenzhen Stock Exchange. Up to Dec.31, 2015, the actual situation of the corporate governance are consistent with the requirements of related documents, and did not receive any documents about administrative supervision measures that required for rectification within a specified time from regulatory authorities. Main systems performed upon the examination and approval of the general meeting of shareholders or Board of Directors after the listing of the Company are as follows:

Systems that have been established by the Company	Latest disclosure time
Independent Directors Annual Report Working System	April 23, 2008
Management Measures for the Prevention of Application of Funds of Large Shareholders and Related Parties	July 22, 2008
Fund-raising Management System	December 30, 2009
Annual Report Working Procedures of Audit Committee of the Board of Directors (revised)	February 26, 2010
Annual Report Information Disclosure System of Accountability for Serious Mistakes	February 26, 2010
External Information Users Management System	February 26, 2010
Insider Information and Insiders Registration and Management System (revised)	November 25, 2011
Independent director working system	December 14, 2012
Stock right pledge management method	August 21, 2014
Consolidated management method	August 21, 2014
Articles of Association (revised)	November 11, 2014
Information Disclosure Management System (revised)	February 2, 2015
Information Disclosure Management System for New Capital Agreement	August 26, 2015

I. Shareholders and general meeting of shareholders. The Company held general meetings of shareholders in strict compliance with the requirements of Articles of Association and Rules of Procedures of the General Meeting of Shareholders to ensure fair treatment towards all shareholders and enable them to fully exercise shareholders' rights.

II. Shareholders and the Company. The company has no actual controlling shareholder, and the Company

is completely independent from shareholders holding more than 5% shares in terms of personnel, assets, finance, institution and business. The Board of Directors, Board of Supervisors and other internal offices of the Company operate in an independent manner.

III. Directors and Board of Directors. the board of directors comprised 15 directors at the end of the reporting period, including 6 independent directors. Independent directors are assumed by professionals in the field of finance and law etc, which assure the quality and level of decision-making of the Board of Directors, safeguard the rights and interests of the Company and all shareholders and give full play to the central role of the Board of Directors in corporate governance. In compliance with the requirements of the relevant provisions, the Board of Directors of the Company consists of six special committees: Strategic Committee, Audit Committee, Related Party Transaction Control Committee, Risk Management Committee, Nomination Committee and Remuneration Committee. There is a clear division of labor, rights and responsibilities between each committee to ensure the effective operation of all committees.

IV. Supervisors and Board of Supervisors. 7 supervisors comprise the Board of Supervisors by the end of the reporting period, including 3 employee supervisors, 3 external supervisors and 1 supervisor of shareholder. The structure of the Board of Supervisors follows the requirements of laws and regulations. The Board of Supervisors consists of Audit Committee and Nomination Committee. The supervisors of the Company can fulfill their duties earnestly, and supervise the legality and compliance of Company's financial personnel, directors and senior management personnel during the performance of their responsibilities in line with the spirit of being responsible to the shareholders.

V. Operation and decision-making system. The outmost authority of the Company is general meeting of shareholders, which carries out decision-making, management and supervision by the Board of Directors and Board of Supervisors. During the reporting period, the senior management of the Company is composed of one president of the Bank, four vice presidents of the Bank and one secretary of the Board of Directors. The president is appointed by the Board of Directors, to be fully responsible for the daily operation and management of the Company. The Company implements the first-grade legal entity management system, and the branch does not have a legal personality. The branches shall conduct business in accordance with the law, and the civil liability of which is borne by the head office.

IV. Information disclosure and transparency. The company establishes a perfect information disclosure system and relevant systems have been revised according to the actual situation; the Company can disclose

relevant information in a faithful, accurate, complete and timely manner and ensure that all shareholders have equal access to information in strict accordance with the laws, regulations, Articles of Association and provisions of Company's Information Disclosure System. The Company set up Annual Report Information Disclosure System of Accountability for Serious Mistakes and Annual Report Working Procedures of Audit Committee of the Board of Directors, which made a clear definition of confirmation of responsibility, responsibility investigation and form of responsibility investigation of disclosure mistakes in annual report information, and the rights and responsibilities of the Audit Committee during the preparation and disclosure of the annual report.

The above systems play a standardization role in strengthening the authenticity, accuracy, completeness and timeliness of information disclosure in the Company, reinforcing the accountability efforts of the persons responsible for the information disclosure of the annual report and improving the quality and transparency of information disclosure of the annual report.

VII. Formulation and Implementation of Information Insiders Registration and Management System.

The Company strictly implements the revised Inside Information and Insiders Registration and Management System of Bank of Ningbo Co., Ltd, pays great attention to the management of insider information, strictly controls the scope of information insiders, and registers the list of persons who know the Bank's insider information in a timely manner. Based on these measures, the Company conducts special training and case study for relevant departments and employees for the prevention and control of to prevent insider trading, organizes relevant personnel to attend various trainings such as insider trading warning education exhibition held by securities regulatory authorities, and organizes a self-examination timely on trading of company stock by internal information insiders. During the reporting period, the Company has not found any information insider to illegally use insider information for the trading of company stocks, or any director, supervisor and senior management personnel who are involved in the illegal trading of company stocks. Furthermore, no regulatory measures and administrative penalty are taken against it by the regulatory authorities because of violation of insider information and insider management system or suspicion of insider trading.

During the reporting period, there's no significant difference between the actual corporate management and the Normative documents for the listed company issued by CSRC.

II. Independence of the company and shareholders having more than 5% of company shares in the business, personnel, asset, organization and finance

During this report term, the company has no controlling shareholders.

(I) Business: the company business is independent of shareholders that hold over 5% of shares. The company adopts independent management and has complete business structure.

(II) Personnel: the company adopts independent operation in human resources and wage management.

(III) Asset: the company has independent premises and supporting facilities.

(IV) Organization: the company has set up a sound organizational structure system, in which the board of directors, the board of supervisors and the functional department are operated independently and have well-defined responsibilities, without any subordination to the functional department of shareholders' unit holding more than 5% of the company shares.

(V) Finance: the company has set up independent finance department and audit department which separately comprise professional accountants and auditors, and has formed independent accounting system and financial management system.

III. Horizontal competition

The company has no controlling shareholders, so it has no horizontal competition with controlling shareholders, actual controllers and controlled companies.

IV. Annual general meeting and extraordinary general meeting held during the report term

Session and type of meeting	Ratio of participating investors	Date of meeting	Date of disclosure	Disclosure index
2014 Annual General Meeting of Shareholders	65.49%	May 18, 2015	May 19, 2015	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily and cninfo (http://www.cninfo.com.cn)
The 1st Session of 2015 Extraordinary General Meeting of Shareholders	66.18%	September 15, 2015	September 16, 2015	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily and cninfo (http://www.cninfo.com.cn)

During the report term, preferred stockholders whose voting rights are recovered cannot request the convening of extraordinary general meeting.

V. Performance of responsibilities by independent directors within the report term

(I) Statistics on independent directors attending board meeting and shareholders' meeting

Statistics on independent directors attending board meeting						
Name of independent director	Times of attending the board meeting during this report term	Times of attending the board meeting in person	Times of attending the board meeting by communication	Times of attending the board meeting by entrusted representative	Absent	Did you attend the meeting by other means other than in person for 2 times in a row?
Tang Sining	9	4	5	0	0	No
Zhu Jiandi	9	3	5	1	0	No
Yang Xiaoping	9	3	5	1	0	No
Fu Jianhua	9	4	5	0	0	No
Fu Jijun	9	4	5	0	0	No
Ben Shenglin	9	3	5	1	0	No
Times of attending the shareholders' meeting				1		

(II) Objections raised by independent directors to related items

During the report term, no directors raise objections to company's related items.

(III) Other notes on the performance of responsibilities by independent directors

For the sake of the company and investors, independent directors shall fulfill respective responsibilities, attend the board meeting, shareholders' meeting and committee meeting, understand the company's business conditions, internal control mechanism and implementation of resolutions made by board of directors through field survey, voice their independent opinions on the employment of senior executives, external guarantee, capital use of related parties, internal control, annual profit distribution plan and reappointment of audit institution and protect interests of shareholders, especially shareholders of public shares, in accordance with the Company Law, Securities Law, Guidelines for the Standard Operation of the Small and Medium-sized Enterprise Board of Shenzhen Stock Exchange, Articles of Association and Working System of Independent Directors. During the report term, independent directors have raised their own opinions on related issues under discussion by the board of directors and provided many suggestions during the meeting and survey, all of which have been adopted or responded.

Date of disclosure	Items	Opinions
April 28, 2015	Independent opinions on 2014 annual profit distribution plan	Agree
April 28, 2015	Special explanation and independent opinions on company's external guarantee and capital occupying of controlling shareholders and other related parties	Agree
April 28, 2015	Independent opinions on employment of an accounting firm	Agree
April 28, 2015	Independent opinions on 2015 annual estimated limit of daily connected transactions	Agree
April 28, 2015	Independent opinions on self-assessment reports of internal control	Agree
April 28, 2015	Special opinions on storage and use of company's raised funds	Agree
April 28, 2015	Independent opinions on nomination of Ms. Wei Xuemei as the candidate of director	Agree
April 28, 2015	Independent opinions on employment of senior executives	Agree
April 28, 2015	Independent opinions on remuneration of directors, supervisors and senior executives	Agree
April 28, 2015	Independent opinions on derivatives trading and risk control	Agree
August 28, 2015	Special explanation and independent opinions on company's external guarantee and capital occupying of controlling shareholders and other related parties	Agree

VI. Fulfillment of responsibilities by special committees under the board of directors during the report term

The board of directors has 6 subordinate committees: Strategy Committee, Audit Committee, Related Transactions Control Committee, Risk Management Committee, Nominating Committee and Compensation Committee. All committees have well-defined rights and liabilities and effective operation. In 2015, special committees organized 17 meetings in total, including 1 by Strategy Committee, 5 by Audit Committee, 3 by Related Transactions Control Committee, 4 Risk Management Committee, 2 by Nominating Committee and 2 by Compensation Committee. Pursuant to the Articles of Association, Rules and Procedures for the Meeting of Board of Directors and Detailed Working Rules of the company, special committees shall fulfill respective responsibilities by law and convene a meeting regularly, at which respective representatives shall propose opinions and suggestions for major development strategies, financial statements, internal audit and control, compliance management, related transaction management, risk management and control, director nomination, remuneration and assessment.

VII. Performance of the board of supervisors

During the report term, no risks were found in activities under the supervision of the board of supervisors and the board of supervisors had no objections to these events.

VIII. Evaluation and incentive of senior executives

Senior executives are directly responsible to the board of directors and are evaluated, rewarded or punished by the board of directors. The company's incentive and restraint mechanism is mainly reflected by the income distribution of senior executives, and policies and systems for distribution of company income are determined by the board of directors. The remuneration of senior executives is approved and granted according to Measures for Remuneration of Senior Executives of Bank of Ningbo and disclosed publicly in accordance with relevant regulations. During the report term, the company evaluated the annual performance of senior management according to methods for evaluation of performance of senior management and senior executives and requirements of related regulatory department. Upon assessment, the senior management achieved all targets that the board of directors set in 2015, bringing more benefits to shareholders.

IX. Evaluation reports of internal control

(I) Material defects found in internal control during the report term

During the report term, no material defects of internal control are found.

(II) Self-assessment reports of internal control

Date of disclosure of evaluation reports of internal control	April 26, 2016	
Index for disclosure of evaluation reports of internal control	cninfo (http://www.cninfo.com.cn)	
Proportion of total unit assets incorporated into range of assessment in company's total assets of consolidated financial statements	100.00%	
Proportion of operating revenue incorporated into range of assessment in company's operating revenue of consolidated financial statements	100.00%	
Standards for recognition of defects		
Category	Financial statements	Non-financial statements
Qualitative criteria	1. Material defects: Financial statements have received or are more likely to receive an adverse opinion or a disclaimer of opinion issued by certified public accountants; senior executives have been involved or are suspected of being involved in fraud; disclosed financial statements have material negative news is frequently broadcast by media, errors; the company is lack of financial control generating a wide range of impacts; important system or the system has been invalid; material or businesses are under no system control or the important defects in financial statements of internal system has been invalid; material or important	1. Material defects: Democratic decision-making procedures are incomplete; national laws and regulations are breached and corresponding punishment is received; senior executives and technicians are of higher mobility; its fraud; disclosed financial statements have material negative news is frequently broadcast by media, errors; the company is lack of financial control generating a wide range of impacts; important system or the system has been invalid; material or businesses are under no system control or the important defects in financial statements of internal system has been invalid; material or important

	<p>control have not been modified.</p> <p>2. Important defects: The company's financial system is deficient; important defects in financial decision-making procedures exist but are not statements of internal control have not been complete; the company's internal regulations are modified; there are other defects of internal control breached, causing great losses; key personnel are that may lead to material error of financial statements.</p> <p>3. General defects: Other defects in financial statements of internal control except those material and important defects mentioned above.</p>	<p>defects of internal control have not been corrected.</p> <p>2. Important defects: Democratic system is deficient; important defects in financial decision-making procedures exist but are not statements of internal control have not been complete; the company's internal regulations are modified; there are other defects of internal control breached, causing great losses; key personnel are that may lead to material error of financial of higher mobility; its negative news is broadcast by media, radiating local areas; the important business system is deficient; important defects of internal control have not been corrected.</p> <p>3. General defects: Decision-making procedures are less efficient; the company's internal regulations are breached, without causing any losses; ordinary staff is of high mobility; its negative news is broadcast by media, generating less damages; general business system is deficient; general defects have not been corrected; other defects.</p>
Quantitative criterion	<p>1. Material defects: the amount of misstatement caused by defects of internal control: profits of misstatement $\geq 100\%$ of auditing importance level of financial statements</p> <p>2. Important defects: the amount of misstatement caused by defects of internal control: 30% of auditing importance level of financial statements \leq profits of misstatement $< 100\%$ of auditing importance level of financial statements</p> <p>3. General defects: the amount of misstatement caused by defects of internal control: profits of misstatement $< 30\%$ of auditing importance level of financial statements</p>	<p>1. Material defects: direct property losses caused by defects of internal control: direct property losses $\geq 100\%$ of auditing importance level of non-financial statements</p> <p>2. Important defects: direct property losses caused by defects of internal control: 30% of auditing importance level of non-financial statements \leq direct property losses $< 100\%$ of auditing importance level of non-financial statements</p> <p>3. General defects: direct property losses caused by defects of internal control: direct property losses $< 30\%$ of auditing importance level of non-financial statements</p>
Number of material defects in financial statements	0	
Number of material defects in non-financial statements	0	
Number of important defects in financial statements	0	
Number of important defects in non-financial statements	0	

X. Audit reports or verification reports of internal control**Opinions on audit reports of internal control**

We held that Bank of Ningbo remained effective internal control of financial reports regarding all important aspects as of December 31, 2015 in accordance with Basic Standard for Enterprise Internal Control and relevant regulations.

Date of disclosure of audit reports of internal control	April 26, 2016
Index for disclosure of audit reports of internal control	cninfo (http://www.cninfo.com.cn)
Opinions on audit reports of internal control	Standard & unqualified opinion
Whether non-financial reports have material defects or not	No

Audits reports of internal control issued by the accounting firm are consistent with self-evaluation reports of the board of directors.

Chapter Twelve Financial Statements

I. Audit Report (see appendixes)

II. Unqualified Audit Report based on 2014 financial statements issued by Ernst & Young Hua Ming Certified Public Accountants.

III. Financial statements (see appendixes)

IV. Notes to the financial statements (see appendixes)

Chapter Thirteen Catalogue

I . 2015 Annual Report with signature of Mr. Lu Huayu, Chairman of the Board of Directors.

II . Financial Statements signed and stamped by Mr. Lu Huayu, Legal Representative of the Company, Mr. Luo Mengbo, President of the Bank, Mr. Luo Weikai, CFO of the Bank, and Ms. Sun Hongbo, Principal of the Accounting Department.

III. Original Audit Report signed and stamped by the accounting firm and CPAs

BANK OF NINGBO CO., LTD.

Audited Financial Statements

31 December 2015

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Bank of Ningbo Co., Ltd.
Consolidated Balance Sheet
For The Year Ended 31 December 2015
Unit: CNY Thousand

Independent Auditor's Report

A.Y.H.M. (2016) No. 60466992_B01

Shareholders of Bank of Ningbo Co., Ltd.:

We have audited the attached financial statements of Bank of Ningbo Co., Ltd. (hereinafter referred to as the "Bank"), including the Consolidated Balance Sheet, Consolidated Income Statement and the Consolidated Statement of Changes in Shareholders' Equity and Cash Flow Statement of 2015, as well as Balance Sheet at 31 December 2015, Income Statement for the year of 2015, Statement of Changes in Shareholders' Equity and Cash Flow Statement as well as Notes to the Financial Statements.

I. Management's Responsibility for Preparing of the Financial Statements

the management are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. These responsibilities include: 1) Preparing the financial statements in accordance with the *Accounting Standards for Business Enterprises*, and ensuring it to achieve a fair presentation; 2) Designing, implementing and maintaining internal controls relevant to the preparation of financial statements that are free from material misstatement.

II. Responsibility of CPA

Our responsibility is to express an audit opinion on the financial statements based on our audit. We conducted audit in accordance with the *China's Independent Auditing Standards*, which requires us to comply with professional ethical requirements, to plan and to perform the audit, and to obtain reasonable assurance on whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure selected depends on the auditor's judgment, including the assessment of risks incurred by material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements and assurance of a fair presentation in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Bank of Ningbo Co., Ltd.
Consolidated Balance Sheet
For The Year Ended 31 December 2015
Unit: CNY Thousand

Independent Auditor's Report (continued)

A.Y.H.M. (2016) No. 60466992_B01

III. Opinions arising from our audit

In our opinion, the financial statements of Bank of Ningbo Co., Ltd. have been properly prepared in accordance with the *Accounting Standards for Business Enterprises* in all material respects, which gives a fair view of the financial position of the Bank as at 31 December 2015 and of the Bank's operation outcomes and cash flows in the year then ended.

Ernst & Young Hua Ming Certified Public Accountants
(Special partner)

CPA, PRC: Guo Hangxiang

CPA, PRC: Chen Sheng

Beijing, China

22 April 2016

Bank of Ningbo Co., Ltd.
Consolidated Balance Sheet
For The Year Ended 31 December 2015
Unit: CNY Thousand

Assets:	Note V	31 Dec. 2015	31 Dec. 2014
Cash and balances at central banks	1	66,189,440	70,953,938
Due from banks	2	14,199,976	30,447,600
Nobel Metal	3	1,540,475	-
Loans to banks	4	1,381,143	2,866,596
Financial assets designated at fair value with its change enter into income sttlement	5	7,039,891	8,878,979
Derivative financial assets	6	3,537,564	1,293,140
Reverse repurchase agreements	7	10,980,600	17,079,001
Interest receivable	8	2,765,145	3,015,047
Loans and advances	9	248,399,105	204,749,878
Available-for-sale financial assets	10	249,257,941	120,109,026
Held-to-maturity investments	11	32,671,512	16,569,101
Accounts receivable held for investment	12	71,231,132	71,554,844
Investment real estate	13	16,559	16,596
Fixed assets	14	3,420,258	3,352,019
Intangible assets	15	244,245	208,642
Construction in progress	16	1,598,042	1,322,120
Deferred income tax assets	17	751,245	769,245
Other assets	18	1,240,380	926,846
Total assets		<u>716,464,653</u>	<u>554,112,618</u>

The Notes from page 164 to283 are components of the Financial Statements

Bank of Ningbo Co., Ltd.
Consolidated Balance Sheet (continued)
For The Year Ended 31 December 2015

Unit: CNY Thousand

Liabilities	Note V	31 Dec. 2015	31 Dec. 2014
Due to Central Bank	20	1,700,000	-
Due to banks and other financial institutions	21	68,632,509	86,634,335
Deposits by banks	22	20,200,607	14,071,981
Financial liabilities designated at fair value with its change enter into income statement	23	182,682	1,272,100
Derivative financial liabilities	6	3,355,296	1,303,488
Repurchase agreements	24	46,497,690	28,155,132
Deposits	25	355,685,634	306,531,829
Wages and salaries payable	26	1,495,977	1,098,768
Taxes payable	27	899,812	795,134
Interests payable	28	6,195,876	5,587,627
Bonds payable	29	144,056,767	50,655,391
Deferred income	30	283,081	29,496
Deferred income tax liabilities	17	6,122	3,871
Other liabilities	31	<u>22,175,281</u>	<u>23,809,254</u>
Total liabilities		<u>671,367,334</u>	<u>519,948,406</u>
Shareholders' equity			
Equity	32	3,899,794	3,249,829
Other equity tools	33	4,824,691	-
Capital reserve	34	9,948,236	10,598,201
Other comprehensive income	35	1,312,883	309,130
Surplus reserve	36	3,181,124	2,531,957
General risk reserve	37	5,055,801	4,054,719
Undistributed profit	38	<u>16,778,919</u>	<u>13,347,261</u>
Equity attributable to the parent company		45,001,448	34,091,097
Minority Shareholders' Equity		<u>95,871</u>	<u>73,115</u>
Total shareholders' equity		<u>45,097,319</u>	<u>34,164,212</u>
Total liabilities and equity		<u>716,464,653</u>	<u>554,112,618</u>

The Notes from page 160 to 278 are components of the Financial Statements

The Financial Statements from page 146 to 278 are signed by:

Legal Representative: Lu Huayu President: Luo Mengbo Financial Principle: Luo Weikai Principal of accounting institution: SunHongbo

Seal: Bank of Ningbo Co., Ltd.

Bank of Ningbo Co., Ltd.
Consolidated Income Statement
For The Year Ended 31 December 2015
Unit: CNY Thousand

	Note V	2015	2014
I. Operating income		19,516,224	15,356,750
Net interest income	39	15,616,714	13,354,681
Interest income	39	31,831,062	28,175,470
Interest expense	39	(16,214,348)	(14,820,789)
Net fee and commission income	40	3,989,790	2,485,043
Fee and commission income	40	4,400,491	2,696,649
Fee and commission expense	40	(410,701)	(211,606)
Investment gains	41	398,447	164,941
Gains from the adjustment of fair value	42	240,506	148,680
Exchange gains		(761,599)	(830,135)
Other operating income	43	<u>32,366</u>	<u>33,540</u>
II. Operating expenditure		(11,498,194)	(8,330,173)
Business tax and surcharges	44	(1,057,183)	(866,826)
Operating and administration expenses	45	(6,640,500)	(4,924,683)
Assets impairment losses	46	(3,780,857)	(2,521,150)
Other operating expenses	43	<u>(19,654)</u>	<u>(17,514)</u>
III. Operating profits		8,018,030	7,026,577
Add: non-operating income	47	41,839	20,149
including: incomes from disposal of non-current assets		582	2,448
Less: non-operating expenditure	48	(44,941)	(39,834)
including: losses from disposal of non-current assets		<u>(244)</u>	<u>(2,348)</u>
IV. Total profits		8,014,928	7,006,892
Less: income tax	49	<u>(1,447,937)</u>	<u>(1,372,762)</u>
V. Net profits		<u>6,566,991</u>	<u>5,634,130</u>
including: Net profit attributable to the parent company		6,544,333	5,627,466
Minority shareholders' income and loss		22,658	6,664
VI. other comprehensive income, net of tax		1,003,851	1,035,210
Net profit attributable to the parent company			
After tax	35	1,003,753	1,035,382
Other comprehensive income will subsequently be reclassified to the income statement		1,003,753	1,035,382
Fair value change on financial assets available for sale		<u>1,003,753</u>	<u>1,035,382</u>
Other comprehensive income and losses attributable to minority shareholders		<u>98</u>	<u>(172)</u>
VII. Accumulated comprehensive income		<u>7,570,842</u>	<u>6,669,340</u>
including: Net profit attributable to the parent company		7,548,086	6,662,848
attributable to the minority shareholders		22,756	6,492
VIII. Earnings per share (in CNY yuan)			
Basic earnings per share	50	1.68	1.89
Diluted earnings per share	50	1.68	1.89

The Notes from page 160 to 278 are components of the Financial Statements

Bank of Ningbo Co., Ltd.
Consolidated Statement of Changes in Shareholders' Equity
For The Year Ended 31 December 2015
Unit: CNY Thousand

2015

Item	Equity attributable to the parent company								Minority Shareholders' Equity	Total Shareholder's Equity
	Share Capital	Other equity tool	Capital Reserve	Other comprehensive income	Surplus Reserve	General Reserve	Reserve distributed	ProfitsSubtotal		
I. Balance at the end of the previous year	3,249,829	-	10,598,201	309,130	2,531,957	4,054,719	13,347,261	34,091,097	73,115	34,164,212
II. Increase/decrease	649,965	4,824,691	(649,965)	1,003,753	649,167	1,001,082	3,431,658	10,910,351	22,756	10,933,107
(I) Total comprehensive income	-	-	-	1,003,753	-	-	6,544,333	7,548,086	22,756	7,570,842
(II) Increase/decrease of assets by shareholders	-	4,824,691	-	-	-	-	-	4,824,691	-	4,824,691
1. other equity tool	-	-	-	-	-	-	-	-	-	-
2. Shareholder's investment	-	4,824,691	-	-	-	-	-	4,824,691	-	4,824,691
Shareholder's investment	-	-	-	-	649,167	1,001,082	(3,112,675)	(1,462,426)	-	(1,462,426)
1. Appropriation to surplus reserve	-	-	-	-	649,167	-	(649,167)	-	-	-
2. Appropriation to general reserve (note)	-	-	-	-	-	1,001,082	(1,001,082)	-	-	-
3. Profit distribution to shareholders	-	-	-	-	-	-	(1,462,426)	(1,462,426)	-	(1,462,426)
(IV) balance carried forward from owner's equity	649,965	-	(649,965)	-	-	-	-	-	-	-
1. capital increased from capital reserve	649,965	-	(649,965)	-	-	-	-	-	-	-
2. Others	-	-	-	-	-	-	-	-	-	-
III. Balance at the end of the year	3,899,794	4,824,691	9,948,236	1,312,883	3,181,124	5,055,801	16,778,919	45,001,448	95,871	45,097,319

Note: including general reserve by subsidiary amounted to CNY 2,399,000

The Notes from page 160 to 278 are components of the Financial Statements

Bank of Ningbo Co., Ltd.
Consolidated Statement of Changes in Shareholders' Equity (continued)
For The Year Ended 31 December 2015
Unit: CNY Thousand

2014

Item	Equity attributable to the parent company							Minority Shareholders' Equity	Total Shareholder's equity
	Share Capital	Capital Reserve	Other comprehensive income	Surplus Reserve	General Reserve	Undistributed Profits	Subtotal		
I. Balance at the end of the previous year[*]	2,883,821	7,889,125	(726,252)	1,970,844	2,859,911	10,629,244	25,506,693	15,195	25,521,888
II. Increase/decrease	366,008	2,709,076	1,035,382	561,113	1,194,808	2,718,017	8,584,404	57,920	8,642,324
(I) Total comprehensive income	-	-	1,035,382	-	-	5,627,466	6,662,848	6,492	6,669,340
(II) Increase/decrease of assets by shareholders	366,008	2,709,076	-	-	-	-	3,075,084	51,428	3,126,512
1. Shareholder's investment	366,008	2,710,504	-	-	-	-	3,076,512	50,000	3,126,512
2. Others	-	(1,428)	-	-	-	-	(1,428)	1,428	-
(III) Profit distribution	-	-	-	561,113	1,194,808	(2,909,449)	(1,153,528)	-	(1,153,528)
1. Appropriation to surplus reserve	-	-	-	561,113	-	(561,113)	-	-	-
2. Appropriation to general reserve(note)	-	-	-	-	1,194,808	(1,194,808)	-	-	-
3. Profit distribution to shareholders	-	-	-	-	-	(1,153,528)	(1,153,528)	-	(1,153,528)
III. Balance at the end of the year	<u>3,249,829</u>	<u>10,598,201</u>	<u>309,130</u>	<u>2,531,957</u>	<u>4,054,719</u>	<u>13,347,261</u>	<u>34,091,097</u>	<u>73,115</u>	<u>34,164,212</u>

Note: including general reserve by subsidiary amounted to CNY 93,000.

The Notes from page 160 to 278 are components of the Financial Statements

Bank of Ningbo Co., Ltd.
Cash Flow Statement
For The Year Ended 31 December 2015

Unit: CNY Thousand

	Note V	Year 2015	Year 2014
I. Cash flow from operating activities			
Net increase in deposits from customers		46,288,142	59,584,332
Net increase in loan from the central bank		1,700,000	-
Cash received from interest, fees and commission		22,144,156	19,877,814
Net increase in placements from other financial institutions		8,572,397	13,906,254
Net decrease in loan to the central bank and other financial institution		7,742,535	-
Other cash received relating to operating activities	52	<u>984,383</u>	<u>242,023</u>
Sub-total of cash inflow from operating activities		<u>87,431,613</u>	<u>93,610,423</u>
Net increase in loans and advance payments to customers		41,902,916	38,470,189
Net increase in balances with central bank and due from other banks		-	11,830,278
Net decrease in due to central bank		-	200,000
Cash paid to interest, fees and commission		17,399,270	13,126,493
Cash paid to and on behalf of employees		3,238,478	2,444,169
Taxes paid		2,791,538	2,422,096
Cash paid relating to other operating activities ⁵³		<u>2,538,870</u>	<u>2,340,901</u>
Sub-total of cash outflow from operating activities		<u>67,871,072</u>	<u>70,834,126</u>
Sub-total of cash outflow from operating activities	54	<u>19,560,541</u>	<u>22,776,297</u>
II. Cash flow from investing activities			
Cash received from investment		1,841,489,805	707,696,130
Cash received from returns on investment		15,070,243	10,277,215
Other cash received relating to investing activities		<u>1,510</u>	<u>17,045</u>
Sub-total of cash inflow from investing activities		<u>1,856,561,558</u>	<u>717,990,390</u>
Cash paid as investment		1,986,626,267	779,485,868
Cash paid for the purchase of fixed assets, intangible assets and other long-term assets		1,007,979	1,135,934
Cash paid for other activities related to investment		<u>67,264</u>	<u>-</u>
Sub-total of cash outflow from investing activities		<u>1,987,701,510</u>	<u>780,621,802</u>
Net cash flow from investing activities		<u>(131,139,952)</u>	<u>(62,631,412)</u>

The Notes from page 160 to 278 are components of the Financial Statements

Bank of Ningbo Co., Ltd.
Cash Flow Statement (continued)
For The Year Ended 31 December 2015

Unit: CNY Thousand

	Note V	Year 2015	Year 2014
III. Cash flow from financing activities			
Proceeds from investment absorbing		4,824,691	3,126,512
Including: cash received from subsidiary			
by absorption from minority of shareholders		-	50,000
Proceeds from issue of bonds		<u>133,074,838</u>	<u>37,180,740</u>
Sub-total of cash inflow from financing activities		<u>137,899,529</u>	<u>40,307,252</u>
Cash for payment of borrowing		39,680,741	5,000,000
Cash paid for distribution of dividends or profits, or cash paid for interests		<u>5,299,332</u>	<u>1,982,065</u>
Sub-total of cash outflow from financing activities		<u>44,980,073</u>	<u>6,982,065</u>
Net cash flow from financing activities		<u>92,919,456</u>	<u>33,325,187</u>
IV. Effect of foreign exchange rate change on cash		<u>(76,540)</u>	<u>(11,437)</u>
V. Net increase in cash and cash equivalents		<u>(18,736,495)</u>	<u>(6,541,365)</u>
Add: balance of cash and cash equivalents at the beginning of the year		<u>45,670,017</u>	<u>52,211,382</u>
VI. Balance of cash and cash equivalents at the end of the year	51	<u><u>26,933,522</u></u>	<u><u>45,670,017</u></u>

The Notes from page 160 to 278 are components of the Financial Statements

Bank of Ningbo Co., Ltd.
Company Balance Sheet
For The Year Ended 31 December 2015
Unit: CNY Thousand

Assets:	Note XIV	31 Dec. 2015	31 Dec. 2015
Cash and balances at central banks		66,189,347	70,866,846
Due from other banks		14,148,384	30,447,600
Nobel Metal		1,540,475	-
Loans to other banks		1,406,143	2,866,596
Financial assets enter into income statement on its fair value		6,684,535	8,433,216
Derivative financial assets		3,537,564	1,293,140
Reverse repurchase agreements		12,786,000	17,009,000
Interest receivable		2,733,908	3,006,475
Loans and advances		242,298,929	204,749,878
Available-for-sale financial assets		249,021,965	120,109,026
Held-to-maturity investments		32,671,512	16,569,101
Accounts receivable held		71,231,132	71,554,844
Long-term equity investment	1	1,135,000	135,000
Investment real estate		16,559	16,596
Fixed assets	2	3,413,375	3,346,879
Intangible assets		238,625	205,245
Construction in progress		1,596,450	1,322,120
Deferred income tax assets		751,245	769,245
Other assets		<u>1,197,278</u>	<u>888,140</u>
Total assets		<u>712,598,426</u>	<u>553,588,947</u>

The Notes from page 160 to 278 are components of the Financial Statements

Bank of Ningbo Co., Ltd.
Company Balance Sheet (continued)
For The Year Ended 31 December 2014

Unit: CNY Thousand

Liabilities:	Note XIV	31 Dec. 2015	31 Dec. 2014
Due to Central Banks		1,700,000	-
Deposits by banks and other financial institutions		68,692,497	86,652,009
Borrowings from other banks		17,512,607	14,071,981
Financial liabilities enter into income statement on its fair value		53,455	911,324
Derivative financial liabilities		3,355,296	1,303,488
Repurchase agreements		46,466,690	28,084,562
Deposits		356,552,819	306,531,703
Wages and salaries payable		1,449,093	1,094,476
Taxes payable		875,472	792,742
Interests payable		6,190,640	5,587,609
Bonds payable		144,056,767	50,655,391
Deferred income		3,831	29,496
Other liabilities		<u>20,766,083</u>	<u>23,799,796</u>
Total liabilities		<u>667,675,250</u>	<u>519,514,577</u>
Shareholders' equity			
Equity		3,899,794	3,249,829
Other equity tool		4,824,691	-
Capital reserve		9,949,664	10,599,629
Other comprehensive income		1,303,830	308,960
Surplus reserve		3,181,124	2,531,957
General risk reserve		5,053,309	4,054,626
Retained profits		<u>16,710,764</u>	<u>13,329,369</u>
Total shareholders' equity		<u>44,923,176</u>	<u>34,074,370</u>
Total liabilities and shareholder's equity		<u>712,598,426</u>	<u>553,588,947</u>

The Notes from page 160 to 278 are components of the Financial Statements

Bank of Ningbo Co., Ltd.
Company Income Statement
For The Year Ended 31 December 2015
Unit: CNY Thousand

	Note XIV	Year 2015	Year 2014
I. Operating income		19,210,550	15,294,617
Net interest income	3	15,547,506	13,349,398
Interest income	3	31,748,347	28,171,966
Interest expense	3	(16,200,841)	(14,822,568)
Net Fee and commission income		3,824,362	2,450,473
Income		4,235,063	2,662,079
Expense		(410,701)	(211,606)
Investment gains		314,707	156,351
Gains from the adjustment of fair value		253,887	135,016
Exchange gains		(762,157)	(830,161)
Other operating income		<u>32,245</u>	<u>33,540</u>
II. Operating expenditure		(11,282,384)	(8,292,480)
Business tax and surcharges		(1,030,484)	(863,914)
Operating and administration expenses		(6,515,396)	(4,889,902)
Impairment losses		(3,716,850)	(2,521,150)
Other operating expenses		<u>(19,654)</u>	<u>(17,514)</u>
III. Operating profits		7,928,166	7,002,137
Add: non-operating income		31,255	14,149
including: income from disposal of non-current assets		582	2,448
Less: non-operating expenditure including: loss from disposal of non-current assets		(44,574)	(39,798)
		<u>(244)</u>	<u>(2,348)</u>
IV. Total profits		7,914,847	6,976,488
Less: income tax		<u>(1,423,176)</u>	<u>(1,365,358)</u>
V. Net profits		<u>6,491,671</u>	<u>5,611,130</u>
VI. Net after-tax value of other comprehensive income		994,870	1,035,221
Other comprehensive income will subsequently reclassified to the income statement		994,870	1,035,221
Faire value changes on financial assets available for sale		<u>994,870</u>	<u>1,035,221</u>
VII. Total comprehensive income		<u>7,486,541</u>	<u>6,646,351</u>

The Notes from page 160 to 278 are components of the Financial Statements

Bank of Ningbo Co., Ltd.
Statement of Changes in Shareholders' Equity
For The Year Ended 31 December 2015
Unit: CNY Thousand

2015

Item	Share Capital	Other equity tool	Capital Reserve	Other comprehensive income	Surplus Reserve	General Reserve	Undistributed Profits	Total shareholder's equity
I. Balance at the beginning of year	3,249,829	-	10,599,629	308,960	2,531,957	4,054,626	13,329,369	34,074,370
II. Increase/decrease in the year	649,965	4,824,691	(649,965)	994,870	649,167	998,683	3,381,395	10,848,806
(I) Comprehensive income	-	-	-	994,870	-	-	6,491,671	7,486,541
(II) Increase/decrease of capital by shareholders	-	4,824,691	-	-	-	-	-	4,824,691
1. Other equity tool	-	-	-	-	-	-	-	-
2. Shareholders' investment	-	4,824,691	-	-	-	-	-	4,824,691
(III) Shareholders' investment	-	-	-	-	649,167	998,683	(3,110,276)	(1,462,426)
1. Appropriation to surplus reserve	-	-	-	-	649,167	-	(649,167)	-
2. Appropriation to general reserve	-	-	-	-	-	998,683	(998,683)	-
3. Profit distribution to shareholders	-	-	-	-	-	-	(1,462,426)	(1,462,426)
(IV) balance carried forward	-	-	-	-	-	-	-	-
From owner's equity	649,965	-	(649,965)	-	-	-	-	-
1. capital increased from	-	-	-	-	-	-	-	-
From capital reserve	649,965	-	(649,965)	-	-	-	-	-
2. others	-	-	-	-	-	-	-	-
III. Balance at the end of the year	<u>3,899,794</u>	<u>4,824,691</u>	<u>9,949,664</u>	<u>1,303,830</u>	<u>3,181,124</u>	<u>5,053,309</u>	<u>16,710,764</u>	<u>44,923,176</u>

The Notes from page 160 to 278 are components of the Financial Statements

Bank of Ningbo Co., Ltd.
Statement of Changes in Shareholders' Equity (continued)
For The Year Ended 31 December 2015
Unit: CNY Thousand

2014

Item	Year 2014						Total
	Share Capital	Capital Reserve	Other comprehensive income	Surplus Reserve	General reserves	Undistributed Profits	
I. Balance at the beginning of year (restatement)_*	2,883,821	7,889,125	(726,261)	1,970,844	2,859,911	10,627,595	25,505,035
II. Increase/decrease	366,008	2,710,504	1,035,221	561,113	1,194,715	2,701,774	8,569,335
(I) Comprehensive income	-	-	1,035,221	-	-	5,611,130	6,646,351
(II) Increase/decrease of capital by shareholders	366,008	2,710,504	-	-	-	-	3,076,512
1. Shareholders' investment	366,008	2,710,504	-	-	-	-	3,076,512
2. Others	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	561,113	1,194,715	(2,909,356)	(1,153,528)
1. Appropriation to surplus reserve	-	-	-	561,113	-	(561,113)	-
2. Appropriation to general reserve	-	-	-	-	1,194,715	(1,194,715)	-
3. Profit distribution to shareholders	-	-	-	-	-	(1,153,528)	(1,153,528)
III. Balance at the end of the year	<u>3,249,829</u>	<u>10,599,629</u>	<u>308,960</u>	<u>2,531,957</u>	<u>4,054,626</u>	<u>13,329,369</u>	<u>34,074,370</u>

The Notes from page 160 to 278 are components of the Financial Statements

Bank of Ningbo Co., Ltd.
Cash Flow Statement
For The Year Ended 31 December 2015
Unit: CNY Thousand

	Note XIV	Year 2015	Year 2014
I. Cash flow from operating activities			
Net increase in deposits from customers		47,155,453	59,584,332
Net increase in borrowings from central bank		1,700,000	-
Cash received from interest, fees and commissions		21,648,610	19,868,113
Net increase in placements from Net increase in placements from		5,926,710	13,906,254
Net decrease of deposit in central bank and other financial institutions		7,742,535	-
Other cash received relating to operating activities		<u>393,750</u>	<u>223,572</u>
Sub-total of cash inflows from operating activities		<u>84,567,058</u>	<u>93,582,271</u>
Net increase in loans and advances		41,884,465	38,470,189
Net increase in balances with central banks and due from other banks		-	11,944,526
Net decrease of due from central bank		-	200,000
Cash paid for interest, fees and commission		12,155,895	13,128,817
Cash paid to and on behalf of employees		3,190,213	2,426,278
Taxes paid		2,743,229	2,412,657
Cash paid relating to other operating activities		<u>2,500,991</u>	<u>2,324,049</u>
Sub-total of cash outflow from operating activities		<u>62,474,793</u>	<u>70,906,516</u>
Net cash flow from operating activities	4	<u>22,092,265</u>	<u>22,675,755</u>
II. Cash flow from investing activities			
Cash received from investment		1,841,529,383	707,273,601
Cash received from returns on investment		15,065,209	10,277,215
Other cash received relating to investing activities		<u>1,510</u>	<u>17,045</u>
Sub-total of cash inflow from investing activities		<u>1,856,596,102</u>	<u>717,567,861</u>
Cash paid as investment		1,987,319,506	779,001,869
Cash paid for the purchase of fixed assets, intangible assets and other long-term assets		998,120	1,133,865
Cash paid for other activities related to investment		<u>67,264</u>	<u>-</u>
Sub-total of cash outflow from investing activities		<u>1,988,384,890</u>	<u>780,135,734</u>
Net cash flow from investing activities		<u>(131,788,788)</u>	<u>(62,567,873)</u>

The Notes from page 160 to 278 are components of the Financial Statements

Bank of Ningbo Co., Ltd.
Cash Flow Statement (continued)
For The Year Ended 31 December 2015
Unit: CNY Thousand

	Note XIV	Year 2015	Year 2014
III. Cash flow from financing activities			
Cash from investment absorbing		4,824,691	3,076,512
Cash from bonds issuing		<u>133,074,838</u>	<u>37,180,740</u>
Sub-total of cash inflow from financing activities		<u>137,899,529</u>	<u>40,257,252</u>
Cash for repayment of borrowings		39,680,741	5,000,000
Cash paid for distribution of dividends or profits, or cash payments for interests		<u>5,299,332</u>	<u>1,982,065</u>
Sub-total of cash outflow from financing activities		<u>44,980,073</u>	<u>6,982,065</u>
Net cash flow from financing activities		<u>92,919,456</u>	<u>33,275,187</u>
IV. Effect of foreign exchange rate changes on cash		<u>(77,099)</u>	<u>(11,504)</u>
V. Net increase in cash and cash equivalents of the year		<u>(16,854,166)</u>	<u>(6,628,435)</u>
Add: balance of cash and cash equivalents at the beginning of the year		<u>45,582,920</u>	<u>52,211,355</u>
VI. Balance of cash and cash equivalents at the end of the year		<u><u>28,728,754</u></u>	<u><u>45,582,920</u></u>

The Notes from page 160 to 278 are components of the Financial Statements

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements
For The Year Ended 31 December 2015
Unit: CNY Thousand

I. Group Profile

1. Company History

Bank of Ningbo Co., Ltd. (the "Bank"), which was previously known as Ningbo Commercial Bank, is a joint-stock commercial bank established on 31 March 1997 in accordance with "Notice on the Establishment of City Cooperative Banks" issued by State Council (G.F.[1995]No.25) and on the basis of document no. Y.F.(1997)136 by People's Bank of China. Originally named as "Ningbo City Cooperative Bank Co., Ltd.", it was changed to "Ningbo Commercial Bank Co., Ltd." on 2 June 1998, approved by People's Bank of China, Ningbo Branch. The Bank was renamed as "Bank of Ningbo Co., Ltd." on 13 February 2007 upon the approval of CBRC. On 19 July 2007, the Bank was listed on the Shenzhen Stock Exchange, with the stock code of 002142.

The Bank holds the No. 00498103 Financial Business Operation Permit, as approved by CBRC. The enterprise business license No. of the Bank is 91330200711192037M, as issued by Ningbo administrative bureau for industry and commerce.

The Bank is engaged in finance. Permitted business scope during the reporting period: absorption of deposits, short-term, medium-term and long-term loan business; domestic settlements; discounting; issuance of financial bonds; acting as distribution agent, payment agent, and underwriter of government bonds; trading government bonds; inter-bank borrowing (lending); bank cards; bank guarantee; payment/collection agent and insurance agent; providing safe deposit box service; consignment loan of local fiscal revolving funds; foreign currency deposit, loans and remittance; international settlements, foreign exchange settlement and sale; inter-bank foreign exchange borrowing (lending); acceptance and discount of negotiable instruments in foreign currencies; foreign currency guarantees, as well as other businesses as granted by CBRC, People's Bank of China and the National Foreign Exchange Authority.

The Bank domiciles in No. 700, Ningnan South Road, Ningbo, Zhejiang, China. The Bank operates within the People's Republic of China ("China").

2. Structure

By December 31, 2015, the Bank has established 11 branches and 20 primary

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sub-branches with its sales department of head office and sub-branch located in downtown, suburb and county (county-level city) of Ningbo, Zhejiang Province, and branches located in Shanghai, Hangzhou, Nanjing, Shenzhen, Suzhou, Wenzhou, Beijing, Wuxi, Jinhua, Shaoxing and Taizhou. The consolidation scope of consolidated financial statement is decided on the basis of control. For the changes of this year, see Note VI for reference.

This Financial Statement was submitted and approved by board of directors of the company on Apr 22, 2016. According to the constitution of the company, it will be submitted to the shareholders' meeting for approval.

Bank of Ningbo Co., Ltd.
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II. Critical Accounting Policies and Estimates

Basis for preparation

These financial statements have been prepared in accordance with "Accounting Standards for Business Enterprises-Basic Standards" and 38 detailed accounting principles issued by the Ministry of Finance of the People's Republic of China (the "Ministry of Finance") in February 2006, as well as other guidelines, explanations and regulations issued thereafter (collectively as "Accounting Standards for Business Enterprises").

These financial statements are prepared on the basis of sustainable operation.

The recording principle applies accrual basis and adopts historical cost for pricing except for derivative financial instruments, financial assets/liabilities at fair value through profit or loss and investment real estate. An impairment provision shall be correspondingly recorded in the event of impairment.

III. Critical Accounting Policies and Estimates

The company established its accounting policies and estimates according to the actual operating features, as detailed in the classification, confirmation and depreciation of financial assets, as well as in the confirmation of income.

1. Declaration of Compliance with Accounting Standards & Basis for Formulation

These financial statements comply with Accounting Standards for Business Enterprises and in all material respects truly and accurately present the financial position of the Bank on 31 December 2015 and operation outcomes and cash flow for 2015.

2. Accounting year

Calendar year from 1 January to 31 December.

3. Recording currency

CNY as recording currency for all financial statements and CNY Thousand as monetary unit otherwise specially instructed.

4. Business Combination

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Business combination refers to a transaction or event bringing together two or more separate enterprises into one reporting entity. Business combination are classified into the combinations under common control and the combinations not under common control.

Business Combination under the Common Control

Business combination under the common control is a kind of combination in which all of the combining enterprises are ultimately controlled by the same party or the same parties both before and after the business combination and on which the control is not temporary. In a business combination under the common control, the party which obtains the control of other combining enterprise(s) on the combining date is the combining party, the other combining enterprise(s) is (are) the combined party. The "combining date" refers to the date on which the combining party actually obtains the control on the combined party.

The assets and liabilities (including goodwill) that the combining party obtains in a business combination shall be measured on the basis of the carrying amount in the combined party on the combining date. As for the balance between the carrying amount of the net assets obtained by the combining party and the carrying amount of the consideration paid by it (or the total par value of the shares issued), the share premium in the additional paid-in capital and the transferred balance in the original system of the additional paid-in capital shall be adjusted. If it is not sufficient to be offset, the retained earnings shall be adjusted.

Business Combination under the Non-Common Control

A business combination under non-common control is a kind of combination in which the combining enterprises are not ultimately controlled by the same party or the same parties both before and after the business combination. In a business combination under the non-common control, the party which obtains the control on other combining enterprise(s) on the purchase date is the acquirer, and other combining enterprise(s) is (are) the acquiree. The "acquisition date" refers to the date on which the acquirer actually obtains the control on the acquired.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

4. Business Combination (continued)

Business Combination under the Non-Common Control (continued)

In a business combination under the non-common control, the identifiable assets, liabilities and the contingent liabilities obtained from the acquiree shall be measured by the fair value on the acquisition date.。

If the sum of the fair value of the paid balances (or the fair value of the issued equities securities) and the fair value of equity held by the acquiree before the acquisition date is larger than the fair value of the identifiable net assets obtained from the acquiree in the combination, the balance between them is defined as the business reputation. And the subsequent measurement shall be measured on the basis of its costs minus the accumulative impairment. If the sum of the fair value of the paid balances (or the fair value of the issued equities securities) and the fair value of equity held by the acquiree before the acquisition date is less than the fair value of the identifiable net assets obtained from the acquiree in the combination, then firstly a reexamination shall be conducted as for the measurement of the identifiable assets, liabilities and the contingent liabilities obtained from the acquiree, the fair value of the paid balances (or the fair value of the issued equities securities) and the fair value of equity held by the acquiree before the acquisition date. After the reexamination, if the sum of the fair value of the paid balances (or the fair value of the issued equities securities) and the fair value of equity held by the acquiree before the acquisition date is still less than the fair value of the identifiable net assets obtained from the acquiree in the combination, the balance between them shall be recorded into the profits and losses of the current period.

5. Consolidated Financial Statements

The consolidated category of the consolidated financial statements is on the basis of control, including the consolidated financial statements of the Company and all of its subsidiary companies up to 31 December, 2014. A subsidiary company refers to an enterprise or entity that is controlled by the Company.

While compiling the consolidated financial statements, the subsidiary companies shall adopt the same accounting period and accounting policies as the Company. All the assets, liabilities, equity, revenues, expenses and cash flows arising from transactions between the companies within the Group shall be completely eliminated on the consolidation

If losses of the current period for the minority shareholders in the subsidiary exceed the shareholders' equity enjoyed by them in the subsidiary at the

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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beginning period, the balance shall still offset the interests of the minority shareholders.

As for the subsidiary companies acquired from the business combination under the non-common control, the business results and cash flows of the acquiree shall be included in the consolidated financial statements since the day when the Group obtains the control until the Group terminates its control.

While compiling the consolidated financial statements, the financial statements of the subsidiary companies shall be adjusted on the basis of the fair value of its various identifiable assets, liabilities and the contingent liabilities that are confirmed on the acquisition date.

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Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

5. Consolidated Financial Statements (continued)

As for the subsidiary companies acquired from the business combination under the common control, the combined business results and cash flows shall be included in the consolidated financial statements since the beginning of the period of combination. While compiling and comparing the consolidated financial statements, the relevant programs of the earlier financial statements shall be adjusted. Together with the reporting entity after the combination, they shall always exist since the ultimate controlling party begins to implement its conduction of control.

In case one or more controlled factors changes due to changes of related facts and conditions, the Group will consider whether to control the invested party.

6. Cash and Cash Equivalents

Cash refers to the cash holdings and the deposits available for payments at anytime in the Group; cash equivalents refer to the short term and high liquidity investments held by the group that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash equivalents include the non-limiting balances in the Central Bank those with less than three months' original maturity date, due from other banks, loans to other banks, redemptory monetary capital for sale as well as bond investment that are readily convertible to known amounts of cash in short notice and which are subject to and insignificant risk of change in value, with less than three months' maturity from the date of acquisition.

7. Precious Metals

Precious metals include the gold and other precious metals. Non-transactional precious metals in the Group are measured by the cost at the time of acquisition. The subsequent measurement is calculated by the cost and the lower net realizable value. Precious metals obtained within the Group by the purpose of transaction shall be initially recognized by the fair value at the time of acquisition, and the subsequent measurement should be measured by the fair value on the day of balance sheet. The relevant changes shall be recorded into the profits and losses of the current period.

8. Foreign currency translation

transactions in foreign currencies are translated into CNY for recording.

Foreign currency transactions are translated into the recording currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the recording currency at the applicable the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are included in the income statement, with

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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the exception of differences on foreign currency borrowings for the purchase of assets subject to capitalization are recorded in the principle of capitalized borrowings. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates ruling at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the rate of exchange ruling at the date when the fair value was determined. Exchange differences arising from the translation are recognized in the income statement or under the item of other comprehensive income.

Foreign currency cash flow is translated into the recording currency by adopting the average exchange rate at the occurrence of cash flow. Effect of exchange rate changes on cash, as an adjustment item, is separately accounted in the statement of cash flow.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

9. Financial instruments

The term "financial instruments" refers to the contracts under which the financial assets of an enterprise are formed and the financial liability or right instruments of any other entity are formed.

Recognition and derecognition of financial instruments

The Group recognizes a financial asset or financial liability since it becomes a party to a financial instrument.

A financial asset satisfies any of the following requirements, it shall be derecognized:

- (1) where the rights to receive cash flows from the financial asset have expired;
or
- (2) where the rights to receive cash flows from the financial asset have been transferred, or where the obligations of paying all the collected cash flow to a third party are undertaken under "pass-through" agreements, and (a) all the risks and rewards of the ownership of this financial asset have been substantially transferred, or (b) even if all the risks and rewards of the ownership of this financial asset have neither been transferred nor retained substantially, the control of this financial asset is not retained.

In the event that the obligations of a financial liability are performed, cancelled or expire, it shall be derecognized. Where an existing financial liability is replaced with another financial liability and the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, or the stipulations of an existing financial liability are substantially revised, the original liability shall be derecognized and the liability of replaced or revised stipulations shall be recognized as a new financial liability. Differences arising hereby shall be recorded in the income statement.

For buying and selling of financial assets in conventional ways, the accountant made recognition and de-recognition according to trade date. Buying and selling of financial assets in conventional ways refers to receiving or paying financial assets within the specified period of laws, rules or common practices according to contract terms. Trade date refers to the date on which the financial assets bought or sold.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

9. Financial instruments (continued)

Classification and measurement of financial assets

The financial assets of the Group are classified into four categories at initial recognition: financial assets designated at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets. The Group classifies financial assets at initial recognition and measures financial assets at fair value. The costs of transaction shall be directly recorded in the income statement in the case of financial assets designated at fair value through profit or loss and attributable to the initially recognized amount in the case of other categories.

The calculation of financial assets shall be in accordance with its classification.

Financial assets designated at fair value through profit or loss

Financial assets designated at fair value through profit or loss has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

Financial assets are classified as held for trading if they satisfy any of following requirements: they are acquired for the purpose of selling in the near term; they are part of a portfolio of identified financial instruments that are managed together and there is evidence of recent actual pattern of short-term profit-making; they are derivatives unless they are designated and effective as hedging instruments, or financial guarantee contracts, or connected to the equity instrument for which there is no quotation in the active market and whose fair value can not be reliably measured and which must be settled by delivering the equity instrument. Financial assets held for trading are subsequently measured at fair value. All realized and unrealized profit and loss shall be recorded in the income statement. Interest and dividend revenues from financial assets designated at fair value through profit or loss shall be recorded alike.

Financial assets, which satisfy any of the following conditions, can be assigned as financial assets entered into income statement on its fair value

- (1) The assignment can eliminate or significantly reduce recognition or measurement inconsistencies of relevant gains or losses that would arise from different measurement bases of financial instruments.
- (2) It is specified in official written file of risk management or investment strategy that the financial instrument set is managed, evaluated and reported to key managers on the basis of fair value.
- (3) mixed financial instruments containing one or more embedded derivative

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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instruments, except the derivative instruments have no significant effect on the cash flow of the mixed instruments, or such derivative instruments shall not be separated from the mixed instruments.

(4) Mixed instruments containing embedded derivatives that need to be partitioned but is not able to be solely measured upon acquisition or on subsequent balance sheet date.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

9. Financial instruments (continued)

Classification and measurement of financial assets (continued)

Financial assets designated at fair value through profit or loss (continued)

Equity instrument investment that has no quoted price in an active market and whose fair value cannot be measured reliably shall not be assigned as financial asset entered into income statement on its fair value.

Financial assets classified as financial assets entered into income statement on its fair value by enterprise at the initial recognition shall not be reclassified as other financial assets; nor shall other financial assets be reclassified as financial assets entered into income statement on its fair value.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold until maturity. After initial measurement, held-to-maturity investments are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the income statement when the held-to-maturity investments are derecognized or impaired, as well as through the amortization process.

Loans and receivable

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the income statement when such assets are derecognized or impaired, as well as through the amortization process. Loans and receivable mainly include the issuing of loans and advance payment, receivables, as well as discount on notes.

Discount on notes refer to such funds used for the discount of premature notes. Discount on notes is calculated by the par value less the unrealized discount interest. The interest of discount of notes is confirmed by means of actual interest method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets which are

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designated at initial recognition or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are subsequently remeasured at fair value. Premiums and discounts on available-for-sale financial assets are amortized using the effective interest method and are taken as interest income or expense. Except for impairment loss and exchange rate differences rising from monetary financial assets in foreign currency, changes in fair value of available-for-sale financial assets are recognized as other comprehensive income in the item of capital reserve until the financial asset is derecognized or determined to be impaired at which time the cumulative gains or losses previously recorded in equity are transferred to the income statement. Interest and dividend revenues from available-for-sale financial assets are recorded in the income statement.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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II. Critical Accounting Policies and Estimates (continued)

9. Financial instruments (continued)

Classification and measurement of financial assets (continued)

Available-for-sale financial assets (continued)

Where the intention of holding or the ability to hold changes, or the fair value can not be reliably measured any more, or the term of holding has exceeded the restricted term for held-to-maturity investments (latest three accounting years including this year), which makes it no longer suitable to measure the financial asset at fair value, the Bank shall measure the said financial asset on the basis of amortized cost. Such amortized cost at the re-classification day shall be the fair value or carrying amount of the financial asset. Where such financial asset has a fixed date of maturity, the gains or losses that are related to the said financial asset and that are directly included in the owner's equity, together with the differences between the amortized cost and the amount at the maturity date, shall be amortized within the remaining period of the said financial asset using the effective interest method and recorded into the income statement. Where such financial asset does not have a fixed date of maturity, the gains or losses mentioned above shall remain in the owner's equity and recorded into the income statement when the said financial asset is transferred out at its disposal.

Classification and measurement of financial assets

The financial liabilities of the Group are classified at initial recognition as: financial liabilities designated at fair value through profit or loss, other financial liabilities. The Group classifies financial liabilities at initial recognition. The costs of transaction shall be directly recorded in the income statement in the case of financial liabilities designated at fair value through profit or loss and attributable to the initially recognized amount in the case of other liabilities.

Financial liabilities designated at fair value through profit or loss

Financial liabilities designated at fair value through profit or loss have two sub-categories: financial liabilities held for trading and those designated at fair value through profit or loss at inception. Financial liabilities are classified as held for trading if they satisfy any of following requirements: they are acquired for the purpose of repurchase in the near term; they are part of a portfolio of identified financial instruments that are managed together and there is evidence of recent actual pattern of short-term profit-making; they are derivatives unless they are designated and effective as hedging instruments, or

Bank of Ningbo Co., Ltd.
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financial guarantee contracts, or connected to the equity instrument for which there is no quotation in the active market and whose fair value can not be reliably measured and which must be settled by delivering the equity instrument. Financial liabilities held for trading are subsequently measured at fair value. All realized and unrealized profit and loss shall be recorded in the income statement.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

9. Financial instruments (continued)

Classification and measurement of financial liabilities (continued)

Financial assets, which satisfy any of the following conditions, can be assigned as financial assets entered into income statement on its fair value

- (1) The assignment can eliminate or significantly reduce recognition or measurement inconsistencies of relevant gains or losses that would arise from different measurement bases of financial instruments.
- (2) It is specified in official written file of risk management or investment strategy that the financial instrument set is managed, evaluated and reported to key managers on the basis of fair value.
- (3) mixed instruments containing one or more embedded derivative instruments, unless the embedded derivative instruments have no significant effect on the cash flow of the mixed instruments, or such derivative instruments shall not be separated from the mixed instruments.
- (4) Mixed instruments containing embedded derivatives that need to be partitioned but is not able to be solely measured upon acquisition or on subsequent balance sheet date.

Financial assets classified as financial assets entered into income statement on its fair value by enterprise at the initial recognition shall not be reclassified as other financial assets; nor shall other financial assets be reclassified as financial assets entered into income statement on its fair value.

According to the criteria mentioned above, the financial liability assigned by the group includes rights and interests of consolidated securities investment funds and assets management plan enjoyed by other investors other than the group.

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Offset of financial instrumen

After the following conditions are satisfied, financial assets and financial liabilities are listed in balance sheet as the net amount after offsetting each other: the financial assets and liabilities have the legal right to offset recognized amount and the legal right is currently executable; they are listed on their net amount, or the financial assets is realized with the financial liability being liquidated at the meanwhile.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

9. Financial instruments (continued)

Financial guarantee contracts

Financial guarantee contracts refer to contracts between the guarantor and the creditor under which the guarantor shall pay the debts or assume the responsibilities as agreed in case that the debtor fails to pay the debts. Financial guarantee contracts are initially recognized and measured at fair value. After initial recognition, financial guarantee liabilities are measured at the higher of the the best estimate of the expenditure required to settle the obligations, and initial fair value, less cumulative amortisation.

Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when their fair value is positive, or as liabilities when their fair value is negative. However, derivative financial instruments which are connected to the equity instrument for which there is no quotation in the active market and whose fair value can not be reliably measured and which must be settled by delivering the equity instrument shall be measured at cost.

Any gains or losses arising from changes in fair value of derivatives that do not qualify for hedge accounting are taken directly to the income statement

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

9. Financial instruments (continued)

Impairment of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence of impairment of financial assets as a result of one or more events that occur after the initial recognition of those assets and whether the loss events have an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated. Impairment provision shall be recorded if there is such evidence. Objective evidence to impairment of financial assets includes serious financial difficulties of distributor or debtor, debtor's breach of contract, such as default or late payment of interest or capital and so on, bankruptcy or financial restructure of debtor, and reduction and measurability of future cash flow predicted by public data.

Financial assets carried at amortized cost

Impairment loss for financial assets carried at amortized cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (determined at initial recognition) and making reference to the value of any relevant collaterals. The impairment loss is recorded in the income statement. With respect to floating interest rate, the discount rate shall be the current effective interest rate determined under the contract for calculating the present value of estimated future cash flows.

The Group first assesses whether objective evidence of impairment exists for financial assets that are individually significant. If it exists, impairment loss is determined and recorded in the income statement. Financial assets which are not individually significant or for which there is no evidence of impairment after individual assessment (whether individually significant or not) are included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

Future cash flows of a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the impact of current conditions that did not affect the period on which the historical loss experience is based and to eliminate the impact of historical conditions that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

9. Financial instruments (continued)

Impairment of financial assets (continue)

Financial assets carried at amortized cost (continued)

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be attributed objectively to an event occurring after the impairment, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the income statement, to the extent that the carrying value of the assets does not exceed its amortized cost at the reversal date.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on a financial asset, the amount of the impairment loss is measured as the difference between the carrying amount of that financial asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial assets

If objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss rising from the decrease of fair value is removed from other comprehensive income and recognized in the income statement, and is measured as the difference between the acquisition cost (net of any principle repayment and amortization) and the current fair value, less any impairment loss on that financial asset previously recognized in profit and loss statement.

Objective evidence to impairment of available-for-sale investment of equity instrument includes serious or non-transient decline of fair value. “Serious” shall be judged according to the degree that fair value is lower than cost while “non-transient” is determined according to the length of period that fair value is lower than cost. Should there be objective evidence to impairment, accumulated losses rolled out shall be the balance of acquisition cost less current fair value and impairment losses in profits and losses. Impairment loss of available-for-sale investment of equity instrument shall not be reversed through profits and losses. The increase of fair value incurred after impairment shall be directly recognized in other comprehensive income.

When defining “serious” or “non-transient”, the Group shall make judgment according to the degree or length of period that fair value is lower than cost , combined with other factors.

For available-for-sale investment of debt instrument, the impairment shall be

Bank of Ningbo Co., Ltd.
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evaluated in the same way as financial asset measured by amortized cost. However, the accumulated losses rolled out shall be the balance of amortized costs less current fair value and impairment losses recorded in profits and losses. Interest income after impairment shall be calculated and recognized as with the interest rate as according to the discount rate adopted in discounting future cash flow to determine impairment losses.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the income statement.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

9. Financial instruments (continued)

Transfer of financial assets

For financial assets with all the risk and profit of the ownership transferred to transferee, the group would terminate the confirmation of the financial assets. For financial assets with all the risk and profit of the ownership being retained, the group would not terminate the confirmation.

For financial assets that group has neither transferred nor retained all the risk and profit of the ownership, those will be treated as follows: in case the financial assets are not in control any more, the group will terminate the confirmation, and will confirm the assets and liabilities of it; in case the financial assets are still in control, it will be determined according to the related amount, with the related liabilities being confirmed as well.

10. Repurchase and reverse repurchase agreements

Reverse repurchase agreements refer to selling an asset at agreed price and on agreed date under the agreement signed when this asset was purchased. Repurchase agreements refer to repurchasing an asset at agreed price and on agreed date under the agreement signed when this asset was sold. For purchased assets to be resold, the purchase cost is recognized as lending and these assets are recognized as collaterals for lending. For sold assets to be repurchased, these assets are continuously reflected in the balance sheet and the revenues from selling these assets are recognized as liabilities.

Interest revenue from reverse repurchase agreements and interest expenditure from repurchase agreements are recognized as interest revenues and interest expenditures using the effective interest method during agreement term.

11. Long-term equity investments

Long-term equity investments refer to equity investments on subsidiaries, joint ventures and associated enterprises. Long-term equity investments are initially measured at initial investment cost at the time of acquisition.

The company adopted cost methods for invested enterprises that are controlled by the group. Control means that, the group, by using its right and participating in related activities of the invested enterprise, can get realizable profit; and can affect the profit amount by using certain right.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

11. Long-term equity investments (continued)

with the cost method, the price of long-term equity investments is measured at initial investment cost. If additional investments are made or investments are retrieved, the cost should be corrected accordingly. Cash dividends or profits which have been included in consideration and declared but not distributed, are recognized as current investment revenues. The difference between face value and actual transaction should be recorded in profit and loss statement.

12. Investment real estate

Investment real estate is held to generate rental income or earn capital gains or both.

Since there is an active trading market of real estate in the location of the investment real estate owned by the Group, and the Group is able to obtain the market prices of the identical or similar real estates and other relevant information from the trading market of real estate, so as to be able to estimate the fair value of the investment real estate, the fair value pattern is applied for the measurement of investment real estate.

Investment real estate is initially measured at cost. Where the economic benefits pertinent to this real estate are likely to flow into the Group and the cost of it can be reliably measured, the relevant follow-up expenses are included in the cost of investment real estate. Otherwise, it is recorded in the income statement. Investment real estate converted from a fixed asset is initially measured at fair value on the date of conversion. Differences are carried as capital reserve (other capital reserve) if the fair value is higher than the carrying value and recorded in the income statement on the contrary.

Thereafter, investment real estate is measured at fair value on each balance sheet date and changes on fair value are taken into the income statement.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

13. Fixed assets

Fixed assets are recognized when the related economic benefits are likely to flow into the Group and the cost can be measured reliably. If the above requirement is satisfied, the follow-up expenses involved are carried as cost of fixed assets and the carrying value of the replaced part is derecognized. Otherwise, the follow-up expenses are recorded in the income statement.

Fixed assets are initially measured at cost. The cost of a fixed asset comprises its purchase price, related taxes and any directly attributable costs for bringing the fixed asset to its present usable condition can be recorded as other expenses of the fixed assets.

Depreciation of fixed assets is calculated on the straight-line basis. The expected useful life, expected net salvage value and annual depreciation rate are as follows:

<u>Category</u>	<u>Expected Useful Life</u>	<u>Expected Net Salvage Value</u>	<u>Annual Depreciation Rate</u>
Housing & buildings	20 years	3%	4.85%
Transportation vehicles	5-10 years	3%	9.70%-19.40%
Electronic equipments	5 years	3%	19.40%
Machinery	5-10 years	3%	9.70%-19.40%
Decoration for Self-owned house	5 years	0%	20.00%

The expected useful life, expected net salvage value and annual depreciation rate of fixed assets are reviewed by the Group at least once at the end of each year.

14. Construction in progress

Cost of construction in progress is calculated at the actual expenditure, covering all necessary expenses for construction and related expenses during the period of construction.

Construction in progress is reclassified as fixed assets when completed and ready for use.

15. Intangible assets

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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Intangible assets are recognized at cost when the related economic benefits are likely to flow into the Group and the cost can be measured reliably.

The useful life of an intangible asset is determined based on economic benefits it brings to the Group.

Useful life of each intangible asset is as follows:

<u>Category</u>	<u>Useful Life</u>
Software	5 years
Land-use rights	40 years
Membership right	10 years

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

15. Intangible assets (continued)

Land-use rights acquired by purchase or payment of land-transferring fees by the Group are calculated as intangible assets. Payments for purchased land or buildings are allocated between the land-use rights and buildings. If it is difficult to allocate, the entire payments are included in the cost of fixed assets.

Intangible assets with limited useful life are amortized using the straight-line basis over the period of using. The useful life and amortization of above intangible assets shall be reviewed and adjusted if necessary by the Group at least once at the year end.

16. Long-term deferred expenses

Long-term deferred expenses refer to all expenses which have been paid with an amortization period over 1 year (excluding 1 year).

The fixed assets rented for operation will be amortized over the rent period.

Lease expenses are incurred as the Group rented a fixed asset by operating lease and equally amortized it over contract term.

The Group has purchased lump-sum complementary endowment for employees which are amortized in the income statement accordingly during employment.

Amortization period for other long-term deferred expenses are equally amortized and determined by the contract or at the shorter of the contract period and the benefit period.

In the case that the long-term deferred expenses are not beneficial for following accounting years, the amortization value for unamortized items are transferred to the income statement.

17. Debt assets

Debt assets are initially recognized at fair value. Differences arising from the fair value and the sum of related loan principal, confirmed interest and impairment provision are charged into the income statements. Debt assets are subsequently measured at the lower of the carrying value and the recoverable amount.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

18. Impairment of assets

Except for investment real estate, deferred income tax and financial assets, impairment for other assets shall be determined as follows:

The Group assesses at each date of balance sheet whether there is any evidence that an asset may be impaired. If any such evidence exists, the Group would make an estimate of the asset's recoverable amount and performs impairment assessment. An impairment assessment is carried out at least once at end of the year, on goodwill arising from corporate combination and intangible assets with uncertain useful life, regardless of the evidence of impairment. The annual impairment assessment is also required for intangible assets which have not been ready for use.

An asset's recoverable amount is the higher of its fair value less net amount after disposal and the present value of expected future cash flow. The recoverable amount is estimated on the basis of an individual asset or on the basis of a group of financial assets which such asset belongs to if its recoverable amount is unable to be estimated on individual asset basis. A group of financial assets is recognized by determining whether the Critical cash flows arising from such group are independent from those on other asset or group of assets.

Where the carrying amount of an asset or a group of assets exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. Impairment losses are recognized in the income statement and an impairment provision is recorded.

The above impairment losses, once recognized, will not be reversed in the following accounting years.

19. Contingent liabilities

A contingent liability is a potential obligation that arises from past transactions or events and whose existence would only be confirmed by the occurrence or non-occurrence of one or more uncertain future events. It can also be a present obligation arising from past transactions or events that is not recognized because it is unlikely to give rise to an outflow of economic resources or the amount under such obligation cannot be measured reliably.

20. Anticipated liabilities

The Group recognizes anticipated liabilities when obligations related to contingencies satisfy all following requirements:

- 1) present obligations undertaken by the Group;
- 2) the performance of obligations is likely to result in an outflow of economic resources;
- 3) the amount under obligations can be measured reliably.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

20. Anticipated liabilities (continued)

Anticipated liabilities are initially measured based on the best expenditure estimates for the implementation of present obligations, considering risks, uncertainty and time value of money pertinent to contingencies. The carrying value of participated liabilities are reviewed at the date of balance sheet. If there is substantial evidences showing that the carrying value can not reflect the best estimates, such carrying value shall be adjusted based on the present best estimates.

21. Share-based payment

The share-based payment can further divided into 2 kinds: the equity-settled share-based payment and the cash-settled share-based payment. Under the equity-settled share-based payment, the group obtain service through its equity or other equity tools.

The equity-settled share-based payment is measured by the fair value of the equity authorized to the employee. In case it can be executed after authorization, it shall enter into the cost or fees by it fair value upon the authorization day, with the capital reserve being increased; in case it shall be executed after certain services or performances is achieved, then, on every balance date in the pending period, the services obtained in the current period shall, based on the best estimate of the number of vested equity instruments, be included in the relevant costs or expenses and the capital reserves at the fair value of the equities instruments on the date of granted.

During this period, the costs or expenses of the equity-settled share-based payment shall be confirmed, with the capital reserve being increased. The best evaluation on the mature part of the equity-settled share-based payment and the final amount of the vesting equity instruments shall be made on the balance day prior to the executing day

For the share-based payment that are not exercised, and the costs or expenses are not confirmed, no matter whether the market condition or unexercised condition is met, it can be exercised if the other performance condition and/or the service condition is achieved. If the article related to the equity-settled share-based payment is amended, the service shall be confirmed at least according to the original article. Moreover, any change related to the increase of fair value of the granted equity instruments or any change on behalf of the employees shall result in the increased of the services obtained.

In case the equity-settled share-based payment is cancelled, the execution shall be accelerated upon the date of cancellation, and the unconfirmed amount shall be confirmed at once. For any non-vesting condition that can be selected by the employees or other parties but not achieved during the pending period, it will be recognized as the cancellation of the equity-settled share-based

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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payment. However, if new equity instruments is granted, and in case it is confirmed that the new equity instruments will be used to replace the cancelled equity instrument on the granted date, then the new equity instrument shall be treated as the same as the former one.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

21. Share-based payment (continued)

A cash-settled share-based payment instruments shall be measured in accordance with the fair value of the liabilities calculated and confirmed based on the shares or other equity instruments undertaken by the group. The fair value on the granting day shall be used as the initial value, by taking into consideration the articles and conditions of the granted equity instrument. As to a cash-settled share-based payment, if the right may exercised immediately after the grant, the fair value of the liabilities undertaken by the group shall, on the date of grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly; if the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liabilities undertaken by the group. The fair value of the liabilities shall be re-measured on each balance and settlement day prior to the final settlement of such liabilities, with its change enter in into the current income statement.

22. Fiduciary activities

Where the Group acts in a fiduciary capacity such as assignee, custodian or agent, assets arising thereon together with related undertakings to return such assets to customers are excluded from the balance sheet.

In fund custody, the Group, as approved by related authorities, acts as the trustee to carry out related business in accordance with the contract with client, as well as laws and regulations. The Group undertakes its obligations and charge accordingly on the basis of the custody contract, but it does not undertake the obligation for any risk and income arising from such custody. Therefore, it attributes to the off-balance item.

The Group grants entrusted loans on behalf of third-party lenders who fund these loans (entrusted deposits) and in accordance with terms covering loan object, application, amount, period and interest rate determined by the third-party lenders. The Group has been contracted by those third-party lenders to manage the administration and collection of these loans on their behalf. All the risks are borne by the third-party lenders. The Group only charges a commission.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

23. Principle and methods for income confirmation

Interest income and expense

Interest income or expense is recorded at the time of occurrence using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument, including any fees or incremental costs that are an integral part of the effective interest rate except for future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as an interest income or expense.

Fee and commission income

Fee and commission income are recognized on accrual basis after services are provided and received payments are reasonably estimated.

Dividend income

Dividend income is recognized when the Group's right to receive payment has been established.

Rental income

Rental income from investment real estate related to operating leases are charged to the income statement on the straight-line basis over the lease terms.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

24. Employee remuneration

Employee remuneration refers to all forms of remuneration or compensatory payment paid by the Group to employees for their service or termination of labor relationship. Employee compensation mainly includes short-term remuneration and welfare after departure. Other welfares the Group provides to spouse, children, dependents, members of deceased's family and other beneficiaries, etc of employees shall also be regarded as employee compensation.

Short-term remuneration

During the accounting period when employees provide services, short-term remuneration incurred shall be regarded as liability and is calculated into current profits and losses or relevant asset cost.

Welfare and Defined Contribution Plans after Departure

The endowment of the Group's employees are managed by local government, corresponding expenditures incurred shall be regarded as relevant asset cost or current profits and losses.

25. Income tax

Income tax comprises current income tax and deferred income tax. Income tax is recognized in the income statement except to the extent that it relates to transactions or events recognized directly in equity, in which case it is recognized in equity.

Current income tax is the expected tax payable on the taxable income for the year, calculated using tax rates enacted and any adjustment to pre-tax accounting profit.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities and the amount attributed to such assets and liabilities for tax purposes in the balance sheet, and also on temporary differences between the carrying amounts and the tax bases of those which are not recognized as assets and liabilities, but whose tax bases are determined in accordance with tax laws.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

25. Income taxes (continued)

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- (1) that are generated in the following trade: the deferred income tax liabilities occurred at the initial recognition of goodwill, or at the initial recognition of assets or liabilities arising from transactions with the following characteristics: the transaction is not a business combination, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses.
- (2) for the taxable temporary differences relevant to the investment of subsidiary companies, joint ventures and associates, the reversed time can be controllable and the temporary differences are unlikely to be reversed in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- (1) the deferred income tax asset, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses.
- (2) the deferred income tax asset is recognized for the deductible temporary differences relevant to the investment of subsidiary companies, joint ventures and associates, which at the same time meet the following conditions: it is probable that the temporary differences will be reversed in the foreseeable future and the taxable profit will be available against the deductible temporary differences.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date and reflecting the corresponding tax effect.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. When it is virtually probable that sufficient taxable income will be available, the reduced amount can be reversed accordingly.

In the case of the legal right of calculating the current income tax assets and the current income tax liabilities as net value, and the deferred income tax involving the same taxpayer and the same tax department, the deferred income tax assets and the deferred income tax liabilities shall be recorded as net value after offset.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

26. Leases

Leases which transfer substantially all the risks and rewards associated with ownership of the assets are classified as finance leases. All leases other than finance leases are classified as operating leases.

As a lessee under an operating lease,

rental expenses are charged in related cost or in the income statement on a straight-line basis over the periods of the lease and contingent rental is taken into the income statement when actually incurred.

As a lessor under an operating lease,

Rental income is recognized in the income statement on a straight-line basis over the periods of the lease and contingent rental is taken into the income statement when actually incurred.

27. Fair Value Measurement

On each balance sheet date, the Group measures investment real estate and derivative financial instrument by fair value. Fair value, occurring in orderly transaction on measurement date, refers to the payment the market participant receives when an asset is sold, or the amount paid when a liability is transferred. In the case that asset selling or liability transference is dealt with in staple market of relevant assets or liabilities, the Group measures relevant assets or liabilities by fair value; for the cases where there is no staple market, the Group assumes that the transaction is dealt with in the most advantageous market of relevant assets or liabilities. Staple market (or the most advantageous market) is the trading market the Group can enter on measurement date. The Group adopts the same assumption that the market participant uses to maximize its economic benefit when pricing the assets or liabilities.

For non-financial assets measured by fair value, the capability for the market participant to best use the assets to generate economic benefit, or the capability for the market participant to sell the assets to other market participant to best use the assets to generate economic benefit is considered.

The Group adopts applicable valuation technique supported by adequate data and other information available, prioritizing relevant observable input value. Only when observable input value is unable or infeasible to be obtained, can unobservable input value be adopted.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

27. Measurement of Fair Value (Continued)

In financial statement, assets or liabilities measured or disclosed by fair value are leveled according to the input value of the lowest level with significance for overall fair value measurement: input value of the first level is the unadjusted quoted price of the same assets or liabilities available in active market on measurement date; input value of the second level is the directly or indirectly observable input value of relevant assets or liabilities apart from input value of the first level; input value of the third level is the unobservable input value of relevant assets or liabilities.

On each balance sheet date, the Group reevaluates the assets or liabilities continuing to be measured by fair value recognized in financial statement, to confirm that whether there is any shift between different levels of fair value measurement.

28. Related parties

When financial or operating decisions are made, a party is considered to be related to another party if the party, directly or indirectly controls or jointly controls the other party, or gives its significant influence over the other party, and two or more parties are considered to be related if they are controlled by, jointly controlled by or significantly affected by one party.

Related parties to a company are as follows:

- 1) parent company;
- 2) subsidiaries;
- 3) other entities controlled by the same parent company;
- 4) investors which have joint control;
- 5) investors which give significant influence;
- 6) joint ventures;
- 7) associated companies;
- 8) key investors and close members of their families;
- 9) key management personnel of the company or its parent company, and their close family members;
- 10) other entities that are controlled, jointly controlled or significantly influenced directly or indirectly by key investors, key management personnel or their close family members.

Entities which are only controlled by the government without any other relations with other companies are not the related parties of the Group

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Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

29. Significant accounting judgements and estimates

As required for the preparation of financial statements, the management makes judgements estimates and assumption that would affect reporting amounts of income, expense, assets and liabilities as well as the disclosure of contingent liabilities at the balance sheet date. However, the uncertainty of these estimates may result in significant adjustments on the carrying amount of affected future assets and liabilities

Judgements

The management makes following adjustments which have significant effects on recognized amounts in the financial statements when applying accounting policies of the Group:

Classification of financial assets

The management have to make significant adjustments on the classification of financial assets which would affect accounting methods and financial position of the Bank.

Merge of Structured Bodies

For the structure bodies involved in the daily operation, the group shall judge whether it is in control of such structure bodies, and whether to include it into the consolidated financial statements. In judging whether in control of such structured bodies, the group shall take into consideration the right, realizable return and their connection directly or indirectly obtained through the subsidiaries (including the controlled structured bodies).

The realizable return obtained by the group through the structured bodies includes the management fees and performance compensation, other kinds of interests, such as direct investment income, income and potential losses by providing credit upgrading of liquidity support, as well as realizable return from transaction with structured bodies. In judging whether in control of the structured bodies, the group shall not only consider the laws, regulations and arrangement according to the contract, but also other possible losses that the group may suffer from the structured bodies.

The group shall re-evaluate whether it is in control of the structured bodies when there's any change in related facts or conditions that may result in the change of concept of control.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

29. Significant accounting judgements and estimates)continued)

Uncertainty of accounting estimates (continued)

Impairment of available-for-sale financial assets

The Group classifies some assets as available-for-sale assets and records their changes on fair value into the shareholders' equity. Where the fair value declines, the management makes assumptions to determine whether impairment losses shall be recognized in the income statement.

Impairment of non-current assets except the financial assets

The Group assesses whether there is any evidence of impairment in non-current assets except the financial assets. If there is any evidence showing the carrying amount of a non-current asset except for financial assets is unrecoverable, an impairment assessment would be carried out. The management has to estimate the expected future cash flow of the asset or the asset group to determine the present value of the expected future cash flow using the appropriate discount rate.

Fair value of financial instruments

If the market for a financial instrument is not active, the Group establishes fair value by using a valuation technique. Valuation techniques include using the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. To the extent practicable, valuation technique makes maximum use of market inputs. However, where market inputs are not available, management needs to make estimates on credit risk, market fluctuation and pertinency of the Group and its counterparties. Changes on these assumptions would affect the fair value of financial instruments.

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Notes to the Financial Statements (continued)
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III. Critical Accounting Policies and Estimates (continued)

29. Significant accounting judgements and estimates)continued)

Uncertainty of accounting estimates (continued)

Deferred income tax assets

For all deductible losses which have not been utilized, deferred income tax assets are recognized to the extent that it is probable that the sufficient taxable income is available to cover the deductible losses. This requires significant amount of estimation on the acquisition time and amount of future taxable income with the tax payment strategy, to determine the amount of deferred income tax assets to be recognized.

IV. Taxation

The group principal taxes and their tax rates are listed as below:

<u>Category</u>	<u>Tax basis</u>	<u>Rate</u>
VAT	Taxable interests income(note1)	17%
Business tax	Business income (note 2)	5%
Construction tax	Business income	5%-7%
Educational surcharges	Business income	5%
Business income tax	Taxable income	25%

Note 1 The Maxwealth Leasing Co., Ltd. under the group is the general taxpayer of VAT, it adopts 17% as the tax rate for its output tax, and pays the VAT after deducted the input tax of the same period.

Note 2: business income originates from loan interest, transfer of financial products, fees and commissions and other businesses except for inter-bank income.

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V. Notes to Items in the Consolidated Financial Statements

1. Cash and balances with central banks

	Dec 31, 2015	Dec 31, 2014
Cash on hand	1,201,025	1,568,875
Statutory deposit reserve in the central bank	54,392,803	53,039,354
Foreign exchange risk reserve In the central bank	173,376	-
Provision in the central bank	9,762,460	15,928,301
Public Finance-cash In Bank in the central banks	<u>659,776</u>	<u>417,408</u>
	<u><u>66,189,440</u></u>	<u><u>70,953,938</u></u>

By 31 December 2015, the group's statutory deposit reserve in the central bank is calculated according to the regulations of the people's bank of China that yuan renminbi reserve balances shall be no less than 15% of the RMB deposit at the end of the early month (31 Dec. 2014: 17.5%). While those denominated in foreign currencies was 5% (31 Dec. 2014: 5%) of the previous month regulated by the People's Bank of China. From Oct 2015, according to the requirement by the People's Bank of China, the group deposit the foreign exchange risk reserve on a monthly basis. 20% of the forward exchange contract amount of the preceding month is deposited as the foreign exchange risk reserve.

2. Due from other banks

	Dec 31, 2015	Dec 31, 2014
Due from domestic banks	11,502,679	28,778,562
Due from other domestic Financial institutions	657,274	479,927
Due from foreign banks	<u>2,040,217</u>	<u>1,189,305</u>
	14,200,170	30,447,794
Provision for depreciation(note V. 19)	<u>(194)</u>	<u>(194)</u>
	<u><u>14,199,976</u></u>	<u><u>30,447,600</u></u>

3. Noble metal

	Dec 31, 2015	Dec 31, 2014
Noble metal - gold	<u><u>1,540,475</u></u>	<u><u>-</u></u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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V. Notes to Items in the Consolidated Financial Statements (continued)

4. Loans to other banks

	Dec 31, 2015	Dec 31, 2014
Banks	493,506	266,686
Other financial institutions	<u>887,637</u>	<u>2,599,910</u>
	<u>1,381,143</u>	<u>2,866,596</u>

5. Financial assets measured by fair value and enter the current income statement

	Dec 31, 2015	Dec 31, 2014
<i>Trading financial assets</i>		
Debt instrument		
Government bonds	1,167,923	1,214,949
Policy financial bonds	4,037,613	5,708,649
Deposit from other banks	1,091,756	-
Corporate bonds	455,917	1,844,969
Equity instrument		
Capital investment	181,376	-
Stock investment	60,360	84,012
Wealth Management	42,946	-
<i>For Financial assets measured by fair value and enter the current profit and loss statement</i>		
Equity instruments	<u>2,000</u>	<u>26,400</u>
	<u>7,039,891</u>	<u>8,878,979</u>

6. Derivative financial instruments

Nominal amount and fair value of derivative financial instruments held by the Bank as follows:

	Dec 31, 2015		
	Nominal amount	Fair value	
	Assets	Liabilities	
Currency forward	9,085,218	139,241	(31,211)
Currency swap	268,942,352	2,237,256	(2,244,235)
Interest rate swap	649,138,064	922,607	(993,116)
Currency exchange	640,203	3,756	(24,027)
Option	4,801,268	188,631	(62,707)
Nobel metal forward/swap	<u>16,474,917</u>	<u>46,073</u>	
-			
	<u>949,082,022</u>	<u>3,537,564</u>	<u>(3,355,296)</u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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V. Notes to Items in the Consolidated Financial Statements (continued)

6. Derivative financial instruments (continued)

	Nominal amount	Dec 31, 2014	
		Fair value	
		Assets	Liabilities
Currency forward	15,740,563	139,832	(30,776)
Currency swap	165,780,139	744,101	(810,252)
Interest rate swap	230,561,606	244,848	(349,760)
Currency exchange	147,036	-	(1,914)
Option	2,344,628	164,359	(110,786)
	<u>414,573,972</u>	<u>1,293,140</u>	<u>(1,303,488)</u>

The nominal amount is reflected in a full amount and represents the amount of the underlying asset or reference index of derivatives, which is the basis of measuring changes in fair value of the derivative financial instruments.. The nominal amount can reflect the risk exposures not settled to the end of the year, but it can not directly reflect the market or credit risk.

7. Buying back the sale of financial assets

	Dec 31, 2015	Dec 31, 2014
Classified by pledges:		
Bonds	10,980,600	17,023,001
Lease payments receivable	-	56,000
	<u>10,980,600</u>	<u>17,079,001</u>
Classified by counter party:		
Banks	10,980,000	17,023,001
Other financial institutions	600	56,000
	<u>10,980,600</u>	<u>17,079,001</u>

8. Interest receivable

2015	Amount	Proportion	bad debt provision	Net value
Interest receivable on bond	1,744,310	63.08%	-	1,744,310
Interest receivable on due from financial institutions	254,648	9.21%	-	254,648
Interest receivable on loans	630,023	22.78%	-	630,023
Interest receivable on swap	122,923	4.45%	-	122,923
Other interest receivables	13,241	0.48%	-	13,241
	<u>2,765,145</u>	<u>100.00%</u>	<u>-</u>	<u>2,765,145</u>

Bank of Ningbo Co., Ltd.
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V. Notes to Items in the Consolidated Financial Statements (continued)

8. Interest receivable

2014	Amount	Proportion	bad debt provision	Net value
Interest receivable on bond	1,419,726	47.09%	-	1,419,726
Interest receivable on due from financial institutions	812,803	26.96%	-	812,803
Interest receivable on loans	591,659	19.62%	-	591,659
Interest receivable on swap	121,691	4.04%	-	121,691
Other interest receivables	<u>69,168</u>	<u>2.29%</u>	<u>-</u>	<u>69,168</u>
	<u>3,015,047</u>	<u>100.00%</u>	<u>-</u>	<u>3,015,047</u>

9. Loans and advance payments

9.1. Classified by corporation and individual

	Dec 31, 2015	Dec 31, 2014
Individual loans and advances		
Individual consumption loan	80,282,796	66,652,085
Individual operating loan	3,416,714	4,492,093
Individual housing loan	<u>1,502,438</u>	<u>1,591,171</u>
Total individual loans and advance	85,201,948	72,735,349
Less: allowance for impairment losses for individual	<u>(1,091,786)</u>	<u>(743,749)</u>
	84,110,162	71,991,600
Corporate loans and advances		
Loan	137,630,122	123,301,697
Discount	28,633,924	9,522,435
Trade finance	<u>4,222,586</u>	<u>4,502,701</u>
Total corporate loan and advance	170,486,632	137,326,833
Less: impairment provision for corporate	<u>(6,197,689)</u>	<u>(4,568,555)</u>
	164,288,943	132,758,278
Net value of corporate loan and advance	<u>248,399,105</u>	<u>204,749,878</u>

See Note XI/3.1 for loans of shareholders with 5% or more than 5% shareholding.

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V. Notes to Items in the Consolidated Financial Statements (continued)

9. Loans and advance payments (continued)

9.2. Classification of guarantees for loans and advance payments

	Dec 31, 2015	Dec 31, 2014
Credit	78,113,812	60,609,001
Guarantee	68,687,701	56,585,732
Mortgage	76,565,130	77,827,511
Pledge	<u>32,321,937</u>	<u>15,039,938</u>
Total	255,688,580	210,062,182
Less: impairment provision	<u>(7,289,475)</u>	<u>(5,312,304)</u>
Net value of loans and advances	<u>248,399,105</u>	<u>204,749,878</u>

9.3. Overdue loans

	Dec 31, 2015				Total
	1-90 days (included)	90-360 days (included)	360 days to 3 years (included)	over 3 years	
Credit	190,415	227,942	86,454	15,914	520,725
Guarantee	477,694	440,164	301,459	-	1,219,317
Mortgage/pledge	<u>986,423</u>	<u>1,201,231</u>	<u>488,183</u>	<u>12,827</u>	<u>2,688,664</u>
	<u>1,654,532</u>	<u>1,869,337</u>	<u>876,096</u>	<u>28,741</u>	<u>4,428,706</u>
	Dec 31, 2014				Total
	1-90 days (included)	90-360 days (included)	360 days to 3 years (included)	over 3 years	
Credit	340,903	119,968	269,542	3,472	733,885
Guarantee	895,231	614,383	110,138	1,198	1,620,950
Mortgage/pledge	<u>704,137</u>	<u>618,515</u>	<u>370,714</u>	<u>13,567</u>	<u>1,706,933</u>
	<u>1,940,271</u>	<u>1,352,866</u>	<u>750,394</u>	<u>18,237</u>	<u>4,061,768</u>

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V. Notes to Items in the Consolidated Financial Statements (continued)

9. Loans and advance payments (continued)

9.4 Allowance for impairment losses

	Dec 31, 2015		
	Individual item	Portfolio	Total
Balance at the beginning of the year	785,665	4,526,639	5,312,304
Drawing in the year	1,531,507	2,304,105	3,835,612
Write-off	(1,503,016)	(424,857)	(1,927,873)
Transfer in	123,136	14,044	137,180
<i>Including: received from loans for sale and reconciliation from advance payment</i>	<i>123,136</i>	<i>14,044</i>	<i>137,180</i>
Transfer in of back of depreciated loan interest	(37,438)	(30,310)	(67,748)
Balance at the end of the year	<u>899,854</u>	<u>6,389,621</u>	<u>7,289,475</u>
	Dec 31, 2014		
	Individual item	Portfolio	Total
Balance at the beginning of the year	643,302	3,244,194	3,887,496
Drawing in the year	1,087,207	1,332,943	2,420,150
Write-off	(903,537)	(79,608)	(983,145)
Transfer in	-	29,110	29,110
<i>Including: received from loans for sale and reconciliation from advance payment</i>	<i>-</i>	<i>29,110</i>	<i>29,110</i>
Transfer in of back of depreciated loan interest	(41,307)	-	(41,307)
Balance at the end of the year	<u>785,665</u>	<u>4,526,639</u>	<u>5,312,304</u>

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V. Notes to Items in the Consolidated Financial Statements (continued)

10. Available-for-sale financial assets

	Dec 31, 2015	Dec 31, 2014
Available for sale debt instrument		
Measured by fair value		
Government bond	55,645,711	38,241,116
Policy based financial bond	1,805,663	2,754,315
Corporate bond	4,528,136	3,625,969
Due from other banks	5,643,419	3,586,260
Other financial bonds	<u>1,426,688</u>	<u>667,435</u>
Equity instrument available for sale		
Measured by fair value		
Financing products and credit plan	162,545,101	71,220,681
Capital investment	<u>17,649,973</u>	<u>-</u>
Measured by cost		
Stock right investment	<u>13,250</u>	<u>13,250</u>
	<u>249,257,941</u>	<u>120,109,026</u>

Available for sale financial assets measured by fair value:

	2015		
	Available for sale Equity instrument	Available for sale debt instrument	Total
Equity instrument cost/debt instrument			
amortized cost	180,143,189	67,377,149	247,520,338
Fair value	180,195,074	69,049,617	249,244,691
Total fair value changes enter into other			
Comprehensive income	<u>51,885</u>	<u>1,672,468</u>	<u>1,724,353</u>
	2014		
	Available for sale Equity instrument	Available for sale debt instrument	Total
Equity instrument cost/debt instrument			
amortized cost	71,220,455	48,489,436	119,709,891
Fair value	71,220,681	48,875,095	120,095,776
Total fair value changes enter into other			
Comprehensive income	<u>226</u>	<u>385,659</u>	<u>385,885</u>

Bank of Ningbo Co., Ltd.
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V. Notes to Items in the Consolidated Financial Statements (continued)

10. Available-for-sale financial assets (continued)

Available for sale financial assets measured by cost

2015

	<u>Account balance</u>		<u>Impairment</u>	shareholding propor	2015	
	Year begin	year end	year begin			year end (%)cash dividend
China Union Co., Ltd.	13,000	13,000	-	-	0.34	550
Clearing Center for City Commercial Bank	<u>250</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>0.83</u>	<u>-</u>
	<u>13,250</u>	<u>13,250</u>	<u>-</u>	<u>-</u>		<u>550</u>

2014

	<u>Account balance</u>		<u>Impairment</u>	shareholding propor	2015	
	Year begin	year end	year begin			year end (%)cash dividend
China Union Co., Ltd.	13,000	13,000	-	-	0.34	450
Clearing Center for City Commercial Bank	<u>250</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>0.83</u>	<u>-</u>
	<u>13,250</u>	<u>13,250</u>	<u>-</u>	<u>-</u>		<u>450</u>

Details of pledges in available-for-sale investments as follows

Dec 31, 2015

Pledge assets	Book value	Pledge purpose	Pledge amount	Date of maturity
		Repurchase agreement		Jan 4, 2016
Available-for-sale investment - bond	34,024,919	bonds	33,664,199	-Jun 3, 2016

Dec 31, 2014

Pledge assets	Book value	Pledge purpose	Pledge amount	Date of maturity
		Repurchase agreement		Jan 4, 2015
Available-for-sale investment -bond	23,860,000	bonds	21,408,970	-Mar 23, 2015

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V. Notes to Items in the Consolidated Financial Statements (continued)

11. Held-to-maturity investments

	Dec 31, 2015	Dec 31, 2014
Government bond	32,159,130	16,359,536
Bond of other financial institution	<u>512,382</u>	<u>209,565</u>
Total	<u><u>32,671,512</u></u>	<u><u>16,569,101</u></u>

Details of pledges in held-to-maturity investments as follows:

Dec 31, 2015

Pledge assets	Book value	Pledge purpose	Pledge amount	Date of maturity
		Repurchase agreement		Jan 4, 2016
Available-for-sale investment – government bond	11,765,081	Bonds	11,625,801	-Jun 3, 2016

Dec 31, 2014

Pledge assets	Book value	Pledge purpose	Pledge amount	Date of maturity
		Repurchase agreement		Jan 4, 2015
Available-for-sale investment – government bond	4,420,000	Bonds	4,371,710	-Mar 11, 2015

12. Account receivable held for investments

	Dec 31, 2015	Dec 31, 2014
Government bond	10,637	49,088
Bond of other financial institution	1,000,000	1,000,000
Financing products, assets management plan and trusted plan	<u>70,415,740</u>	<u>70,755,756</u>
	71,426,377	71,804,844
Depreciation reserves (Note V.19)	<u>(195,245)</u>	<u>(250,000)</u>
	<u><u>71,231,132</u></u>	<u><u>71,554,844</u></u>

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V. Notes to Items in the Consolidated Financial Statements (continued)

13. Investing real estate

Continuing measurement on fair value:

Houses and buildings	2015	2014
Balance at the beginning of the year	16,596	16,609
Increase of the year	-	-
Decrease of the year	-	-
Fair value change	<u>(37)</u>	<u>(13)</u>
Balance at the end of year	<u><u>16,559</u></u>	<u><u>16,596</u></u>

City where the Group is located has flourishing real estate market, which can provide market price or other related information to the external real estate evaluators so that the fair value of investment real estate can be appropriately evaluated.

14. Fixed assets

2015	house and construction	transportation Tool	Electronic Equipment	Machinery equipment	Decoration for self-owned house	Total
Original price:						
31 Dec. 2014	3,556,791	132,773	634,910	79,793	174,247	4,578,514
Purchase	41,169	24,133	126,605	12,172	18,671	222,750
transfer from construction in progress	175,364	-	-	-	4,296	179,660
Write-off	<u>(780)</u>	<u>(8,008)</u>	<u>(22,691)</u>	<u>(1,455)</u>	<u>-</u>	<u>(32,934)</u>
Dec 31, 2015	<u><u>3,772,544</u></u>	<u><u>148,898</u></u>	<u><u>738,824</u></u>	<u><u>90,510</u></u>	<u><u>197,214</u></u>	<u><u>4,947,990</u></u>
Accumulated depreciation						
31 Dec. 2014	643,045	81,604	336,321	44,683	116,037	1,221,690
Drawing	185,477	17,019	102,559	10,918	16,409	332,382
Write-off	<u>(61)</u>	<u>(7,676)</u>	<u>(21,999)</u>	<u>(1,409)</u>	<u>-</u>	<u>(31,145)</u>
Dec 31, 2015	<u><u>828,461</u></u>	<u><u>90,947</u></u>	<u><u>416,881</u></u>	<u><u>54,192</u></u>	<u><u>132,446</u></u>	<u><u>1,522,927</u></u>
Provision:						
31 Dec. 2014	<u>1,662</u>	<u>709</u>	<u>1,709</u>	<u>725</u>	<u>-</u>	<u>4,805</u>
31 Dec, 2015	<u><u>1,662</u></u>	<u><u>709</u></u>	<u><u>1,709</u></u>	<u><u>725</u></u>	<u><u>-</u></u>	<u><u>4,805</u></u>
:						
31 Dec, 2015	<u><u>2,942,421</u></u>	<u><u>57,242</u></u>	<u><u>320,234</u></u>	<u><u>35,593</u></u>	<u><u>64,768</u></u>	<u><u>3,420,258</u></u>
31 Dec, 2014	<u><u>2,912,084</u></u>	<u><u>50,460</u></u>	<u><u>296,880</u></u>	<u><u>34,385</u></u>	<u><u>58,210</u></u>	<u><u>3,352,019</u></u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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V. Notes to Items in the Consolidated Financial Statements (continued)

14. Fixed assets (continued)

2014	house and construction	transportation Tool	Electronic Equipment	Machinery equipment	Decoration for self-owned house	Total
Original price:						
31 Dec. 2013	2,491,233	120,158	522,036	64,852	139,916	3,338,195
Purchase	11,299	23,282	117,341	15,634	31,648	199,204
Transfer from construction in progress	996,356	-	-	-	2,683	999,039
Transfer from others	60,130	-	-	-	-	60,130
Write-off	(2,227)	(10,667)	(4,467)	(693)	-	(18,054)
Dec 31, 2014	<u>3,556,791</u>	<u>132,773</u>	<u>634,910</u>	<u>79,793</u>	<u>174,247</u>	<u>4,578,514</u>
Accumulated depreciation						
31 Dec. 2013	479,815	78,067	248,486	35,711	99,243	941,322
Drawing	164,193	13,851	92,067	9,603	16,794	296,508
Write-off	(963)	(10,314)	(4,232)	(631)	-	(16,140)
Dec 31, 2014	<u>643,045</u>	<u>81,604</u>	<u>336,321</u>	<u>44,683</u>	<u>116,037</u>	<u>1,221,690</u>
Provision:						
31 Dec. 2013	<u>1,662</u>	<u>709</u>	<u>1,709</u>	<u>725</u>	<u>-</u>	<u>4,805</u>
Dec 31, 2014	<u>1,662</u>	<u>709</u>	<u>1,709</u>	<u>725</u>	<u>-</u>	<u>4,805</u>
Book value:						
Dec 31, 2014	<u>2,912,084</u>	<u>50,460</u>	<u>296,880</u>	<u>34,385</u>	<u>58,210</u>	<u>3,352,019</u>
31 Dec. 2013	<u>2,009,756</u>	<u>41,382</u>	<u>271,841</u>	<u>28,416</u>	<u>40,673</u>	<u>2,392,068</u>

As of 31 Dec. 2015 and as of 31 Dec. 2014, the houses and buildings for which the Group applied for property ownership certificates respectively valued at RMB 176,890,000 yuan and RMB201,351,000 yuan. The management believed that no significant obstacles would be affected by the application of property ownership certificates of houses and buildings, and above issues had no serious negative effects on the overall financial position of the Group.

As of 31 Dec. 2015 and as of 31 Dec. 2014, the original book value of fixed assets which were fully depreciated but still used amounted to RMB 396,113,000 yuan and RMB 281,414,000 yuan. The net book value was RMB11,432,000 yuan and RMB 7,972,000 yuan respectively.

As of 31 Dec. 2015 and as of 31 Dec. 2014, there were no temporarily idle fixed assets.

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V. Notes to Items in the Consolidated Financial Statements (continued)

15. Intangible assets

2015	Software	Land use right	Membership right	Total
Original price:				
31 Dec. 2014	188,279	48,271	22,000	258,550
Increase	86,299	-	-	86,299
Decrease	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 Dec. 2015	<u>274,578</u>	<u>48,271</u>	<u>22,000</u>	<u>344,849</u>
Accumulated amortization:				
31 Dec. 2014	38,963	9,295	1,650	49,908
Increase	47,288	1,208	2,200	50,696
Decrease	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 Dec. 2015	<u>86,251</u>	<u>10,503</u>	<u>3,850</u>	<u>100,604</u>
Book value:				
31 Dec. 2015	<u>188,327</u>	<u>37,768</u>	<u>18,150</u>	<u>244,245</u>
31 Dec. 2014	<u>149,316</u>	<u>38,976</u>	<u>20,350</u>	<u>208,642</u>
2014	Software	Land use right	Membership right	Total
Original price:				
31 Dec. 2013	146,300	48,271	-	194,571
Increase	66,176	-	22,000	88,176
Decrease	<u>(24,197)</u>	<u>-</u>	<u>-</u>	<u>(24,197)</u>
31 Dec. 2014	<u>188,279</u>	<u>48,271</u>	<u>22,000</u>	<u>258,550</u>
Accumulated amortization:				
31 Dec. 2013	38,888	8,087	-	46,975
Increase	24,272	1,208	1,650	27,130
Decrease	<u>(24,197)</u>	<u>-</u>	<u>-</u>	<u>(24,197)</u>
31 Dec. 2014	<u>38,963</u>	<u>9,295</u>	<u>1,650</u>	<u>49,908</u>
Book value:				
31 Dec. 2014	<u>149,316</u>	<u>38,976</u>	<u>20,350</u>	<u>208,642</u>
31 Dec. 2013	<u>107,412</u>	<u>40,184</u>	<u>-</u>	<u>147,596</u>

No depreciation of the intangible assets happened to the Group, so there is no provision for impairment of intangible assets.

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V. Notes to Items in the Consolidated Financial Statements (continued)

16. Construction in progress

2015		Dec 31, 2014	increase	transfer into Fixed assets	Other decrease	Dec 31, 2015	Source of fund
Business occupancy	1,301,700	512,189	(179,660)	(72,089)	1,562,140	Self financing	
Other	<u>20,420</u>	<u>100,773</u>	<u>-</u>	<u>(85,291)</u>	<u>35,902</u>	self financing	
	<u>1,322,120</u>	<u>612,962</u>	<u>(179,660)</u>	<u>(157,380)</u>	<u>1,598,042</u>		
2014		Dec 31, 2013	increase	transfer into Fixed assets	Other decrease	Dec 31, 2014	Source of fund
Business occupancy	1,596,497	705,160	(999,039)	(918)	1,301,700	Self financing	
Other	<u>6,504</u>	<u>69,952</u>	<u>-</u>	<u>(56,036)</u>	<u>20,420</u>	Self financing	
	<u>1,603,001</u>	<u>775,112</u>	<u>(999,039)</u>	<u>(56,954)</u>	<u>1,322,120</u>		

No interest capitalized expenses existed in the construction in progress.

No depreciation happened in the construction in progress of the group, so no impairment provision of the construction in progress was accrued.

17. Deferred income tax assets/liabilities

17.1. Deferred income tax assets and deferred income tax liabilities are listed on net basis

Deferred income tax assets and deferred income tax liabilities after offsetting are listed as follows:

	Dec 31, 2015	Dec 31, 2014
Deferred income tax assets	751,245	769,245
Deferred income tax liabilities	<u>(6,122)</u>	<u>(3,871)</u>
Net amount	<u>745,123</u>	<u>765,374</u>

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V. Notes to Items in the Consolidated Financial Statements (continued)

17. Deferred income tax assets/liabilities (continued)

17.2. Deferred income tax assets and liabilities before offsetting are listed as follows:

2015	Dec 31, 2014	Accounted into profit or loss	Accounted into equity	Dec 31, 2015
Deferred income tax assets				
Assets depreciation reserves	862,380	369,474	-	1,231,854
Changes in fair value of derivative financial liabilities	325,272	511,393	-	836,665
Other	<u>4,580</u>	<u>6,517</u>	<u>-</u>	<u>11,097</u>
subtotal	<u>1,192,232</u>	<u>887,384</u>	<u>-</u>	<u>2,079,616</u>
2015	Dec 31, 2014	Accounted into profit or loss	Accounted into equity	Dec 31, 2015
Deferred income tax liabilities				
Fair value changes in investing real estate	2,452	(9)	-	2,443
Changes in fair value from transaction financial assets				
Into investing real estate	6,516	-	-	6,516
Changes in fair value of available-for-sale financial assets	96,471	-	334,617	431,088
Changes in fair value of derivative financial assets	298,765	564,631	-	863,396
Change in fair value of Financial liabilities measured by fair value in the income statement	12,091	10,852	-	22,943
Change in fair value of Financial assets measured by fair value in the income statement	3,873	(2,640)	-	1,233
Other	<u>6,690</u>	<u>184</u>	<u>-</u>	<u>6,874</u>
Subtotal	<u>426,858</u>	<u>573,018</u>	<u>334,617</u>	<u>1,334,493</u>
Net Value	<u><u>765,374</u></u>	<u><u>314,366</u></u>	<u><u>(334,617)</u></u>	<u><u>745,123</u></u>

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V. Notes to Items in the Consolidated Financial Statements (continued)

17. Deferred income tax assets/liabilities (continued)

17.2. Deferred income tax assets and liabilities before offsetting are listed as follows: (continued)

2014	Dec 31, 2013	Accounted into profit or loss	Accounted into equity	Dec 31, 2014
Deferred income tax assets				
Assets depreciation reserves	588,164	274,216	-	862,380
Changes in fair value of derivative financial liabilities	519,211	(193,939)	-	325,272
Financial assets measured by fair value				
With changes enter into income ststement	10,332	(10,332)	-	-
Changes in fair value of transaction financial assets		248,603	-	(248,603)
Others	<u>9,720</u>	<u>(5,140)</u>	<u>-</u>	<u>4,580</u>
Subtotal	<u>1,376,030</u>	<u>64,805</u>	<u>(248,603)</u>	<u>1,192,232</u>
2014	Dec 31, 2013	Accounted into profit or loss	Accounted into equity	Dec 31, 2014
Deferred income tax liabilities				
Fair value changes in investing real estate	2,452	-	-	2,452
Changes in fair value from transaction financial assets				
Into investing real estate	6,516	-	-	6,516
Changes in fair value of available-for-sale financial assets			96,468	96,471
3	3	-		3
Changes in fair value of derivative financial assets	481,827	(183,062)	-	298,765
Financial assets measured by fair value				
Change in fair value of Financial assets	-	12,091	-	12,091
with changes enter into income statement				
Change in fair value of Financial liabilities				
measured by fair value in the income statement	-	3,873	-	3,873
Deferred income	9,326	(9,326)	-	-
Other	<u>8,197</u>	<u>(1,507)</u>	<u>-</u>	<u>6,690</u>
Subtotal	<u>508,321</u>	<u>(177,931)</u>	<u>96,468</u>	<u>426,858</u>
Net value	<u><u>867,709</u></u>	<u><u>242,736</u></u>	<u><u>(345,071)</u></u>	<u><u>765,374</u></u>

18. Other assets

		Dec 31, 2015	Dec 31, 2014
Deferred expenses	18.1	119,715	97,283
Other receivables	18.2	296,856	294,978
Debt Assets	18.3	279,740	89,897
Long-term deferred expenses	18.4	<u>544,069</u>	<u>444,688</u>
		<u><u>1,240,380</u></u>	<u><u>926,846</u></u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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V. Notes to Items in the Consolidated Financial Statements (continued)

18. Other assets (continued)

18.1. Deferred expenses

	Dec 31, 2015	Dec 31, 2014
Renting	110,414	91,773
Others	<u>9,301</u>	<u>5,510</u>
	<u>119,715</u>	<u>97,283</u>

18.2. Other receivables

	Dec 31, 2015							
	Within 1 year	1-2 years	2-3 years	3 years	Total	Proportion	Provision For bad debts	Net value
Refundable deposits	9	-	-	1,121	1,130	0.36%	-	1,130
Settlement receivable and other liquidates	164,351	105,393	11,996	8,817	290,557	93.67%	(13,355)	277,202
Deposit	<u>4,129</u>	<u>4,407</u>	<u>3,208</u>	<u>6,780</u>	<u>18,524</u>	<u>5.97%</u>	<u>-</u>	<u>18,524</u>
	<u>168,489</u>	<u>109,800</u>	<u>15,204</u>	<u>16,718</u>	<u>310,211</u>	<u>100.00%</u>	<u>(13,355)</u>	<u>296,856</u>

	Dec 31, 2014							
	Within 1 year	1-2 years	2-3 years	3 years	Total	Proportion	Provision For bad debts	Net value
Refundable deposits	2,763	-	-	1,121	3,884	1.26%	-	3,884
Settlement receivable and other liquidates	246,217	30,899	4,707	7,082	288,905	93.56%	(13,816)	275,089
Deposit	<u>4,436</u>	<u>3,233</u>	<u>2,677</u>	<u>5,659</u>	<u>16,005</u>	<u>5.18%</u>	<u>-</u>	<u>16,005</u>
	<u>253,416</u>	<u>34,132</u>	<u>7,384</u>	<u>13,862</u>	<u>308,794</u>	<u>100.00%</u>	<u>(13,816)</u>	<u>294,978</u>

The balance of the account does not involve the averages to those shareholders' companies with 5% or over 5% shareholding of the Company till 31 December 2015 (31 Dec. 2014: none).

18.3. Debt assets

	31 Dec. 2015		31 Dec. 2014	
	Original value	impairment provision Net value	Original value	impairment provision Net value
Real estate	<u>279,740</u>	<u>-</u>	<u>279,740</u>	<u>-</u>
	<u>279,740</u>	<u>-</u>	<u>279,740</u>	<u>-</u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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V. Notes to Items in the Consolidated Financial Statements (continued)

18. Other assets (continued)

18.4. Long-term deferred expenses

2015	Supplementary Endowment insurance	Renting of fixed assets	Improvements rent	Other	Total
Dec 31, 2014	126,669	54,490	263,021	508	444,688
Increase	49,212	8,845	156,960	-	215,017
Amortize	<u>(17,587)</u>	<u>(17,649)</u>	<u>(80,239)</u>	<u>(161)</u>	<u>(115,636)</u>
Dec 31, 2015	<u>158,294</u>	<u>45,686</u>	<u>339,742</u>	<u>347</u>	<u>544,069</u>
2014	Supplementary Endowment insurance	Renting of fixed assets	Improvements rent	Other	Total
Dec 31, 2013	110,794	48,262	244,472	744	404,272
Increase	26,642	23,677	88,421	-	138,740
Amortize	<u>(10,767)</u>	<u>(17,449)</u>	<u>(69,872)</u>	<u>(236)</u>	<u>(98,324)</u>
Dec 31, 2014	<u>126,669</u>	<u>54,490</u>	<u>263,021</u>	<u>508</u>	<u>444,688</u>

19. Allowances for Assets Impairment

2015	Dec 31, 2014	Increase	Decrease	Dec 31, 2014
Provision for bad loans of other receivables	13,816	-	(461)	13,355
Provision for bad loans of due from other banks	194	-	-	194
Provision for fixed assets impairment	4,805	-	-	4,805
Provision for depreciation of receivables	<u>250,000</u>	<u>-</u>	<u>(54,755)</u>	<u>195,245</u>
	<u>268,815</u>	<u>-</u>	<u>(55,216)</u>	<u>213,599</u>
2014	Dec 31, 2013	Increase	Decrease	Dec 31, 2014
Provision for bad loans of other receivables	13,133	1,000	(317)	13,816
Provision for bad loans of due from other banks	194	-	-	194
Provision for fixed assets impairment	4,805	-	-	4,805
Provision for debt assets depreciation	163	-	(163)	-
Provision for depreciation of receivables	<u>150,000</u>	<u>100,000</u>	<u>-</u>	<u>250,000</u>
	<u>168,295</u>	<u>101,000</u>	<u>(480)</u>	<u>268,815</u>

The above sheets do not include provision for loan loss; please see Note V/9.4 for detailed changes.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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V.	Notes to Items in the Consolidated Financial Statements (continued)		
20.	Borrowing from the central bank		
	Dec 31, 2015	Dec 31, 2014	
	Credit policy supported loan	1,000,000	-
	Medium term loan	<u>700,000</u>	<u>-</u>
	<u>1,700,000</u>	<u>-</u>	
21.	Deposit in other banks/financial institutions		
	Dec 31, 2015	Dec 31, 2014	
	Banks	31,866,422	55,541,996
	Other financial institutions	<u>36,766,087</u>	<u>31,092,339</u>
	<u>68,632,509</u>	<u>86,634,335</u>	
22.	Deposit funds		
	Dec 31, 2015	Dec 31, 2015	
	Banks	16,212,607	14,071,981
	Other financial institutions	<u>3,988,000</u>	<u>-</u>
	<u>20,200,607</u>	<u>14,071,981</u>	
23.	Financial liabilities measured by fair value with its changes enter into current income statement		
	Dec 31, 2015	Dec 31, 2015	
	Nobal metal (nominal)	53,455	911,324
	Financial liabilities that measured by its fair value		
	With its change enter into the income statement	<u>129,227</u>	<u>360,776</u>
	<u>182,682</u>	<u>1,272,100</u>	

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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V. Notes to Items in the Consolidated Financial Statements (continued)

24. Proceeds generated from repurchase agreements

Classified by pledges	Dec 31, 2015	Dec 31, 2014
Bonds	45,321,000	27,597,250
Bills	<u>1,176,690</u>	<u>557,882</u>
	<u>46,497,690</u>	<u>28,155,132</u>
Classified by counter party	Dec 31, 2015	Dec 31, 2014
Banks	45,846,690	28,117,132
Other financial institutions	<u>651,000</u>	<u>38,000</u>
	<u>46,497,690</u>	<u>28,155,132</u>

25. Deposit

	Dec 31, 2015	Dec 31, 2014
Demand deposit		
Company	138,855,836	101,144,011
Personal	25,241,411	21,696,287
Fixed time deposit		
Company	112,904,389	107,436,670
Personal	55,597,471	52,509,921
Guarantee deposit	22,594,889	23,442,574
Others	<u>491,638</u>	<u>302,366</u>
	<u>355,685,634</u>	<u>306,531,829</u>

See Note XI/3.1 for deposits from shareholders with 5% or more than 5% shareholding

Bank of Ningbo Co., Ltd.
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V. Notes to Items in the Consolidated Financial Statements (continued)

26. Accrued payroll

2015	Dec 31, 2014	Addition	Payment	Dec 31, 2015
Short-term salary:				
Salary, bonus and allowance	1,098,763	3,048,161	2,650,952	1,495,972
Welfare	-	142,954	142,954	-
Social insurances				
Medical insurance	2	81,528	81,528	2
<i>Work injury insurance</i>	-	4,275	4,275	-
<i>Maternity insurance</i>	-	2,412	2,412	-
Disability insurance	-	27	27	-
House funds	-	172,399	172,399	-
Labor union's funds and employee education funds	-	<u>48,095</u>	<u>48,095</u>	-
Contribution plan:				
<i>Basic pension insurance</i>	3	125,172	125,172	3
<i>Unemployment insurance</i>	-	<u>10,664</u>	<u>10,664</u>	-
	<u>1,098,768</u>	<u>3,635,687</u>	<u>3,238,478</u>	<u>1,495,977</u>
2014	Dec 31, 2013	Addition	Payment	Dec 31, 2014
Short-term salary:				
Salary, bonus and allowance	1,018,853	2,069,323	1,989,413	1,098,763
Welfare	-	115,932	115,932	-
Social insurances				
Medical insurance	8	64,349	64,355	2
<i>Work injury insurance</i>	-	3,551	3,551	-
<i>Maternity insurance</i>	-	1,623	1,623	-
Housing fund	5	133,349	133,354	-
Labor union's funds and employee education funds	-	<u>24,948</u>	<u>24,948</u>	-
Contribution plan:				
<i>Basic pension insurance</i>	26	100,211	100,234	3
<i>Unemployment insurance</i>	2	<u>10,757</u>	<u>10,759</u>	-
	<u>1,018,894</u>	<u>2,524,043</u>	<u>2,444,169</u>	<u>1,098,768</u>

Bank of Ningbo Co., Ltd.
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V. Notes to Items in the Consolidated Financial Statements (continued)

27. Tax payable

	Dec 31, 2015	Dec 31, 2014
Business tax	310,547	258,538
City maintenance and construction tax	19,381	16,019
Educational surcharges	12,500	11,008
Corporate income tax	526,863	497,663
Individual income tax	19,831	2,175
Taxes payable on behalf of entrusted loans	6,871	5,199
Others	<u>3,819</u>	<u>4,532</u>
	<u>899,812</u>	<u>795,134</u>

28. Interest payable

	Dec 31, 2015	Dec 31, 2014
Interest on deposit	4,827,904	4,007,255
Interest on repurchase financial assets	9,839	111,278
Interest on inter-bank deposit and borrowings	516,504	818,440
Interest on bond	636,507	310,366
Interest on rate exchange	148,012	156,440
Interest on structural deposit	29,959	93,562
Other interest payable	<u>27,151</u>	<u>90,286</u>
	<u>6,195,876</u>	<u>5,587,627</u>

29. Bond payable

	Dec 31, 2015	Dec 31, 2014
Financial bond payable	17,976,174	7,987,923
Subordinated bond payable	2,994,009	5,486,727
Subordinated capital bond payable	6,988,246	-
Deposit of other banks	<u>116,098,338</u>	<u>37,180,741</u>
	<u>144,056,767</u>	<u>50,655,391</u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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V. Notes to Items in the Consolidated Financial Statements (continued)

29. Bond payable (continued)

Balance of bond payables to the date 31 December 2015 is as follows:

	Date of issue	Bond period	Book value	Dec 31, 2014	2015		Premium discount Amortize	Repayment	Dec 31, 2015
					Issued in 2015	Accrued interest			
10 Subordinated (1)11/10/2010	10years	2,500,000	2,493,039	-	123,252	6,961	(2,500,000)	-	
12 Subordinated (2)11/22/2012	15years	3,000,000	2,993,688	-	172,774	321	-	2,994,009	
13 Financial bond (3)4/16/2013	5years	5,000,000	4,993,095	-	236,200	1,654	-	4,994,749	
13 Financial bond (3)4/16/2013	10years	3,000,000	2,994,828	-	154,034	432	-	2,995,260	
15 Tier II capital Bonds(4)	5/27/2015 10years	7,000,000	-	7,000,000	215,631	(11,754)	-	6,988,246	
15 Financial bond (5)7/3/2015	3years	500,000	-	500,000	10,245	(674)	-	499,326	
15 Financial bond (5)9/9/2015	3years	9,500,000	-	9,500,000	117,433	(13,161)	-	9,486,839	
	Term of bond			Actual interest rate	Book value			Balance at the end of year	
Deposit of other banks	3 months – 1 year			3.04%-5.09%	117,680,000			116,098,338	

Balance of bond payables to the date 31 December 2014 is as follows:

	Date of issue	Bond period	Book value	Dec 31, 2013	2014		Premium discount Amortize	Repayment	Dec 31, 2014
					Issued in 2014	Accrued interest			
09 Financial bond 6/25/2009	5 years	5,000,000	4,994,825	-	98,354	5,175	(5,000,000)	-	
10 Subordinated 11/10/2010	10 years	2,500,000	2,492,112	-	135,677	927	-	2,493,039	
12 Subordinated 11/22/2012	15 years	3,000,000	2,993,386	-	172,802	302	-	2,993,688	
13 Financial bond 4/16/2013	5years	5,000,000	4,991,509	-	154,314	1,586	-	4,993,095	
13 Financial bond 4/16/2013	10years	3,000,000	2,994,414	-	236,586	414	-	2,994,828	
	Term of bond			Actual interest rate	Book value			Balance at the end of year	
Deposit of other banks	3 months – 1 year			4.25%-5.70%	38,050,000			37,180,741	

- (1) On 10 November 2010, the Company issued 10-year term subordinated bonds at the par value of RMB 2.5 billion yuan in the national inter-bank bond market. The Company has the right of redemption of these subordinated bonds at the end of the 5th year of interest accrual. The annual interest rate for these subordinated bonds is 5.39%. While interest need to pay annually, the principal repayment at the time of maturity all at once
- (2) On 22 November 2012, the Company issued 15-year term subordinated bonds at the par value of RMB 3 billion yuan in the national inter-bank bond market. The Company has the right of redemption of these subordinated bonds at the end of the 10th year of interest accrual. The annual interest rate for these subordinated bonds is 5.75%. While interest need to pay annually and principal repayment at the time of maturity all at once.
- (3) On 16 April 2013, the Company issued the term financial bonds at the par value of RMB 8 billion yuan in the national inter-bank bond market, including: type 1 is the five-year bonds of fixed interest rate, RMB 5 billion yuan, coupon rate 4.70%; type 2 is the ten-year bonds of fixed interest rate, RMB 3 billion yuan, coupon rate 5.13%. These two bonds need to pay interest annually and repay the principal at the time of maturity without guarantee.
- (4) On 27 May 2015, the Company issued the Tier II Capital bonds at the par value of RMB 7 billion in the national inter-bank bond market, it is the 10-year bonds of fixed interested rate. Right of redemption with certain premise is attached. The nominal interest rate is 5.19%, with the interest paid annually. The principal will be repaid at the time of maturity all at once

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V. Notes to Items in the Consolidated Financial Statements (continued)

29. Bond payable (continued)

(5) On 3 July 2015 and 9 Sep 2015, the Company issued the financial bonds at the par value of RMB 0.5 billion yuan and RMB 9.5 billion in the national inter-bank bond market respectively, including: type 1 is the three-year bonds of fixed interest rate, RMB 0.5 billion yuan, coupon rate 4.12%; type 2 is the three-year bonds of fixed interest rate, RMB 9.5 billion yuan, coupon rate 3.98%. These two bonds need to pay interest annually and repay the principal at the time of maturity without guarantee.

30. Deferred income

2015	Dec 31, 2014	increase	decrease	Dec 31, 2015
Financial leasing project				
Commission charge	-	309,329	30,079	279,250
Custodian fee income	<u>29,496</u>	<u>3,831</u>	<u>29,496</u>	<u>3,831</u>
	<u>29,496</u>	<u>313,160</u>	<u>59,575</u>	<u>283,081</u>
2014	Dec 31, 2013	increase	decrease	Dec 31, 2014
Custodian fee income	<u>48,886</u>	<u>22,996</u>	<u>42,386</u>	<u>29,496</u>

31. Other liabilities

	Dec 31, 2015	Dec 31, 2014
Liabilities from intermediary service ^{31.1}	15,687,820	21,027,698
Agency of securities payable	4,907	88
Dividend payable 31.2	23,811	23,811
Other payables 31.3	2,836,737	1,867,837
Settlement amount payable 31.4	340,744	241,656
Financial capital pool balance 31.5	3,071,504	614,649
Others	<u>209,758</u>	<u>33,515</u>
	<u>22,175,281</u>	<u>23,809,254</u>

31.1. Liabilities from intermediary service

	Dec 31, 2015	Dec 31, 2014
Consignment deposit	5	2,480
Consignment finance	<u>15,687,815</u>	<u>21,025,218</u>
	<u>15,687,820</u>	<u>21,027,698</u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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V. Notes to Items in the Consolidated Financial Statements (continued)

31. Other liabilities (continued)

31.2.Dividend payable

	Dec 31, 2015	Dec 31, 2014
Dividend of shareholders (note)	<u>23,811</u>	<u>23,811</u>

Note: Dividend of shareholder is not paid because the shareholder of the non-tradable share has not come to draw it yet.

31.3. Other payables

	Dec 31, 2015	Dec 31, 2014
Bills to be payment	3,808	308
Amount to be transferred	64,953	334,900
Payment by installments	244,637	21,021
Unclaimed deposit account	25,974	21,513
Security deposit	7,735	6,787
Unpaid of construction	23,348	52,282
Security assets to be transferred	979,068	1,361,794
Bills payable	893,149	-
Deposit from lease	492,623	-
Others	<u>101,442</u>	<u>69,232</u>
	<u>2,836,737</u>	<u>1,867,837</u>

The balance of the account does not involve the arrearages to those shareholders' companies or affiliated parties with 5% or over 5% shareholding of the Group to the date 31 December 2015(31 Dec. 2014: none).

31.4. Settlement amount payable

	Dec 31, 2015	Dec 31, 2014
Settlement amount payable to Unionpay	214,542	185,206
Financial payment to be settled	24,728	12,186
Online payment settlement	<u>101,474</u>	<u>44,264</u>
	<u>340,744</u>	<u>241,656</u>

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V. Notes to Items in the Consolidated Financial Statements (continued)

31. Other liabilities (continued)

31.5. Financial capital pool balance

	Dec 31, 2015	Dec 31, 2014
Financial capital pool balance	3,071,504	614,649

32. Share capital

2015	Dec 31, 2014		Change		Dec 31, 2015	
	Amount	Prop%	newly issued	Desterilization	Amount	Prop%
I. Shares subject to restriction on sale						
1. State-owned shares	-	0.00%	-	-	-	0.00%
2. Shares held by state-owned legal persons	158,462	4.88%	31,693	-	190,155	4.88%
3. Shares held by other domestic investors	-	0.00%	-	-	-	0.00%
<i>Amongst: shares held by domestic legal person</i>	-	0.00%	-	-	-	0.00%
4. Shares held by foreign investors	207,546	6.39%	41,509	-	249,055	6.39%
<i>Amongst: shares held by overseas legal persons</i>	207,546	6.39%	41,509	-	249,055	6.39%
5. Shares held by senior management	11,304	0.35%	2,261	(3,241)	10,324	0.26%
Total of shares subject to restriction on sales	377,312	11.62%	75,463	(3,241)	449,534	11.53%
II. Shares not subject to restriction on sales						
RMB-denominated ordinary shares	2,872,517	88.38%	574,502	3,241	3,450,260	88.47%
Total of shares not subject to restriction on sales	2,872,517	88.38%	574,502	3,241	3,450,260	88.47%
III. Total shares	3,249,829	100.00%	649,965	-	3,899,794	100.00%

The increase of share capital in 2015 is a result of capital reserve capitalization by offer 2 shares per every 10 shares on a basis of 3249829000 shares, as approved by the resolution of the 2014 Shareholders; Meeting. The capital increase was verified by Ernst & Young Public Accountants, with the capital verification report (2015) No. 60466992_B02 being issued.

Bank of Ningbo Co., Ltd.
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V. Notes to Items in the Consolidated Financial Statements (continued)

32. Share capital (continued)

2014	Dec 31, 2013		Change		Dec 31, 2014	
	Amount	Prop%	newly issued	Desterilization	Amount	Prop%
I. Shares subject to restriction on sale						
1. State-owned shares	-	0.00%	-	-	-	0.00%
2. Shares held by state-owned legal persons	0.00%		-	-	-	0.00%
3. Shares held by other domestic investors	0.00%		158,462	-	158,462	4.88%
<i>Amongst: shares held by domestic legal persons</i>	-	0.00%	158,462	-	158,462	4.88%
4. Shares held by foreign investors	-	0.00%	207,546	-	207,546	6.39%
<i>Amongst: shares held by overseas legal persons</i>	-	0.00%	207,546	-	207,546	6.39%
5. Shares held by senior management	12,542	0.43%	-	(1,238)	11,304	0.35%
Total of shares subject to restriction on sales	12,542	0.43%	366,008	(1,238)	377,312	11.62%
II. Shares not subject to restriction on sales						
RMB-denominated ordinary shares	2,871,279	99.57%	-	1,238	2,872,517	88.38%
Total of shares not subject to restriction on sales	2,871,279	99.57%	-	1,238	2,872,517	88.38%
III. Total shares	2,883,821	100.00%	366,008	-	3,249,829	100.00%

33. Other equity tools

Change on other equity tools of the group in 2015 is as follows:

	Jan 1, 2015		Increase		Decrease		Dec 31, 2015	
	Amount	Book Value	Amount	Book value	Amount	Book value	Amount	Book value
2015 domestic preferred share			48,500,000	4.825 billion	-	-	48,500,000	4.825 billion

As approved by related authorities, the group completed issuance of the preference shares of non-public basis. The total book value is RMB 4.85 billion, with the par value of RMB 100. Totally 48,500,000 shares were issued.

The shareholders, after received the preference shares according to the coupon dividend yield, will not participate in the surplus profit distribution with other ordinary shareholder. The above mentioned preference shares adopted non-cumulative dividend payment methods, that is, the undistributed of insufficient dividends of the previous year will not cumulated in the next year. In case of mandatory transferring and as required by CBRC, the above mentioned preference shares will be changed into ordinary shares .

The funds obtained through the issuance of the above mentioned preference shares, after deducting the issuance costs, will be used as the supplement of the other tier one capital of the group, thus to enhance the capital adequacy ratio of the group.

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V. Notes to Items in the Consolidated Financial Statements (continued)

34. Capital reserve

2014	Dec 31, 2014	Change	Dec 31, 2015
Capital premium	10,599,629	(649,965)	9,949,664
Others	<u>(1,428)</u>	<u>-</u>	<u>(1,428)</u>
	<u>10,598,201</u>	<u>(649,965)</u>	<u>9,948,236</u>
2014	Dec 31, 2013	Change	Dec 31, 2014
Capital premium	7,889,125	2,710,504	10,599,629
Others (note)	<u>-</u>	<u>(1,428)</u>	<u>(1,428)</u>
	<u>7,889,125</u>	<u>2,709,076</u>	<u>10,598,201</u>

Note: due to capital increase of subsidiary, capital reserves changed.

35. Other comprehensive income

Balance of other comprehensive income in the balance sheet belonged to the mother company:

	2014 Jan 1	Change	2014 Dec 31	Change	2015 Change
Change of fair value of financial assets available for sale	(745,801)	1,035,382	289,581	1,003,753	1,293,334
Investment real estate transferred from self-owned real estate					
On fair value basis	<u>19,549</u>	<u>-</u>	<u>19,549</u>	<u>-</u>	<u>19,549</u>
	<u>(726,252)</u>	<u>1,035,382</u>	<u>309,130</u>	<u>1,003,753</u>	<u>1,312,883</u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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V. Notes to Items in the Consolidated Financial Statements (continued)

35. Other comprehensive income (continued)

Other comprehensive income in the consolidated comprehensive income statement:

2015

	Amount Before tax	Less: transfer of other comprehensive Income that formerly Enter into other comprehensive income	Less: Income tax	belong to mothercompany	belong to minority equity
Other comprehensive income to be enter into income statement after reclassified	1,340,129	(1,661)	(334,617)	1,003,753	98

2014

	Amount Before tax	Less: transfer of other comprehensive Income that formerly Enter into other comprehensive income	Less: Income tax	belong to mothercompany	belong to minority equity
Other comprehensive income to be enter into income statement after reclassified	1,389,390	(9,109)	(345,071)	1,035,382	(172)

36. Surplus reserve

2015	Dec 31, 2014	Provision for this year	Dec 31, 2015
Statutory surplus reserve	2,531,957	649,167	3,181,124
2014	Dec 31, 2013	Provision for this year	Dec 31, 2014
Statutory surplus reserve	1,970,844	561,113	2,531,957

The Group appropriated 10% of the net profit for the year of 2014 to the statutory surplus reserve as stipulated by Corporate Law and regulations of the Group. The accumulated statutory surplus reserve that more than 50% of the registered capital of the Group can not be relieved from provisions.

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V. Notes to Items in the Consolidated Financial Statements (continued)
37. Provision for general risks

2015	Dec 31, 2014	Provision for this year	Dec 31, 2015
Provision for general risks	<u>4,054,719</u>	<u>1,001,082</u>	<u>5,055,801</u>
2014	Dec 31, 2013	Provision for this year	Dec 31, 2014
Provision for general risks	<u>2,859,911</u>	<u>1,194,808</u>	<u>4,054,719</u>

According to the C.J. [2012] No. 20 on Management Methods of Provisions of Financial Enterprise and on the basis of assets impairment provision, the Group set up provision for general risk in order to avoid the possible risks have not yet been identified. The provision for general risk will be treated as the profit distribution, and is a part of the owner's equity. It shall be at least 1.5% of the risk assets balance, and can be separated into a maximum of 5 years.

According to Resolution of 2014 Shareholders' General Meeting on May 18, 2015, the Group accrued general provision of RMB 998,683,000 from undistributed profit of the year 2014. The subsidiaries accrued RMB 2,399,000 as the 2015 provision for general risk (2014: RMB 93,000).

38. Undistributed profit

	Dec 31, 2015	Dec 31, 2014
Undistributed profit at the end of 2014	13,347,261	10,629,244
Net profit belongs to the mother company	6,544,333	5,627,466
Less: provision for accumulated statutory surplus reserve	649,167	561,113
Provision for general risks	1,001,082	1,194,808
Cash dividend payable for General shares	<u>1,462,426</u>	<u>1,153,528</u>
	<u>16,778,919</u>	<u>13,347,261</u>

See Note XIII for the predetermined 2015 distribution plan. The financial statement of the year 2015 has not included the distribution items other than the 10% statutory welfare reserve of the year.

On Apr 24, 2015, the meeting of the Board of Directors of the Company has passed the resolution: to distribute 10% of 2014 net profit as the statutory surplus reserve and withdraw the amount of RMB 998,683,000 as general provision. And based on the total 3.25 billion shares at the end of the year, the payment of cash dividend is RMB 4.5 (including tax) per 10 shares. In addition, through capital reserve capitalization, 2 shares were provided per each 10 shares. This distribution decision has passed on the general meeting of shareholders on May 18, 2015.

On Apr 24, 2014, the meeting of the Board of Directors of the Company has passed the resolution: to distribute 10% of 2013 net profit as the statutory surplus reserve and withdraw the amount of RMB 1,194,715,000 as general provision. And based on the total 2.88 billion shares at the end of the year, the payment of cash dividend is RMB 4 (including tax) per 10 shares. This distribution decision has passed on the general meeting of shareholders on May 16, 2014.

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Notes to the Financial Statements (continued)
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V. Notes to Items in the Consolidated Financial Statements (continued)

39. Net interest income

	2015	2014
Interest income		
Loans and advances	14,392,381	13,333,909
<i>Including: corporate loans and advances</i>	8,200,652	8,162,235
<i>Personal loans and advances</i>	4,428,532	3,744,204
<i>Notes and bills discounts</i>	1,550,906	1,189,327
<i>Trade financing</i>	212,291	238,143
Due from other banks	1,067,188	1,446,875
Balance with central banks	936,895	845,182
Placements to other financial institutions	138,920	198,402
Reserve repurchase agreement	358,184	2,015,193
Bond investment	3,327,307	2,408,434
<i>Including: financial assets held for trading</i>	380,619	181,288
Financing product and credit plan	11,610,007	7,927,085
Others	180	390
	<u>31,831,062</u>	<u>28,175,470</u>
Interest expenses		
Due to other banks	(3,169,617)	(4,517,578)
Placements from other institutions	(243,354)	(638,900)
Deposit (7,235,416)	(6,350,864)	
Repurchase agreements financial assets	(651,762)	(1,401,053)
Bond issuance	(4,170,329)	(1,105,464)
Others	(743,870)	(806,930)
	<u>(16,214,348)</u>	<u>(14,820,789)</u>
Net interest income	<u><u>15,616,714</u></u>	<u><u>13,354,681</u></u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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V. Notes to Items in the Consolidated Financial Statements (continued)

40. Net fee and commission income

	2015	2014
Fee and commission incomes		
Settlement and clearing expenses	218,406	205,201
Bank cards	2,218,047	1,234,438
Intermediary commissions	1,360,045	884,628
Guarantees	205,540	123,075
Intermediary acceptances	57,391	57,874
Trusting business	248,393	119,658
Intermediary consultations	57,406	11,938
Others	<u>35,263</u>	<u>59,837</u>
	<u>4,400,491</u>	<u>2,696,649</u>
Fee and commission expenses		
Settlement and clearing expenses	(50,972)	(45,317)
Bank cards	(92,876)	(78,050)
Intermediary commissions	(2,643)	(3,270)
Transaction	(213,980)	(52,757)
Entrust	(41,910)	(25,137)
Others	<u>(8,320)</u>	<u>(7,075)</u>
	<u>(410,701)</u>	<u>(211,606)</u>
Net fee and commission income	<u>3,989,790</u>	<u>2,485,043</u>

41. Investment gains

	2015	2014
Differences of financial assets investments	327,332	129,325
Gains from equity investment	550	8,937
Realized gains and losses from interests exchange	12,607	(3,436)
Gains and losses on noble metal	84,125	30,115
Others	<u>(26,167)</u>	<u>-</u>
	<u>398,447</u>	<u>164,941</u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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V. Notes to Items in the Consolidated Financial Statements (continued)

42. Gains and losses from fair value changes

	2015	2014
Fair value change of financial instrument measured by fair value		
And entered into the current income statement	27,591	105,184
Fair value changes on investment real estate	(37)	(13)
Fair value changes on derivative instrument	<u>212,952</u>	<u>43,509</u>
	<u>240,506</u>	<u>148,680</u>

43. Other operating incomes/expenses

	2015	2014
Other operating incomes		
Rent income	29,029	32,994
Others	<u>3,337</u>	<u>546</u>
	<u>32,366</u>	<u>33,540</u>
Other operating expenses		
Losses on asset based securitization	(17,913)	(17,494)
Others	<u>(1,741)</u>	<u>(20)</u>
	<u>(19,654)</u>	<u>(17,514)</u>

In the year 2015, the bank deals with no investment property (In the year 2014, the bank dealt with no investment property).

44. Business tax and surcharges

	2015	2014
Business Tax	943,840	774,453
City Maintenance and Construction Tax	65,707	53,502
Educational surcharges	47,546	38,837
Other taxes	<u>90</u>	<u>34</u>
	<u>1,057,183</u>	<u>866,826</u>

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V. Notes to Items in the Consolidated Financial Statements (continued)

45. Business and administrative expenses

	2015	2014
Staff costs	3,635,687	2,524,043
Business expenses	2,455,893	1,938,442
Depreciation of fixed assets	332,382	296,508
Amortization of long-term deferred expense	115,636	98,324
Amortization of intangible assets	50,696	27,130
Taxes	<u>50,206</u>	<u>40,236</u>
	<u><u>6,640,500</u></u>	<u><u>4,924,683</u></u>

46. Asset impairment losses

	2015	2014
Loan impairment losses	3,835,612	2,420,150
Losses on investment of receivables	(54,755)	100,000
Bad debts provision	<u>-</u>	<u>1,000</u>
	<u><u>3,780,857</u></u>	<u><u>2,521,150</u></u>

47. Non-operating incomes

	2015	2014	Enter into 2015 Non-recurrent Gains and losses
Gains from the disposal of fixed assets	582	2,448	582
Reward funds	30,960	8,728	30,960
Others	<u>10,297</u>	<u>8,973</u>	<u>10,297</u>
	<u><u>41,839</u></u>	<u><u>20,149</u></u>	<u><u>41,839</u></u>

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V. Notes to Items in the Consolidated Financial Statements (continued)

48. Non-operating expenses

	2015	2014	Enter into 2015 Non-recurrent Gains and losses
Loss from the disposal of fixed assets and Mortgage assets			
	244	2,348	244
Donation and sponsorship	25,152	13,113	25,152
<i>Including: charitable donation expenses</i>	23,599	12,197	23,599
Penalty and overdue fine	1,813	11,119	1,813
Water conservancy fund	8,896	5,806	8,896
Others	<u>8,836</u>	<u>7,448</u>	<u>8,836</u>
	<u>44,941</u>	<u>39,834</u>	<u>44,941</u>

49. Income tax

	2015	2014
Income tax	1,762,303	1,615,498
Deferred income tax	<u>(314,366)</u>	<u>(242,736)</u>
	<u>1,447,937</u>	<u>1,372,762</u>

Relationship between income tax and accounting profits as follows:

	2015	2014
Total profits	8,014,928	7,006,892
Tax rate	25%	25%
Tax amount at statutory tax rate	2,003,732	1,751,723
Adjustment of current tax items	(1,094)	4,456
Tax-free income	(632,022)	(444,953)
Non-deductible costs	77,430	61,401
Effect on deferred income tax by Unconfirmed redeemable losses	(110)	-
	<u>1</u>	<u>135</u>
	<u>1,447,937</u>	<u>1,372,762</u>

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V. Notes to Items in the Consolidated Financial Statements (continued)

50. Earnings per share

Ordinary shareholders' net profit of the current period divided by the weighted average of the outstanding common stock equal to basic earnings per share.

The Company has no dilutive potential ordinary shares.

Basic earnings per share as follows:

	2015	2014
Current net profit of the ordinary shareholders of the Company	6,544,333	5,627,466
Weighted average of issuing ordinary shares of the Company	3,899,794	2,975,323
Earning per share (RMB Yuan)	1.68	1.89

51. Cash and cash equivalents

	2015	2014
Cash	15,086,821	21,312,231
<i>including: cash</i>	<i>1,201,025</i>	<i>1,568,875</i>
<i>Current deposit in other banks</i>	<i>4,123,336</i>	<i>3,815,055</i>
<i>Payable balances with central banks</i>	<i>9,762,460</i>	<i>15,928,301</i>
Cash equivalent	11,846,701	24,357,786
<i>Including: due from other banks</i>		
<i>maturedn within 3 months</i>	-	7,060,100
<i>Placements with other institutions</i>		
<i>due within 3 months</i>	866,701	288,686
<i>Reserve repurchase securities due</i>		
<i>within 3 months</i>	<u>10,980,000</u>	<u>17,009,000</u>
Balance of cash and cash equivalents at the end of the year	<u><u>26,933,522</u></u>	<u><u>45,670,017</u></u>

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V. Notes to Items in the Consolidated Financial Statements (continued)

52. Other cash receivable relating to operating activities

	2015	2014
Pending settlement paid	421,474	197,328
Leasing risk deposit	492,623	-
Rent income	29,029	32,994
Other income	<u>41,257</u>	<u>11,701</u>
	<u>984,383</u>	<u>242,023</u>

53. Cash paid to other operating related activities

	2015	2014
Pending settlement paid	338,241	532,107
Advertising	140,771	117,637
Entertainment expense	382,408	277,127
Office and administration expenses	<u>1,677,450</u>	<u>1,414,030</u>
	<u>2,538,870</u>	<u>2,340,901</u>

54. Operating activities cash flow

	2015	2014
Net profit adjusted to operating activities cash flow		
Net profit	6,566,991	5,634,130
Add: loss for fixed assets impairment	3,780,857	2,521,150
Depreciation of fixed assets	332,382	296,508
Amortization of intangible assets	50,696	27,130
Amortization of deferred expenses	350,917	297,828
Income from disposal of fixed assets, intangible assets and other long-term assets	(338)	(100)
Income of fair value adjustment	(240,506)	(148,680)
Investment income	(14,465,502)	(164,941)
Increase of deferred income tax assets	(887,384)	(64,805)
Increase/(decrease)of deferred income tax liabilities	573,018	(177,931)
Increase of operating receivable	(33,317,474)	(25,460,672)
Increase of operating payable	<u>56,816,884</u>	<u>40,016,680</u>
	<u>19,560,541</u>	<u>22,776,297</u>

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VI. Change of Consolidation Scope

Subsidiary Corporations Established or Invested in the reporting period

Name	Registered Address	Business nature	Registered Capital (RMB)	Holding ratio		Voting right Ratio
				Direct	Indirect	
Maxwealth Finance Leasing Co./ Ltd.(Note 1)	Ningbo	Finance	1 billion	100%	-	100%
Zhejiang Yongxin Assets Management Co., Ltd. (Note2)	Ningbo	Finance	20 million	-	67.5%	67.5%

Note 1: Maxwealth Finance Leasing Co., Ltd. is a limited liability company fully funded by the group. It obtained the business license from Ningbo Market Supervision and Administration Bureau on May 26, 2015, with the license number of 91330200316986507A

Note 2: Zhejiang Yongxin Assets Management Co., Ltd. is a limited liability company fully funded by Maxwealth Finance Leasing Co., Ltd.. It obtained the business license from Ningbo Market Supervision and Administration Bureau on Aug 11, 2015, with the license number of 330206000279838

VII. Interests in other entities

1. Interests in the subsidiary

The subsidiaries of the company are as follows

Subsidiary obtained through establishment	Major operation site	Place of registry	Business nature	Registered capital (RMB)	Shareholding ratio	
					Direct	Indirect
Maxwealth Finance Leasing Co.	Ningbo	Ningbo	Finance leasing	1 billion	100%	-
Maxwealth Fund Management Co., Ltd.	Shanghai	Zhejiang	Fund management	0.2 billion	67.5%	-
Maxwealth Assets Management Co., Ltd.	Shanghai	Shanghai	Assets management	50 million	-	67.5%
Zhejiang Yongxin Assets Management Co., Ltd.	Ningbo	Ningbo	Assets management	20 million	-	67.5%

Neither of the above-mentioned subsidiaries is listed, so they are both included into the consolidated statements of the company.

In accordance with the enterprise accounting principles, it is required to disclose all the financial information abstracts of the subsidiary with material non-controlling interests. The company evaluates the non-controlling interests of each subsidiary and comes to the conclusion that neither of them has material non-controlling interests with our group. Thus we do not think it is necessary to disclose their financial information abstracts.

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VII. Interests in other entities (continued)

2. Interests in the structured entities included into the consolidation scope (continued)

The structural entities included into the consolidation scope included guaranteed financial plannings and wealth management plannings launched by the company. The group, as the financial products administrator, could be the main responsibility person or agent for those products. It depends on such factors control or not on such structured entities by the group or the administrator, the decision-making scope of the group as the assets administrator, financial products owner's power, remuneration from the management service, and the variable income risk exposure.

By Dec. 31, 2015 the financial products managed and consolidated by the group amount to RMB 15,859,628,000 Yuan (Dec 31, 2015: RMB 21,597,221,000). The effect of single financial product on the group finance is insignificant.

3. Interests in the structured entities not included into the consolidated financial statement scope

3.1 The structured entities managed by the group but not included into the consolidated scope

(1) Financial products

The structured entities managed by the group but not included into the consolidated scope are mainly the financial products issued and managed by the group as the administrator. On the basis of potential customer group analysis and study, the group designs and sells capital investment and management plan to target customer groups, inputs the collected financial capital into related financial market or financial products as agreed in the contract, distributes the harvested interests to the investors as agreed. As the assets administrator, the group obtains the commission including sales fee, fixed management fee, and floating management fee. The group deems the variable return on those structured entities non-significant. By Dec. 31, 2015, the maximum risk exposure of the financial products issued and managed but not included into the consolidation scope by the group is the commission charge, amounted to RMB 772,458,000 Yuan (Dec 31, 2014: RMB 704,017,000).

By Dec 31, 2015, the balance of unconsolidated financial product of the group amounted to RMB 152,560,866,000 (Dec 31, 2014: RMB 90,330,066,000).

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Notes to the Financial Statements (continued)
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VII. Interests in other entities (continued)

3. Interests in the structured entities not included into the consolidated financial statement scope (continued)

3.1_The structured entities managed by the group but not included into the consolidated scope (continued)

(2) Asset securitization business

Another type of structured entity managed by the group but not included into the consolidation scope is the trust of specific objective set by third trust company due to the group's asset securitization business. The trust of specific objective purchases credit assets from our group, and issues assets backed security on the basis of the cash generated by the credit assets to realize financing. The group, as the loan service mechanism for this kind of trust with specific objective, manages the credits assets of transferred trust with specific objective, and charges corresponding commission as the loan assets administrator. This group also hold some special purpose trust asset-backed securities at all levels. But the group believes its variable return on such kind of structured entities is non-significant.

By Dec. 31, 2015, all levels of assets backed securities issued by the specific objective trust with max loss risk exposure not included into the consolidation scope by the group amounted to RMB 606,952,000 (Dec 31, 2014: RMB 209,565,000).

By Dec. 31, 2015, the total trust of specific objective not included into the consolidation scope with the group as the loan assets administrator amounts to RMB 11.481 billion (2014: RMB 4.579 billion). In the year of 2015, the group provides no financial support to the specific objective trust that not included into the consolidation scope (2015: None).

3.2 Interests in the structured entities in the third party financial institution

The group invested in the structured entities not included into the consolidated financial statement scope in some other institutions, with their income being confirmed. Such structured entities includes financing products, special assets management planning, credit investment plan, as well as financing bonds for purpose of assets support. The nature and purpose of these structured entities are to earn management fees through the management of investors' assets. It realizes the purpose of financing through launching the investment products towards investors. The group provides no liquidity support for such structured entities in 2015.

By Dec 31, 2015 and Dec. 31, 2014, the book value and max loss risk exposure of the assets formed from the structured entities not included into the consolidations scope but held by the group are as follows:

2015	Receivable Investment	Held-to-maturity investment	Available for sale financial assets	Total
Financial products	55,158,211	-	160,841,161	215,999,372
Trust plan	478,700	-	1,700,000	2,178,700
Assets management plan	14,778,829	-	-	14,778,829

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VII. Interests in other entities (continued)

3. Interests in the structured entities not included into the consolidated financial statement scope (continued)

3.1 The structured entities managed by the group but not included into the consolidated scope (continued)

2014	Receivable Investment	Held-to-maturity investment	Available for sale financial assets	Total
Financial products	51,842,192	-	70,971,029	122,813,221
Trust plan	11,321,281	-	249,652	11,570,933
Asstes management plan	7,592,283	-	-	7,592,283

The group gains interest income and commission income by holding the investment or providing service for the structured entities. No market information is available on the overall scale of the above mentioned structured entities of the group.

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VIII. Capital management

The Group adopts a capital management method that is able to prevent inherent risks of the operating business of the Company in compliance with the relative requirements of the regulatory authority. The capital management is not only to meet the requirements of the regulatory authority but also to guarantee a capital adequacy ratio and a maximum shareholders' equity. Depending on the economical environment changes and risks confronted with, the Company would actively adjust the capital structure including regulating the dividend distribution, transferring capitals and issuing new bonds. The targets and methods of the capital management are the same as the previous year.

Since 2013, the bank disclosure and improve continually the information related to capital adequacy ratio according to "Notice of the China Banking Regulatory Commission on Issues concerning Transitional Arrangements for the Implementation of the Administrative Measures for the Capital of Commercial Banks (for Trial Implementation)". As required by CBRC, before 2018, for the non-systemically important Banks' the core tier-I capital adequacy ratio shall be no lower than 7.5 percent, the tier-I capital adequacy ratio no lower than 8.5 percent, and the capital adequacy ratio no lower than 10.5 percent. During the reporting period, the group has complied with the regulatory capital requirements.

The Group calculated the core capital and subordinate capital in compliance with *Measures for Management of Adequacy Ratio of Commercial Banks* issued by CBRC. The related core tier-I capital adequacy, tier-I capital adequacy ratio and capital adequacy ratio are as follows:

	Dec 31, 2015	Dec 31, 2014
Core tier-I capital		
including: paid-in capital entered	3,899,794	3,249,829
capital reserve entered	11,261,119	10,907,331
surplus reserve	3,181,124	2,531,957
general risk reserve	5,055,801	4,054,719
undistributed profit	16,778,919	13,347,261
minority equity entered	-	73,115
Less: other intangible assets (excluding right to use land)	(206,477)	(169,666)
Core tier-I capital investment on financial institutions which are controlled but whose statements are not consolidated		
Core tier-I capital investment	-	-
Net value of core tier-I capital	39,970,280	33,994,546
Other tier-I capital		
including: preferred share and premium	4,824,691	-
Net value of core tier-I capital	44,794,971	33,994,546
Tier-II capital		
Including: tier-II capital tools and premium	9,100,000	4,400,000
provision for jumbo loan loss	4,927,863	3,449,474
minority equity entered	-	-
Net capital value	58,822,834	41,844,020

Bank of Ningbo Co., Ltd.
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Risk weighted capital	442,562,618	337,552,562
Core tier-I capital adequacy ratio	9.03%	10.07%
Tier-I capital adequacy ratio	10.12%	10.07%
Capital adequacy ratio	13.29%	12.40%

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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IX. Segmental Report

For management purposes, the Group dividing product and services into business units, the Group has four segmental reports below:

(1) Corporate banking involves services provided specifically for company clients, including deposits, loans, settlements, trade related products and other services.

(2) Personal banking refers to banking services for individual clients, such as deposits, credit card and debit card businesses, consumer credit services, mortgage loans and private property management.

(3) Capital banking services include interbank deposit/call loan services, back sale and repurchase services, investment business, foreign exchange transactions, such self-operating and agency services.

(4) Other banking services other than the corporate, personal and capital banking services, are those segments without forming an individually reportable business unit or the assets, liabilities, incomes and costs without appropriate allocation.

The internal transfer price is determined on the basis of deposit/loan interest rate declared by PBC and inter-bank offered rate corresponding to different fund sources and applied periods. Expenses are allocated in different segments subject to benefit.

2015	Corporate banking	Personal banking	Capital banking	Others	Total
Net external interest income	4,179,587	2,163,162	9,273,965	-	15,616,714
Net internal interest income	3,017,690	464,834	(3,482,524)	-	-
Net fee and commission income	1,501,503	2,244,249	244,038	-	3,989,790
Investment gains	-	-	398,447	-	398,447
Gains from fair value adjustment	-	-	240,543	(37)	240,506
Foreign exchange gains	152,779	-	(928,953)	14,575	(761,599)
Other operating income/expense	-	-	120	12,592	12,712
Operating tax and surcharge	367,769	216,956	472,458	-	1,057,183
Business and management fees	2,325,279	1,371,737	2,943,484	-	6,640,500
Assets impairment loss	3,012,755	758,850	9,252	-	3,780,857
Operating profit	3,145,756	2,524,702	2,320,442	27,130	8,018,030
Non-operating net balance	-	-	10,218	(13,320)	(3,102)
Total profits	<u>3,145,756</u>	<u>2,524,702</u>	<u>2,330,660</u>	<u>13,810</u>	<u>8,014,928</u>
Total assets	<u>160,353,944</u>	<u>85,282,073</u>	<u>469,913,355</u>	<u>915,281</u>	<u>716,464,653</u>
Total liabilities	<u>280,549,250</u>	<u>83,649,282</u>	<u>306,972,925</u>	<u>195,877</u>	<u>671,367,334</u>
Supplementary information:					
Capital expenditure	224,604	119,453	652,780	11,142	1,007,979
Depreciation and amortization expenses	260,105	153,442	320,448	-	733,995

Bank of Ningbo Co., Ltd.
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IX. Segmental Report (continued)

2014	Corporate banking	Personal banking	Capital banking	Others	Total
Net external interest income					
	4,294,951	1,877,664	7,182,066	-	13,354,681
Net internal interest income					
	2,362,392	510,396	(2,872,788)	-	-
Net fee and commission income	1,299,059	1,152,404	33,580	-	2,485,043
Investment gains	-	-	156,004	8,937	164,941
Gains from fair value adjustment	-	-	148,693	(13)	148,680
Foreign exchange gains	168,512	-	(1,029,904)	31,257	(830,135)
Other operating income/expense	-	-	-	16,026	16,026
Operating tax and surcharge	524,141	275,944	66,069	672	866,826
business and management fees	2,235,708	1,182,300	1,503,796	2,879	4,924,683
Assets impairment loss	2,003,016	418,134	100,000	-	2,521,150
Operating profit	3,362,049	1,664,086	1,947,786	52,656	7,026,577
Non-operating net balance	-	-	5,964	(25,649)	(19,685)
Total profits	<u>3,362,049</u>	<u>1,664,086</u>	<u>1,953,750</u>	<u>27,007</u>	<u>7,006,892</u>
Total assets	<u>134,890,347</u>	<u>73,248,241</u>	<u>345,216,856</u>	<u>757,174</u>	<u>554,112,618</u>
Total liabilities	<u>258,162,341</u>	<u>76,602,125</u>	<u>184,901,633</u>	<u>282,307</u>	<u>519,948,406</u>
Supplementary information:					
Capital expenditure	276,283	150,028	708,072	1,551	1,135,934
Depreciation and amortization expenses	284,662	149,866	186,573	365	621,466

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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X. Correlative Parties Relationships and Transactions

1. Identification of correlative parties

Correlative parties of the Group consist of parties listed below

1) Shareholders and shareholder groups with 5% shareholding or more

Name	Dec 31, 2015		Dec 31, 2014	
	Share number (10,000)	Prop	Share number (10,000)	prop
OCBC	72,464	18.58%	60,387	18.58%
Ningbo Development & Investment Group Co., Ltd.	51,415	13.18%	42,846	13.18%
Ningbo Youngor (Group) Co., Ltd.	45,125	11.57%	35,518	10.93%
Ningbo Power Development Company	26,580	6.82%	22,150	6.82%
Ningbo Huamao Group Co., Ltd.	22,800	5.85%	20,000	6.15%
Ningbo Shanshan Co., Ltd.	15,596	4.00%	16,345	5.03%
Ningbo Fubang (Holding) Group Co., Ltd.	14,732	3.78%	14,674	4.52%

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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X. Correlative Parties Relationships and Transactions (continued)

1. Identification of correlative parties (continued)

Correlative parties of the Group consist of parties listed below (continued)

2) subsidiary

See note VII (1. entities in subsidiary) and consolidated financial statements for basic and related information of the subsidiary.

3) Key management staff and their close family members of the group.

2. Major transactions between the Group and the correlative parties.

2.1 Transactions with shareholders with 5% shareholding or more

1) **Loan interest income**

Name	2015	2014
Ningbo Development & Investment Group Co., Ltd.	7,846	6,490
Ningbo Youngor (Group) Co., Ltd.	1,523	17
Ningbo Huamao Group Co., Ltd.	25,824	24,938
Ningbo Shanshan Co., Ltd.	16,499	1,509
Ningbo Fubang (Holding) Group Co., Ltd.	<u>33,421</u>	<u>38,862</u>
	<u>85,113</u>	<u>71,816</u>

2) **Deposit interest expenses**

Name	2015	2014
Ningbo Development & Investment Group Co., Ltd.	506	898
Ningbo Youngor (Group) Co., Ltd.	1,197	2,169
Ningbo Power Development Company	44	39
Ningbo Huamao Group Co., Ltd.	635	595
Ningbo Shanshan Co., Ltd.	254	260
Ningbo Fubang (Holding) Group Co., Ltd.	<u>198</u>	<u>150</u>
	<u>2,834</u>	<u>4,111</u>

Bank of Ningbo Co., Ltd.
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X. Correlative Parties Relationships and Transactions (continued)

2. Major transactions between the Group and the correlative parties (continued)

2.1 Transactions with shareholders with 5% shareholding or more (continued)

3) Interests expenses of capital business

Name	2015	2014
OCBC	<u>4,088</u>	<u>-</u>

4) Interests income of capital business

Name	2015	2014
OCBC	<u>138</u>	<u>4,994</u>

2.2. Transactions with the key managers and their close family members

Name	2015	2014
Loan interest income	<u>619</u>	<u>1,263</u>
Loan interest income	<u>235</u>	<u>375</u>

2.3. Transactions with the holding subsidiaries

Name	2015	2014
Interest income	<u>24,205</u>	<u>-</u>
Interest expense	<u>2,218</u>	<u>1,781</u>
Fee and commission income	<u>3,650</u>	<u>547</u>

2.4. Other transactions with correlative parties

Name	2015	2014
Remuneration of key managers	<u>26,360</u>	<u>25,403</u>

The Management Team of the Group thought the transactions with above-mentioned correlative parties have been proceeded in compliance with the regular business transaction terms and conditions and the normal business procedures with the general market price as the pricing fundamentals.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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X. Correlative Parties Relationships and Transactions (continued)

3. Balance of correlative parties transactions (continued)

3.1 Balance of transactions from shareholders who own 5% or more than 5% share

1) Loan and advance

Name	Dec 31, 2015	Dec 31, 2014
Ningbo Development & Investment Group Co., Ltd.	200,000	100,000
Ningbo Shanshan Co., Ltd.	-	28,000
Ningbo Youngor (Group) Co., Ltd.	180,214	-
Ningbo Fubang (Holding) Group Co., Ltd.	527,724	527,790
Ningbo Huamao Group Co., Ltd.	<u>451,683</u>	<u>471,432</u>
	<u>1,359,620</u>	<u>1,127,222</u>

2) Deposit

Name	Dec 31, 2015	Dec 31, 2014
Ningbo Development & Investment Group Co., Ltd.	40,248	67,054
Ningbo Shanshan Co., Ltd.	50,330	27,063
Ningbo Youngor (Group) Co., Ltd.	623,966	455,015
Ningbo Fubang (Holding) Group Co., Ltd.	356,146	429,616
Ningbo Power Development Company	625	57,243
Ningbo Huamao Group Co., Ltd.	<u>15,253</u>	<u>17,944</u>
	<u>1,086,568</u>	<u>1,053,935</u>

3) Borrowing

Name	Dec 31, 2015	Dec 31, 2014
OCBC	<u>100,000</u>	<u>-</u>

4) Repurchased financial assets

Name	Dec 31, 2015	Dec 31, 2014
OCBC	<u>-</u>	<u>49,000</u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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X. Correlative Parties Relationships and Transactions (continued)

3. Balance of correlative parties transactions (continued)

3.1 Balance of transactions from shareholders who own 5% or more than 5% share (continued)

5) Deposit due from banks

Name	Dec 31, 2015	Dec 31, 2014
OCBC	<u>2,834</u>	<u>36,473</u>

6) Off balance sheet

Name	Dec 31, 2015	Dec 31, 2014
Ningbo Development & Investment Group Co., Ltd.	2,065	464
Ningbo Shanshan Co., Ltd.	407,462	-
Ningbo Youngor (Group) Co., Ltd.	2,833,353	1,763,704
Ningbo Fubang (Holding) Group Co., Ltd.	419,705	519,412
Ningbo Huamao Group Co., Ltd.	<u>284,301</u>	<u>164,683</u>
	<u>3,946,886</u>	<u>2,448,263</u>

7) Derivative transaction

On 31st Dec. 2015, the balance of long-term foreign exchange trading of the group and its affiliated party OCBC was RMB 2,167,777,000, and the balance of long-term instalment was RMB 2,167,829,000 (31st Dec. 2014: RMB 3,153,323,000 and RMB 3,181,214,000 respectively); the nominal balance of the interest income of the currency swap was RMB 51,299,000, and the nominal balance of the interest expense of the of the currency swap was RMB 50,117,000 (Dec 31, 2014: RMB 0). The nominal balance of the interest rate swap was RMB 9,334,935,000 (Dec 31, 2014: RMB 7,951,260,000).

3.2. Balance of transactions from key managers and their relative family members

Name	Dec 31, 2015	Dec 31, 2014
Loans and advances	<u>18,290</u>	<u>21,339</u>
Deposit	<u>38,723</u>	<u>33,108</u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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X. Correlative Parties Relationships and Transactions (continued)

3. Balance of correlative parties transactions (continued)

3.3 Balance of transaction with the holding subsidiaries of the group

Name	Dec 31, 2015	Dec 31, 2014
Loans to other banks	<u>25,000</u>	<u>-</u>
Buying back the sale of financial assets	<u>1,806,000</u>	<u>-</u>
Interest receivable	<u>7,925</u>	<u>-</u>
Other assets	<u>1,937</u>	<u>33</u>
Deposits from banks and other financial institutions	<u>927,300</u>	<u>17,674</u>
Interest payable	<u>4,861</u>	<u>-</u>
Off balance sheet	<u>911,600</u>	<u>-</u>

XI. Contingent Items, Commitment Items and Main Off-balance Sheet Items

1. Capitalized commitment

	Dec 31, 2015	Dec 31, 2014
Contracts signed but proceeds not yet be withdrawn	<u>501,318</u>	<u>393,977</u>

2. Operating lease commitment

According to the lease contract, the minimum lease rent of irrevocable operating sites are as follows:

	Dec 31, 2015	Dec 31, 2014
Within 1 year (included)	321,710	279,575
1-2 years (included)	294,820	267,897
2-3 years (included)	262,959	249,021
Over 3 years	<u>888,791</u>	<u>801,241</u>
	<u>1,768,280</u>	<u>1,597,734</u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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XI. Contingent Items, Commitment Items and Main Off-balance Sheet Items

3. Off-balance sheet commitments

	Dec 31, 2015	Dec 31, 2014
L/C issuance	11,570,259	15,629,215
Bank acceptance bill	69,716,782	50,545,875
Issuance of guarantee	18,052,693	13,480,670
Loan commitment	<u>123,744,601</u>	<u>52,232,448</u>

Note: treasury acceptance commitment

Treasury Bill Redemption Commitment and Savings Bond Redemption Commitment refer to that the Company is entrusted by the Ministry of Finance to issue certain treasury bills and savings bonds (electronic). Investors of treasury bills and savings bonds have a right to ask for redemption of the bills and bonds (electronic) at any time prior to maturity and the Company is committed to redeem those bills and bonds. The redemption price is principal value of the bills and bonds plus the interests payable at that day. Until 31 Dec. 2015, the principal value of the bills and bonds (electronic) issued by the Group but not yet at maturity and redeemed is RMB 787,895,000 (31 Dec. 2014 RMB 156,578,000). The Ministry of Finance is not to redeem the principal and interest of the bills and bonds (electronic) until the maturity. The Management of the Company considers that the amount for redemption of the treasury bills and savings bonds (electronic) prior to the maturity is not significant.

The issuance of Letter of Credit refers to credit operation that the Group acting at the request and on the instruction of applicant, make a documentary credit with a certain amount to the beneficiary and to pay at a certain place under the complying presentation of required documents within a certain period.

Bank Acceptance Bill refers to such credit business that a draft or a bill of exchange drawn upon a payee or a drawee (applicant) is examined and agreed to accept by the Company from applicant's application for acceptance.

Letter of Guarantee is a written undertaking made by the Group at the request of the applicant to the beneficiary, guaranteeing that the applicant will perform obligations under the contract signed between the applicant and the beneficiary, or the Company will take the responsibility.

Loan Guarantee is a commitment made by the Group guarantees to the clients to offer certain amount loan in a certain period.

4. Pending litigation

By the end of Dec 31, 2015, there're 14 litigations in which the Group acted as defendant, with the total subject amounted to RMB 6,370,000. As the compensation is rarely possible, the liabilities needn't to be confirmed. (By the end of Dec 31, 2014, there're 8 litigations in which the Group acted as defendant, with the total subject amounted to RMB 5,524,000. As the compensation is negligible in possibility, the liabilities needn't to be confirmed).

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2015
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XII. Financial Instruments and Risk Analysis

According to the disclosure requirements stipulated in *Accounting Standards for Enterprises No.37–Presentation of Financial Instruments*, the Group discloses the relative quantitative information of credit risk, liquidity risk and market risk in the year 2015 and 2014.

The financial risk management mainly reveals the risks taken by the Group and its management and controlling conditions of the risks, particularly the risks confronted in the using of the financial instruments.

- Credit risk: it means the risks the Company may take when the clients or transaction counter-parties of the Company fail to fulfill their obligations agreed, including the credit exposure and settlement risk.
- Market risk: it means the exposures influenced by the observable economic parameters of the market, including the fluctuations of interest rate, exchange rate and prices of shares and commodities.
- Liquidity risk: it means the risks brought by the Company's failure to pay the matured debts under normal or depressed market environment.
- Operational risk: it means the economical or credit losses resulting from incompliance with the systems and procedures or for the fraudulences.
-

The Group has stipulated corresponding policies and procedures for recognition and analysis of above mentioned risks, and also appropriate risk limits and controlling mechanisms. The Group has Risk Management Committee and its specific department, The Risk Management Department being responsible for the management of risks. The risk management department has its own clear responsibilities and is somehow independent from the business department bearing risks, and would submit its independent risk reports to the Board of Directors and the Management. The Risk Management Committee is responsible for formulating the policies and procedures for management of the risks, and also regulating the risk limits and management mechanisms. Besides, the Risk Management Committee shall at regular intervals host risk management conferences and meetings in compliance with the market conditions to improve those risk policies and procedures.

1. Credit risk

Credit risk means that clients or transaction counter-parties who may be incapable or unwilling to honor the obligations agreed with the Group. Once all of the transaction-parties are in one industry or region, the credit risks would rise for their ability to pay the accounts are affected by the same influence of economical development.

Concentration of credit risks: when a certain amount of clients do the same operations or are in the same geographic region, or share the similar economic characteristics in their trades, their ability to fulfill the obligations regulated in the agreements would be simultaneously influenced by the same economic changes. The concentration level of the credit risks reveals the sensitivity of the Company's achievements to the specific trade or geographic area.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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Before approving credit for clients, the Group would firstly assess the credit rate and check the credit limit at regular intervals. Management of credit risk also includes to receive the guaranties and guarantees. For the off-balance sheet credit promises, the Company would regularly charge deposits to lower the credit risks.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2015
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XII. Financial Instruments and Risk Analysis (continued)

1. Credit risk (continued)

1.1. Within-balance sheet assets

Proportion of loans and advances by industries:

	Dec 31, 2015		Dec 31, 2014	
	Amount	Prop(%)	Amount	Prop(%)
Agriculture/forestry/animal/fishing	1,014,448	0.40	949,376	0.45
Mining	900,893	0.35	330,802	0.16
Manufacturing	39,676,014	15.51	39,483,149	18.80
Production and supply of electricity, gas and water	3,510,332	1.37	2,091,225	1.00
Construction	11,064,796	4.33	8,940,251	4.26
Transportation, storage and mailing	4,213,295	1.65	3,440,540	1.64
Information transfer, pc service and software	3,048,475	1.19	1,784,032	0.85
Commerce and trade	30,242,126	11.83	27,261,689	12.98
Hotel and restaurant	885,389	0.35	1,177,285	0.56
Finance	6,425,543	2.51	921,559	0.44
Real estate	24,020,474	9.39	19,247,264	9.16
Leasing and commercial service	25,234,562	9.87	19,475,651	9.27
Scientific research, technological service. and geological reconnaissance	660,110	0.26	414,290	0.20
Management and investment of water resource, environmental and public facilities	16,053,531	6.28	8,116,007	3.86
Residential and other services	329,669	0.13	295,065	0.14
Education	864,880	0.34	888,292	0.42
Sanitation, social security and welfare	489,329	0.19	337,715	0.16
Culture, sports and entertainment	377,116	0.15	458,515	0.22
Public management and social organization	1,475,650	0.58	1,714,126	0.82
Personal loan	85,201,948	33.32	72,735,349	34.61
	255,688,580	100.00	210,062,182	100.00

Concentration by regional loans and advances:

	Dec 31, 2015		Dec 31, 2014	
	Amount	Prop(%)	Amount	Prop(%)
Zhejiang Province	166,908,828	65.28	131,885,930	62.79
<i>including: Ningbo</i>	<i>127,853,845</i>	<i>50.00</i>	<i>103,865,395</i>	<i>49.45</i>
Shanghai	18,213,488	7.12	18,526,749	8.82
Jiangsu Province	51,746,930	20.24	42,169,855	20.07
Guangdong Province	10,511,244	4.11	10,027,060	4.77
Beijing	8,308,090	3.25	7,452,588	3.55
	255,688,580	100.00	210,062,182	100.00

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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XII. Financial Instruments and Risk Analysis

1. Credit risk (continued)

1.2 Derivative financial instruments

The derivative financial instruments are used by the Group in the management of the assets and liabilities. When the rates of assets and liabilities mismatch, for example, the Group purchases assets at a fixed interest with the capital coming from a floating rate, in which the fair value fluctuates with the market interest rate, the Group would transfer the fixed interest rate into a floating one to lessen the impact caused by the fluctuation.

Derivative financial instruments adopted by the Group in transactions:

Swap contract: it refers to the commitment to swap cash flow within an agreed period.

In an interest rate swap, interest will be paid by both parties participated in the transaction to each other in an agreed rate within an agreed period. Both parties, as based on the same currency and the same amount, will exchange a fixed interest rate for a floating interest rate, or exchange one floating interest rate for another. By the end of the agreed period, the interest will be paid according to the agreed interest rate.

Forward contract: it refers to the agreement to purchase or sell financial product at a given amount in the future.

Share option contract: it mean according to the agreed conditions, the options for purchasing or selling a certain amount of foreign exchanges, bonds and the interest rates at agreed exchange rate or interest rate within a regulated period once the buyer has paid the seller specific fees for the share options, which also means that the buyer of the share options has the right to fulfill or not to fulfill the options, however the seller has no excuse to refuse performing in compliance with seller's options.

Contract of options on foreign exchange is the agreement on the rights of the buyer and seller to foreign exchange transactions.

The assessment and controlling standard for the credit risk of the derivative financial instruments of the Group is also applied to other transactions.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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XII. Financial Instruments and Risk Analysis

1. Credit risk (continued)

1.3 Credit risk exposure

The table below illustrates the maximum on-balance sheet credit exposure when available pledge or other credit enhancement was not considered in the analysis

	Dec 31, 2015	Dec 31, 2014
Due from central banks	64,988,415	69,385,063
Due from other banks	14,199,976	30,447,600
Loan to other banks	1,381,143	2,866,596
Financial assets measured by fair value with its		
Changes enter into current income statement	7,039,891	8,878,979
Derivative financial assets	3,537,564	1,293,140
Reverse repurchase agreements	10,980,600	17,079,001
Interest receivable	2,765,145	3,015,047
Loans and advance payments	248,399,105	204,749,878
Available-for-sale financial assets	249,244,691	120,095,776
Held-to-maturity investment	32,671,512	16,569,101
Accounts receivable hold for investment	71,231,132	71,554,844
Other asstes	<u>296,856</u>	<u>294,978</u>
Balance sheet risk exposure	<u><u>706,736,030</u></u>	<u><u>546,230,003</u></u>
Financial guarantee	99,339,736	79,655,760
Commitment	<u>123,744,601</u>	<u>52,232,448</u>
Maximum credit risk exposure	<u><u>929,820,367</u></u>	<u><u>678,118,211</u></u>

In the table above, the maximum risk exposure designated at fair value only represents current maximum credit exposure, while not the maximum risk exposure when fair value changes in the future.

The "Other assets" in the table are the financial assets with credit risks of the Group.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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XII. Financial Instruments and Risk Analysis

1. Credit risk (continued)

1.4 Pledge and other credit enhancement

The kind of pledge and its amount are made upon the evaluation of credit risk of counter-party. The Group takes the kind and value of the pledge as the execution standard.

Classification of pledges accepted by the Group:

- (i) Reverse repurchase agreements: bills and bonds, etc;
- (ii) Corporate loan: real estate, machinery facilities, land use right, deposit receipt;
- (iii) Personal loan: real estate and deposit receipt, etc.

The Management shall check pledge value periodically and ask client to increase the amount of pledge when necessary according to the agreement.

1.5. Credit quality analysis of financial assets in compliance with credit rating system of the Group

If objective evidences of depreciation can prove that there is one or more than one circumstance have happened after the original confirmation of loans and advance payments issuance and these circumstances can be reliably assessed with influences on the anticipation of the future cash flows, these loans and advance payments are considered as the depreciated ones.

Credit quality analysis of financial assets in compliance with credit rating system of the Company dated as the Balance Sheet as follows:

Dec 31, 2015	Neither past due nor impairment	Past due but not impaired			Impaired	Total
		within 1 month	1-3 months	over 3 months		
Balances with central banks	64,988,415	-	-	-	-	64,988,415
Due from other banks	14,199,976	-	-	-	194	14,200,170
Loans to other banks	1,381,143	-	-	-	-	1,381,143
Financial assets measured by fair value with its Changes enter into current						
Income statement	7,039,891	-	-	-	-	7,039,891
Derivative financial assets	3,537,564	-	-	-	-	3,537,564
Reverse repurchase agreements	10,980,600	-	-	-	-	10,980,600
Interest receivable	2,765,145	-	-	-	-	2,765,145
Loans and advances	251,156,121	695,018	862,540	613,289	2,361,612	255,688,580
Available-for-sale financial Assets	249,244,691	-	-	-	-	249,244,691
Held-to-maturity investment	32,671,512	-	-	-	-	32,671,512
Investment receivable	71,035,887	-	-	-	390,490	71,426,377
Other assets	296,856	-	-	-	13,355	310,211
	<u>709,297,801</u>	<u>695,018</u>	<u>862,540</u>	<u>613,289</u>	<u>2,765,651</u>	<u>714,234,299</u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2015
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XII. Financial Instruments and Risk Analysis

1. Credit risk (continued)

1.5 Credit quality analysis of financial assets in compliance with credit rating system of the Group (continued)

Dec 31, 2014	Neither past due nor impairment	Past due but not impaired			Impaired	Total
		within 1 month	1-3 months	over 3 months		
Balances with central banks	69,385,063	-	-	-	-	69,385,063
Due from other banks	30,447,600	-	-	-	194	30,447,794
Loans to other banks	2,866,596	-	-	-	-	2,866,596
Financial assets measured by fair value with its						
Changes enter into current						
Income statement	8,878,979	-	-	-	-	8,878,979
Derivative financial assets	1,293,140	-	-	-	-	1,293,140
Reverse repurchase agreements	17,079,001	-	-	-	-	17,079,001
Interest receivable	3,015,047	-	-	-	-	3,015,047
Loans and advances	205,990,797	1,237,869	580,368	390,318	1,862,830	210,062,182
Available-for-sale financial assets						
Asstes	120,095,776	-	-	-	-	120,095,776
Held-to-maturity investment	16,569,101	-	-	-	-	16,569,101
Investment receivable	71,304,844	-	-	-	500,000	71,804,844
Other asstes	294,978	-	-	-	13,816	308,794
	<u>547,220,922</u>	<u>1,237,869</u>	<u>580,368</u>	<u>390,318</u>	<u>2,376,840</u>	<u>551,806,317</u>

On Dec 31, 2015, the fair value of pledge for impaired loan reached to RMB 1,479,247,000 (Dec 31, 2014: RMB 931,779,000). The pledge included equipment, real estate and land. Etc.

1.6 Credit quality analysis of financial assets neither past due nor impairment

Rating standard of credit quality of financial assets neither past due nor impair:

High quality: the counterparty has excellent financial conditions and business achievements, sufficient cash flows without bad credit records and is able to fulfill the contract.

Standard quality: there are negative factors which may affect the counterparties' fulfilling the contract, including the key financial indexes, cash flow of management and fair value of pledges.

	Dec 31, 2015		Total	Dec 31, 2014		Total
	High quality	Standard quality		High quality	Standard quality	
Balances with central banks	64,988,415	-	64,988,415	69,385,063	-	69,385,063
Due from other banks	14,199,976	-	14,199,976	30,447,600	-	30,447,600
Loans to other banks	1,381,143	-	1,381,143	2,866,596	-	2,866,596
Financial assets measured by fair value with its						
Changes enter into current						
Income statement	7,039,891	-	7,039,891	8,878,979	-	8,878,979
Derivative financial assets	3,537,564	-	3,537,564	1,293,140	-	1,293,140
Reverse repurchase agreements	10,980,600	-	10,980,600	17,079,001	-	17,079,001
Interest receivable	2,765,145	-	2,765,145	3,015,047	-	3,015,047
Loans and advances	248,379,696	2,776,425	251,156,121	204,377,995	1,612,802	205,990,797
Available-for-sale financial assets	249,244,691	-	249,244,691	120,095,776	-	120,095,776
Held-to-maturity investment	32,671,512	-	32,671,512	16,569,101	-	16,569,101
Investment receivable	71,035,887	-	71,035,887	71,304,844	-	71,304,844
Other assets	296,856	-	296,856	294,978	-	294,978
Total	<u>706,521,376</u>	<u>2,776,425</u>	<u>709,297,801</u>	<u>545,608,120</u>	<u>1,612,802</u>	<u>547,220,922</u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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Unit: CNY Thousand

XII. Financial Instruments and Risk Analysis (continued)

1. Credit risk (continued)

1.7 Fair value of pledges past due but not impaired

Item	Dec 31, 2015	Dec 31, 2014
Loans and advance payments		
Housing, land and building	<u>2,154,464</u>	<u>1,313,094</u>

2. Liquidity risk

Liquidity risk is the risk of incapable to meet the repayment obligations at the maturity, which can be resulted by the mismatches of terms or amounts of the assets and liabilities. The management of liquidity risks of the Group covers the prior plans, current management, afterward-adjustment and emergency plans. According to supervision authority's administration index system for the liquidity risks, the Company has also designed a series of daily liquidity risk supervision system in compliance with applicability and the actual conditions of the Company so as to control the executions of limitations on specific indexes daily, and also classify the system in accordance with supervision and adjustment rates.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2015

Unit: CNY Thousand

XII. Financial Instruments and Risk Analysis (continued)

2. Liquidity risk (continued)

2.1 Maturity analysis of assets and liabilities other than the derivative financial instruments

Maturity analysis of assets and liabilities other than the derivative financial instruments of the Company at the Balance Sheet date:

31 Dec. 2015	Overdue /No Maturity	On demand	Within 1 month	1-3 months	3 months -1 year	1-5 years	Over 5 years	Total
Items of assets								
Cash and balances with central banks	54,566,179	11,623,261	-	-	-	-	-	66,189,440
Due from other banks	-	4,283,628	471,067	1,939,772	7,951,885	-	-	14,646,352
Loans to other banks	-	-	866,760	195,459	213,724	112,834	-	1,388,777
Financial assets measured by fair value with its								
Changes enter into current income statement	-	7,150,586	18,433	35,676	160,359	567,600	165,161	8,097,815
Reverse repurchase agreements	-	-	10,981,476	-	-	-	-	10,981,476
Loans and advance payments	2,918,495	419,729	21,483,334	34,842,566	142,921,790	59,898,087	14,770,780	277,254,781
Available-for-sale financial assets	-	-	13,712,746	20,201,610	148,011,665	41,390,023	39,532,453	262,848,497
Held-to-maturity investments	-	-	101,362	1,828,201	1,129,898	15,958,175	20,711,263	39,728,899
Other investment receivable	196,162	-	4,906,981	7,048,335	29,319,522	35,575,210	1,871,458	78,917,668
Other financial assets	-	-	11,559	15,423	124,840	145,034	-	296,856
Total assets	<u>57,680,836</u>	<u>23,477,204</u>	<u>52,553,718</u>	<u>66,107,042</u>	<u>329,833,683</u>	<u>153,646,963</u>	<u>77,051,115</u>	<u>760,350,561</u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2015

Unit: CNY Thousand

XII. Financial Instruments and Risk Analysis (continued)

2. Liquidity risk (continued)

2.1 Maturity analysis of assets and liabilities other than the derivative financial instruments (continued)

Maturity analysis of assets and liabilities other than the derivative financial instruments of the Company at the Balance Sheet date (continued):

31 Dec. 2015	Overdue /No Maturity	On demand	Within 1 month	1-3 months	3 months -1 year	1-5 years	Over 5 years	Total
Items of liabilities								
Cash and balances with central banks	-	-	4,844	9,375	1,731,374	-	-	1,745,593
Due from other banks	-	4,017,557	1,176,136	24,689,140	40,299,999	-	-	70,182,832
Placements from other institutions	-	-	8,750,308	4,735,149	6,827,692	-	-	20,313,149
Financial liabilities measured by fair value with its								
Changes enter into current income statement	-	53,455	-	42,111	87,116	-	-	182,682
Proceeds generated from repurchase agreements-	-	-	32,643,943	13,478,896	384,693	-	-	46,507,532
Deposit	-	201,830,358	24,051,503	37,358,452	74,861,988	50,819,128	8,033	388,929,462
Bond payable	-	-	3,747,140	42,231,843	73,024,417	18,791,200	16,485,700	154,280,300
Other financial liabilities	13,077,667	2,157,050	2,290,927	3,224,297	949,730	421,798	23,811	22,145,280
Total liabilities	13,077,667	208,058,420	72,664,801	125,769,263	198,167,009	70,032,126	16,517,544	704,286,830
Net amount of balance sheet liquidity	44,603,169	(184,581,216)	(20,111,083)	(59,662,221)	131,666,674	83,614,837	60,533,571	56,063,731
Off-balance sheet credit liquidity		5,602,938	124,727,322	12,217,299	25,808,965	51,426,375	2,288,521	1,012,916
	<u>223,084,336</u>							

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2015

Unit: CNY Thousand

XII. Financial Instruments and Risk Analysis (continued)

2. Liquidity risk (continued)

2.1 Maturity analysis of assets and liabilities other than the derivative financial instruments (continued)

Maturity analysis of assets and liabilities other than the derivative financial instruments of the Company at the Balance Sheet date:

31 Dec. 2014	Overdue /No Maturity	On demand	Within 1 month	1-3 months	3 months -1 year	1-5 years	Over 5 years	Total
Items of assets:								
Cash and balances with central banks	53,039,354	17,914,584	-	-	-	-	-	70,953,938
Due from other banks	-	3,815,309	7,636,717	6,063,320	14,195,898	-	-	31,711,244
Loans to other banks	-	-	314,951	562,418	2,055,750	73,391	-	3,006,510
Financial assets measured by fair value with its								
Changes enter into current income statement	-	9,065,173	31,931	59,145	246,095	924,029	347,088	10,673,461
Reverse repurchase agreements	-	-	17,024,848	62,081	-	-	-	17,086,929
Loans and advance payments	2,247,648	612,498	27,420,048	39,146,965	106,978,431	38,611,989	12,527,778	227,545,357
Available-for-sale financial assets	-	-	5,784,219	27,015,765	44,397,806	36,711,265	15,606,371	129,515,426
Held-to-maturity investments	-	-	53,319	317,712	1,629,444	8,526,901	9,458,200	19,985,576
Accounts receivable held for investment	251,174	-	3,574,842	8,244,547	34,334,076	30,203,246	1,324,653	77,932,538
Other assets	-	-	50,837	66,253	122,609	55,279	-	294,978
Total assets	<u>55,538,176</u>	<u>31,407,564</u>	<u>61,891,712</u>	<u>81,538,206</u>	<u>203,960,109</u>	<u>115,106,100</u>	<u>39,264,090</u>	<u>588,705,957</u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2015

Unit: CNY Thousand

XII. Financial Instruments and Risk Analysis (continued)

2. Liquidity risk (continued)

2.1 Maturity analysis of assets and liabilities other than the derivative financial instruments (continued)

Maturity analysis of assets and liabilities other than the derivative financial instruments of the Company at the Balance Sheet date:

31 Dec. 2014	Overdue /No Maturity	On demand	Within 1 month	1-3 months	3 months -1 year	1-5 years	Over 5 years	Total
Items of liabilities								
Due to banks and other financial institutions	-	725,228	22,546,856	31,237,271	34,347,473	-	-	88,856,828
Placements from other institutions	-	-	4,907,940	6,151,892	3,134,715	-	-	14,194,547
financial liabilities measured by fair value with its- Changes enter into current income statement	911,324	245,239	99,355	16,183	-	-	1,272,101	
Proceeds generated from repurchase agreements-	-	-	20,849,475	7,388,112	28,806	-	-	28,266,393
Deposits	-	158,248,255	26,279,257	35,769,195	74,477,490	43,566,594	4,846	338,345,637
Bond payable	-	-	1,000,000	9,700,000	28,128,650	7,549,600	10,630,350	57,008,600
Other liabilities	9,394,365	3,144,147	4,300,076	4,264,321	2,237,557	444,977	23,811	23,809,254
Total liabilities	9,394,365	163,028,954	80,128,843	94,610,146	142,370,874	51,561,171	10,659,007	551,753,360
Net amount of balance sheet liquidity	46,143,811	(131,621,390)	(18,237,131)	(13,071,940)	61,589,235	63,544,929	28,605,083	36,952,597
Off-balance sheet credit liquidity	424,624	63,316,910	9,320,433	18,769,896	36,668,480	2,381,069	1,006,796	131,888,208

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2015

Unit: CNY Thousand

XII. Financial Instruments and Risk Analysis (continued)

2. Liquidity risk (continued)

2.2 Cash flow analysis of derivative financial instruments

Derivative financial instruments at close-out netting

Derivative financial instruments at close-out netting include interest rate and currency derivatives based on rate swap.

The table below represented cash flow distribution of derivative financial instruments at close-out netting with remaining maturity. Balance at the date of maturity means: from the balance sheet date to the contract expiry date, the amount of derivative financial instruments under specified periods is the cash flow that has not been converted into cash.

Dec 31, 2015	Within 3 months	3 months -1 year	1-5 years	Over 5 years	Total
Currency swap	(20,244)	-	-	-	(20,244)
Interest rate swap	<u>4,348</u>	<u>(47,615)</u>	<u>(27,242)</u>	<u>-</u>	<u>(70,509)</u>
Dec 31, 2014	Within 3 months	3 months -1 year	1-5 years	Over 5 years	Total
Currency swap	(1,812)	-	-	-	(1,812)
Interest rate swap	<u>(10,115)</u>	<u>1,753</u>	<u>(96,474)</u>	<u>(76)</u>	<u>(104,912)</u>

Derivative financial instruments settled at full amount

Derivative financial instruments settled at full amount include exchange rate derivatives for currency forward and swap.

The table below represented cash flow distribution of derivative financial settled at full amount with remaining maturity. Balance at the date of maturity means: from the balance sheet date to the contract expiry date, the amount of derivative financial instruments in specified periods is the contract cash flow, which has not been converted into cash.

Dec 31, 2015	Within 3 month	3 month-1 year	1-5 years	over 5 years	Total
Forward foreign exchange					
Cash outflow	(3,816,308)	(4,907,140)	(287,698)	-	(9,011,146)
Cash inflow	3,842,851	4,955,564	286,803	-	9,085,218
Currency swap					
Cash outflow	(112,183,427)	(150,960,575)	(5,856,305)	-	(269,000,307)
Cash inflow	112,045,273	150,945,429	5,951,650	-	268,942,352
Option					
Cash outflow	(2,400,492)	(2,384,970)	(1,893)	-	(4,787,355)
Cash inflow	2,408,059	2,391,238	1,971	-	4,801,268
Nobel metal agreement					
Cash outflow	(3,042,284)	(5,537,097)	-	-	(8,579,381)
Cash inflow	3,948,653	3,946,882	-	-	7,895,535

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2015

Unit: CNY Thousand

XII. Financial Instruments and Risk Analysis (continued)

2. Liquidity risk (continued)

2.2 Cash flow analysis of derivative financial instruments (continued)

Derivative financial instruments settled at full amount (continued)

Dec 31, 2014	Within 3 month	3 month-1 year	1-5 years	over 5 years	Total
Forward foreign exchange					
Cash outflow	(5,941,684)	(9,109,923)	(747,014)	-	(15,798,621)
Cash inflow	5,953,694	9,053,545	733,324	-	15,740,563
Currency swap					
Cash outflow	(72,018,935)	(90,779,654)	(3,268,545)	-	(166,067,134)
Cash inflow	71,805,010	90,675,745	3,299,384	-	165,780,139
Option					
Cash outflow	(1,206,967)	(1,107,632)	(21,446)	-	(2,336,045)
Cash inflow	1,219,082	1,104,326	21,220	-	2,344,628

3. Market risk

Market risk can exist within non-transaction business, as well as transaction business.

The Group established market risk management institutions and teams with the Market Risk Department observing the market risk exposures of the trade, which is also responsible for preparing the relative market risk management policies and submitting them to the Risk Management Committee. Under the current risk management structure, the Market Risk Department is mainly responsible for managing the risks arising from transaction business market and foreign exchange. And the risks of the transaction business market of the Company mainly comes from the market maker business, client-investment business and some short-tem market investment profit chances.

The Group in compliance with the established standard and current management capability measures the market risks through sensitivity analysis. Before releasing new products or business, its market risks shall be identified according to corresponding regulations and rules.

3.1 Interest rate risk

The interest rate risk of the Group arises from the mismatch of the agreed maturity of interest-bearing assets and interest-paying liabilities and the re-pricing date. And the interest-bearing assets and interest-paying liabilities of the Group are mainly counted in the unit of RMB. RMB benchmark interest rate issued by People's Bank of China has set rules for the lower limit of RMB loan interest rate and the upper limit of RMB deposit interest rate.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2015

Unit: CNY Thousand

XII. Financial Instruments and Risk Analysis (continued)

3. Market risk (continued)

3.1 Interest rate risk (continued)

Maturity or re-pricing date (the earlier one) analysis of assets and liabilities of the Company at the Balance Sheet date:

31 Dec. 2015	Within 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	Over 5 years	Overdue/no interest	Total
Items of assets							
Cash and balances with central banks	63,073,819	-	-	-	-	3,115,621	66,189,440
Due from other banks	4,708,385	1,800,000	7,691,591	-	-	-	14,199,976
Loans to other banks	866,701	194,805	212,987	106,650	-	-	1,381,143
Financial assets measured by fair value with its							
Changes enter into current income statement	200,075	490,014	811,396	3,105,712	2,146,012	286,682	7,039,891
Derivative financial assets	-	-	-	-	-	3,537,564	3,537,564
Reverse repurchase agreements	10,980,600	-	-	-	-	-	10,980,600
Loans and advance payments	20,788,300	32,100,155	131,590,387	26,429,047	5,549,090	31,942,126	248,399,105
Available-for-sale financial assets	13,149,332	19,008,007	144,615,186	35,074,132	19,744,122	17,653,912	249,244,691
Held-to-maturity investments	-	1,589,892	273,875	11,943,005	18,864,740	-	32,671,512
Accounts receivable held for investment	4,482,712	6,347,798	26,606,853	31,975,947	1,622,577	195,245	71,231,132
Other financial assets	-	-	-	-	-	3,062,001	3,062,001
Total assets	<u>118,249,924</u>	<u>61,530,671</u>	<u>311,802,275</u>	<u>108,634,493</u>	<u>47,926,541</u>	<u>59,793,151</u>	<u>707,937,055</u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2015

Unit: CNY Thousand

XII. Financial Instruments and Risk Analysis (continued)

3. Market risk (continued)

3.1 Interest rate risk (continued)

Maturity or re-pricing date (the earlier one) analysis of assets and liabilities of the Company at the Balance Sheet date:

31 Dec. 2015	Within 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	Over 5 years	Overdue/no interest	Total
Item of liabilities							
Due to the central bank	-	-	1,700,000	-	-	-	1,700,000
Due to banks and other financial institutions	3,412,136	19,733,973	45,486,400	-	-	-	68,632,509
Placements from other institutions	11,229,615	4,280,087	4,690,905	-	-	-	20,200,607
Financial liabilities measured by fair value with its							
Changes enter into current income statement	-	-	-	-	-	182,682	182,682
Derivative financial liabilities	-	-	-	-	-	3,355,296	3,355,296
Proceeds generated from repurchase agreements	32,634,101	13,478,896	384,693	-	-	-	46,497,690
Deposits	207,972,959	31,521,349	61,006,429	43,834,733	9,172	11,340,992	355,685,634
Bond payable	998,016	44,062,490	71,037,832	14,980,914	12,977,515	-	144,056,767
Other liabilities	<u>3,829,220</u>	<u>874,650</u>	<u>542,680</u>	<u>-</u>	<u>10,441,266</u>	<u>12,653,340</u>	<u>28,341,156</u>
Total liabilities	<u>260,076,047</u>	<u>113,951,445</u>	<u>184,848,939</u>	<u>58,815,647</u>	<u>23,427,953</u>	<u>27,532,310</u>	<u>668,652,341</u>
Interest sensitive gap	<u>(141,826,123)</u>	<u>(52,420,774)</u>	<u>126,953,336</u>	<u>49,818,846</u>	<u>24,498,588</u>	<u>32,260,841</u>	<u>39,284,714</u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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Unit: CNY Thousand

XII. Financial Instruments and Risk Analysis (continued)

3. Market risk (continued)

3.1 Interest rate risk (continued)

Maturity or re-pricing date (the earlier one) analysis of assets and liabilities of the Company at the Balance Sheet date:

31 Dec. 2014	Within 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	Over 5 years	Overdue/no interest	Total
Items of assets							
Cash and balances with central banks	68,471,928	-	-	-	-	2,482,010	70,953,938
Due from other banks	11,292,160	5,735,080	13,420,360	-	-	-	30,447,600
Loans to other banks	301,686	520,550	1,978,860	65,500	-	-	2,866,596
Financial liabilities measured by fair value with its Changes enter into current income statement	186,363	508,685	1,922,987	3,023,730	3,237,214	-	8,878,979
Derivative financial assets	-	-	-	-	-	1,293,140	1,293,140
Reverse repurchase agreements	17,023,001	56,000	-	-	-	-	17,079,001
Loans and advance payments	41,317,924	32,840,686	103,553,195	8,740,251	1,521,072	16,776,750	204,749,878
Available-for-sale financial assets	5,954,578	26,741,424	42,332,206	30,774,587	14,292,981	-	120,095,776
Held-to-maturity investments	-	209,962	1,160,561	6,554,288	8,644,290	-	16,569,101
Accounts receivable held for investment	3,151,718	8,079,359	31,634,928	27,119,339	1,319,500	250,000	71,554,844
Other assets	-	-	-	-	-	3,310,025	3,310,025
Total assets	147,699,358	74,691,746	196,003,097	76,277,695	29,015,057	24,111,925	547,798,878

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XII. Financial Instruments and Risk Analysis (continued)

3. Market risk (continued)

3.1 Interest rate risk (continued)

Maturity or re-pricing date (the earlier one) analysis of assets and liabilities of the Company at the Balance Sheet date:

31 Dec. 2014	Within 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	Over 5 years	Overdue/no interest	Total
Item of liabilities							
Due to banks and other financial institutions	22,760,846	30,449,638	33,423,851	-	-	-	86,634,335
Placements from other institutions	4,857,212	6,094,807	3,119,962	-	-	-	14,071,981
Financial liabilities measured by fair value with its							
Changes enter into current income statement	-	-	-	-	-	1,272,100	1,272,100
Derivative financial liabilities	-	-	-	-	-	1,303,488	1,303,488
Proceeds generated from repurchase agreements	20,838,891	7,287,435	28,806	-	-	-	28,155,132
Deposits	168,342,738	32,585,154	61,566,311	37,500,668	4,980	6,531,978	306,531,829
Bond payable	995,940	9,604,062	29,073,778	4,993,095	5,988,516	-	50,655,391
Other liabilities	5,562,399	4,057,900	2,056,540	119,800	9,228,580	8,371,662	29,396,881
Total liabilities	<u>223,358,026</u>	<u>90,078,996</u>	<u>129,269,248</u>	<u>42,613,563</u>	<u>15,222,076</u>	<u>17,479,228</u>	<u>518,021,137</u>
Interest sensitive gap	<u>(75,658,668)</u>	<u>(15,387,250)</u>	<u>66,733,849</u>	<u>33,664,132</u>	<u>13,792,981</u>	<u>6,632,697</u>	<u>29,777,741</u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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Unit: CNY Thousand

XII. Financial Instruments and Risk Analysis (continued)

3. Market risk (continued)

3.1 Interest rate risk (continued)

Sensitivity analysis is the primary instrument for measuring and controlling the risks in the transaction business market, of which the duration analysis is to evaluate the potential influences of the market price fluctuation of the fixed-profit financial instruments to the Company's benefits and equity. And the gap analysis is mainly used by the Company to control the risks in the non-transaction business market.

Duration analysis is also called as persistent period analysis or duration elastic analysis, which is a method to measure the influences on the economic values of the banks caused by the fluctuations of interest rate, and also one of the methods to evaluate the sensitivity of interest rate's fluctuation.

Gap analysis is used to predicate the cash flow conditions in the future by calculating the balance between assets and liabilities in a specific duration in the future.

The Group primarily adopts sensitivity analysis to measure and control the interest rate risks. For the portfolio of available-for-sale bond investment, the Group uses duration analysis to evaluate the potential influences of the market price fluctuation of this kind of financial instrument market to the benefits and equity of the Group. And for the non-transaction financial assets and liabilities with Held-to-maturity bond investment, clients' loans and deposits as the primary content, the Company uses gap analysis to measure and control the interest rate risks of this kind of financial instruments.

Descriptive information and quantitative information of sensitivity analysis of the Company are as follows:

1) Duration analysis

Duration analysis results in compliance with transaction bond investment at that time to the Balance Sheet date as follows:

	Dec 31, 2015	
Alteration (base point) of interest rate	(100)	100
Alteration of gain or loss by interest rate risk	230,961	(230,961)
	Dec 31, 2014	
Alteration (base point) of interest rate	(100)	100
Alteration of gain or loss by interest rate risk	297,251	(297,251)

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2015

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XII. Financial Instruments and Risk Analysis (continued)

3. Market risk (continued)

3.1 Interest rate risk (continued)

Descriptive information and quantitative information of sensitivity analysis of the Company are as follows (continued):

1) Duration analysis (continued)

Duration analysis results in compliance with transaction bond investment at that time to the Balance Sheet date as follows:

	Dec 31, 2015	
Alteration (base point) of interest rate	(100)	100
Alteration of gain or loss by interest rate risk	2,423,082	(2,423,082)
	Dec 31, 2014	
Alteration (base point) of interest rate	(100)	100
Alteration of gain or loss by interest rate risk	1,537,003	(1,537,003)

The Group adopts Macaulay duration analysis. Macaulay duration of the transaction bond investment and available-for-sale bond investment is received from specialty software by the Group and analyzed and calculated with Summit system to get an accurate understanding of the influences of interest rate risks to the Group.

2) Gap analysis

Gap analysis results in compliance with non-transaction financial assets and liabilities at that time to the Balance Sheet date as follows:

	Dec 31, 2015	
Alteration (base point) of interest rate	(100)	100
Alteration of profit before tax by interest rate risk	2,304,292	(2,304,292)
	Dec 31, 2014	
Alteration (base point) of interest rate	(100)	100
Alteration of profit before tax by interest rate risk	1,018,313	(1,018,313)

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2015

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XII. Financial Instruments and Risk Analysis (continued)

3. Market risk (continued)

3.1 Interest rate risk (continued)

Descriptive information and quantitative information of sensitivity analysis of the Company are as follows (continued):

2) Gap analysis (continued)

The above gap analysis is proceed on the presumption that non-transaction financial assets and liabilities have static interest rate risks. And the analysis only measures the fluctuations of interest rate within one year, reflecting the influences on the gain and loss of the Group in a year by the re-pricing of the non-transaction financial assets and liabilities. The analysis is based on the presumptions that: (1) the incurred amounts of various non-transaction financial instruments don't change; (2) the income curve moves in parallel according to the changes of interests; (3) the portfolio of non-transaction financial assets and liabilities are released from other changes. Based on the above analysis, the real changes of the gain and loss of the Company caused by fluctuation of interest rate may be different from the results received from sensitivity analysis.

3) Summit system analysis

The Company adopts Kondor + system analysis to measure and manage the risks of derivative financial instruments. This system is mainly designed to comprehensively weigh the influences of factors like interest rate, exchange rate and stock price on the fair values of derivative financial instruments. The cash positions of derivative financial instruments held by the Company are mainly effected by interest rate.

Summit system analysis results in compliance with cash positions of derivative financial instruments at that time to the Balance Sheet date as follows:

	Dec 31, 2015	
Alteration (base point of interest rate)	(100)	100
Alteration of fail values of derivative financial instruments by interest rate risk	(257,477)	257,477
	Dec 31, 2014	
Alteration (base point of interest rate)	(100)	100
Alteration of fail values of derivative financial instruments by interest rate risk	(64,294)	64,294

3.2 Foreign exchange risk

The Group is established in the territory of the People's Republic of China and operates within and mainly deals with Renminbi businesses, along with USD business for the foreign exchange.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2015

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XII. Financial Instruments and Risk Analysis (continued)

3. Market risk (continued)

3.2 Foreign exchange risk (continued)

From 21 July 2005 on, People's Bank of China started to implement the floating exchange regime based on the supply and demand of the market and adjust in reference to the principle of "basket of currencies", which caused a gradual rising of Renminbi against U.S. dollars.

Assets and liabilities in compliance with currencies as follows:

Dec 31, 2015	RMB	USD	Other currencies	Total
		Converted to RMB	Converted to RMB	
Items of assets:				
Cash and balances with central banks	64,897,967	1,247,198	44,275	66,189,440
Due from other banks	11,522,482	1,730,095	947,399	14,199,976
Loans to other banks	674,650	706,493	-	1,381,143
Financial assets measured by fair value with its Changes enter into current income statement	7,039,891	-	-	7,039,891
Derivative financial assets	1,173,480	2,329,430	34,654	3,537,564
Reverse repurchase agreement	10,980,600	-	-	10,980,600
Loans and advance payments	241,670,244	5,754,672	974,189	248,399,105
Available-for-sale financial assets	248,210,989	1,033,702	-	249,244,691
Held-to-maturity investments	32,671,512	-	-	32,671,512
Accounts receivable held for investment	71,178,859	52,273	-	71,231,132
Other assets	<u>3,042,310</u>	<u>7,433</u>	<u>12,258</u>	<u>3,062,001</u>
Total assets	<u>693,062,984</u>	<u>12,861,296</u>	<u>2,012,775</u>	<u>707,937,055</u>
Dec 31, 2015	RMB	USD	Other currencies	Total
Items of liabilities:				
Due to central bank	1,700,000	-	-	1,700,000
Due to banks and other financial institutions	63,410,510	4,974,392	247,607	68,632,509
Placements from other institutions	14,488,000	5,711,403	1,204	20,200,607
Financial liabilities measured by fair value with its Changes enter into current income statement	182,682	-	-	182,682
Derivative financial liabilities	3,118,507	51,318	185,471	3,355,296
Proceeds generated by repurchase agreements	46,497,690	-	-	46,497,690
Deposit	337,018,549	11,223,419	7,443,666	355,685,634
Bonds payable	144,056,767	-	-	144,056,767
Other liabilities	<u>27,985,603</u>	<u>278,442</u>	<u>77,111</u>	<u>28,341,156</u>
Total liabilities	<u>638,458,308</u>	<u>22,238,974</u>	<u>7,955,059</u>	<u>668,652,341</u>
Balance sheet net position	<u>54,604,676</u>	<u>(9,377,678)</u>	<u>(5,942,284)</u>	<u>39,284,714</u>
Off-balance sheet position	<u>207,444,927</u>	<u>13,296,614</u>	<u>2,342,796</u>	<u>223,084,337</u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2015

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XII. Financial Instruments and Risk Analysis (continued)

3. Market risk (continued)

3.2 Foreign exchange risk (continued)

Assets and liabilities in compliance with currencies as follows: (continued)

Dec 31, 2014	RMB	USD	Other currencies	Total
		Converted to RMB	Converted to RMB	
Items of assets:				
Cash and balances with central banks	70,295,084	588,852	70,002	70,953,938
Due from other banks	28,456,494	1,177,103	814,003	30,447,600
Loans to other banks	2,599,910	266,686	-	2,866,596
Financial liabilities measured by fair value with its Changes				
enter into current income statement	8,878,979	-	-	8,878,979
Derivative financial assets	346,818	946,315	7	1,293,140
Reverse repurchase agreement	17,079,001	-	-	17,079,001
Loans and advance payments	193,959,098	10,649,230	141,550	204,749,878
Available-for-sale financial assets	120,095,776	-	-	120,095,776
Held-to-maturity investments	16,569,101	-	-	16,569,101
Accounts receivable held for investment	71,492,824	62,020	-	71,554,844
Other assets	<u>3,307,192</u>	<u>2,821</u>	<u>12</u>	<u>3,310,025</u>
Total assets	<u>533,080,277</u>	<u>13,693,027</u>	<u>1,025,574</u>	<u>547,798,878</u>
Dec 31, 2014	RMB	USD	Other currencies	Total
Items of liabilities:				
Due to banks and other financial institutions	74,115,885	11,164,275	1,354,175	86,634,335
Placements from other institutions	3,854,500	9,442,911	774,570	14,071,981
Financial liabilities measured by fair value with its Changes				
enter into current income statement	1,272,100	-	-	1,272,100
Derivative financial liabilities	1,106,009	123,950	73,529	1,303,488
Proceeds generated by repurchase agreements	28,155,132	-	-	28,155,132
Deposit	292,050,677	13,037,564	1,443,588	306,531,829
Bonds payable	50,655,391	-	-	50,655,391
Other liabilities	<u>29,075,653</u>	<u>308,851</u>	<u>12,377</u>	<u>29,396,881</u>
Total liabilities	<u>480,285,347</u>	<u>34,077,551</u>	<u>3,658,239</u>	<u>518,021,137</u>
Balance sheet net position	<u>52,794,930</u>	<u>(20,384,524)</u>	<u>(2,632,665)</u>	<u>29,777,741</u>
Off-balance sheet position	<u>121,261,508</u>	<u>9,609,935</u>	<u>1,016,765</u>	<u>131,888,2088</u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2015
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XII. Financial Instruments and Risk Analysis (continued)

3. Market risk (continued)

3.2 Foreign exchange risk (continued)

The Company adopts sensitivity analysis to measure the possible influences of interest rate changes to the net exchange loss and gain of the Group. Sensitivity analysis results in compliance with the exchange rates of assets and liabilities on 31 December 2015 and 31 December 2014 as follows:

	Dec 31, 2015	
Alteration of exchange rate	(1%)	1%
Alteration of profit before tax by interest rate risk	153,197	(153,197)
	Dec 31, 2014	
Alteration of exchange rate	(1%)	1%
Alteration of profit before tax by interest rate risk	230,172	(230,172)

The above sensitivity analysis is based on the presumption that the assets and liabilities have static exchange rate risk structures and also calculates the influences of the rational changes of foreign currencies exchange rate against Renminbi on the net profits and equities when all the other factors remain stable. The analysis is based on the presumptions that: (1) the currency exchange rate fluctuates at 1% (absolute) against closing price on the balance sheet date (middle price); (2) currency rates fluctuate against Renminbi simultaneously in parallel; (3) foreign exchange exposure includes spot exchange exposure and forward exchange exposure. Based on the above analysis, the real changes of the net exchange gain and loss of the Company caused by fluctuation of interest rate may be different from the results received from sensitivity analysis.

Financial assets and liabilities measured by fair value:

Fair value is the price the market participant receives when selling an asset or pays when transferring a liability in the orderly transaction on the date of measurement. The fair value measured and disclosed in the financial statement is determined on this basis price that is either observable or estimated using a valuation technique.

The financial assets and financial liabilities measured by fair value are divided into three levels in terms of valuation as follows:

Level 1: the unadjusted quotation of the same assets or liabilities in the active market.

Level 2: the directly or indirectly observable input values of the related assets or liabilities besides level 1. The input parameters sources include Reuters and ChinaBond.

Level 3: the unobservable inputs of the related assets or liabilities.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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XII. Financial Instruments and Risk Analysis (continued)

3. Market risk (continued)

3.3 Disclosure of fair value (continued)

Financial assets and liabilities measured by fair value (continued)

As of Dec. 31, 2015, the financial assets and liabilities held measured by fair value complying with the above three levels are as follows:

	OpenMarket Price (Lv. 1)	Valuation technique-- Observable market variable (Lv. 2)	Valuation technique Unobservable market variable (Lv. 3)	Total
2015				
Continues fair value measurement				
Nobel metal	1,540,475	-	-	1,540,475
Financial assets measured by fair value with its Changes				
enter into current income statement	-	7,039,891	-	7,039,891
Derivative financial assets	-	3,537,564	-	3,537,564
Financial assets held for selling	-	249,244,691	-	249,244,691
Total financial assets	<u>1,540,475</u>	<u>259,822,146</u>	<u>-</u>	<u>261,362,621</u>
Financial liabilities measured by fair value with its Changes				
enter into current income statement	-	182,682	-	182,682
Derivative financial liabilities	-	3,355,296	-	3,355,296
Total financial liabilities	<u>-</u>	<u>3,537,978</u>	<u>-</u>	<u>3,537,978</u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2015
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XII. Financial Instruments and Risk Analysis (continued)

3. Market risk (continued)

3.3 Disclosure of fair value (continued)

Financial assets and liabilities measured by fair value (continued)

As of Dec. 31, 2014, the financial assets and liabilities held measured by fair value complying with the above three levels are as follows:

	Open market price (level 1)	Valuation technique- Observable market variable (level 2)	Valuation technique Unobservable market variable (level 3)	Total
2014				
Continues fair value measurement				
Financial assets measured by fair value with variation accounted into				
profit and loss sheet of the year	-	8,878,979	-	8,878,979
Derivative financial assets	-	1,293,140	-	1,293,140
Financial assets held for selling	-	<u>120,095,776</u>	-	<u>120,095,776</u>
Total financial assets	<u>-</u>	<u>130,267,895</u>	<u>-</u>	<u>130,267,895</u>
Financial liabilities measured by fair value with variation accounted into				
profit and loss sheet of the year	-	1,272,100	-	1,272,100
Derivative financial liabilities	-	<u>1,303,488</u>	-	<u>1,303,488</u>
Total financial liabilities	<u>-</u>	<u>2,575,588</u>	<u>-</u>	<u>2,575,588</u>

In 2015 and 2014, the Group has neither transferred the financial instrument fair value's levels from 1 and 2 to level 3, nor switched the fair values between level 1 and level 2.

For the financial instruments that are traded in the active market, the Group determines their fair values in compliance with the quotation of the active market; for the financial instruments that are traded in the active market, the Group determines their fair values in compliance with the valuation technique. The primary valuation model adopted is the discount cash flow method. The level 2 financial instruments of the Group mainly include the bond investment and derivative financial instruments. The fair value of Renminbi bond is determined in compliance with the valuation results of China Government Securities Depository Trust & Clearing Co., Ltd. and the derivative financial instruments are valued complying with discount cash flow method and Black-Scholes Model. All the major valuation parameters adopt the valuation method that can observe the market information.

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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XII. Financial Instruments and Risk Analysis (continued)

3. Market risk (continued)

3.3 Disclosure of fair value (continued)

Financial assets and liabilities not measured by fair value:

Financial assets and liabilities not measured by fair value include: cash and balances in the central banks, due from other banks, lending, reverse repurchase agreements, loans and advance payment, held-to-maturity investment, account receivable investment, borrowings from central banks, placements from other banks and financial institutions, loans from other banks, repurchase agreements, deposits and bond payable.

For the held-to-maturity investment, accounts receivable investment and bond payable that are not reflected or disclosed by fair value, their book values and fair values are as follows:

	<u>Dec. 31, 2015</u>		<u>Dec. 31, 2014</u>	
	Book value	Fair value	Book value	Fair value
Financial assets:				
Held-to-maturity investment	32,671,512	34,264,907	16,569,101	17,040,267
Accounts receivable investment	<u>71,231,132</u>	<u>71,280,738</u>	<u>71,554,844</u>	<u>71,578,266</u>
Financial liabilities:				
Bond payable	<u>144,056,767</u>	<u>145,275,093</u>	<u>50,655,391</u>	<u>50,640,569</u>

Besides the above financial assets and liabilities, the fair values of the other financial assets and liabilities of the balance sheet not measured by fair value are determined in compliance with future discount cash flow method and their book values are similar to their fair values:

Assets	Liabilities
Cash and deposit of central bank	Borrowing from the Central Bank
Deposits in other banks	Deposits from banks and other financial institutions
Loans to other banks	Loans from other banks
Reverse repurchase agreement	Proceeds generated from repurchase agreements
Loans and advances	Deposit
Other financial assets	Other financial liabilities

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2015
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XIII. Other Items After Balance Sheet Day

According to the resolution of the Board of Directors held on 22 April 2016, the profit distribution plan (predetermined) of the year 2015 is listed as follow:

- 1) Distribute 10% of 2015 net profit RMB 649,167,000 as statutory welfare reserve;
- 2) According to *Administrative Measures for the Withdrawal of Reserves of Financial Enterprises* (C.J. [2012] No. 20), The Company will withdraw the amount of 1.5% of risk assets value RMB 1,518,173,000 as general provision;
- 3) In 2015, based on the total 3.9 billion shares at the end of the year, the payment of cash dividend is RMB 4.5 (including tax (i.e. RMB 0.45 as cash dividend per share)) per 10 shares, totaled RMB 1,754,907,000. This distribution decision is still waiting to approve by the general meeting of shareholders.

There's no significant event needed to disclose after this financial year in the balance sheet

XIV. Notes to Main Items of the Financial Statement

1. Long-term equity investment

	Dec 31, 2015	Dec 31, 2014
Investment in subsidiary (Note VII)	<u>1,135,000</u>	<u>135,000</u>

2. Fixed assets

Year 2014	House and building	Transportation	Electronic equipment	Mechanical equipment	Decoration	Total for self-owned houses
Original price:						
Beginning balance	3,556,791	131,822	629,977	79,410	174,247	4,572,247
Purchase	41,170	23,100	125,139	11,610	18,671	219,690
Transfer from construction in progress	175,364	-	-	-	4,296	179,660
Write-off	(780)	(8,008)	(22,691)	(1,455)	-	(32,934)
End balance	<u>3,772,545</u>	<u>146,914</u>	<u>732,425</u>	<u>89,565</u>	<u>197,214</u>	<u>4,938,663</u>
Accumulated depreciation:						
Beginning balance	643,045	81,507	335,392	44,582	116,037	1,220,563
Provision	185,477	16,827	101,572	10,780	16,409	331,065
Write-off	(61)	(7,676)	(21,999)	(1,409)	-	(31,145)
End balance	<u>828,461</u>	<u>90,658</u>	<u>414,965</u>	<u>53,953</u>	<u>132,446</u>	<u>1,520,483</u>
Impairment provision						
Beginning balance	<u>1,662</u>	<u>709</u>	<u>1,709</u>	<u>725</u>	<u>-</u>	<u>4,805</u>
End balance	<u>1,662</u>	<u>709</u>	<u>1,709</u>	<u>725</u>	<u>-</u>	<u>4,805</u>
Book value:						
End balance	<u>2,942,422</u>	<u>55,547</u>	<u>315,751</u>	<u>34,887</u>	<u>64,768</u>	<u>3,413,375</u>
Beginning balance	<u>2,912,084</u>	<u>49,606</u>	<u>292,876</u>	<u>34,103</u>	<u>58,210</u>	<u>3,346,879</u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
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XIV. Notes to Main Items of the Financial Statement (continued)

2. Fixed assets (continued)

Year 2014	House and building	Transportation	Electronic equipment	Mechanical equipment	Decoration for self-owned houses	Total
Original price:						
Beginning balance	2,491,233	119,207	517,967	64,521	139,916	3,332,844
Purchase	11,299	23,282	116,477	15,582	31,648	198,288
Transfer from construction in progress	996,356	-	-	-	2,683	999,039
Transfer from others	60,130	-	-	-	-	60,130
Sale & scrap	(2,227)	(10,667)	(4,467)	(693)	-	(18,054)
End balance	<u>3,556,791</u>	<u>131,822</u>	<u>629,977</u>	<u>79,410</u>	<u>174,247</u>	<u>4,572,247</u>
Accumulated depreciation:						
Beginning balance	479,815	78,063	248,404	35,681	99,243	941,206
Provision	164,193	13,758	91,220	9,533	16,794	295,498
Write-off	(963)	(10,314)	(4,232)	(632)	-	(16,141)
End balance	<u>643,045</u>	<u>81,507</u>	<u>335,392</u>	<u>44,582</u>	<u>116,037</u>	<u>1,220,563</u>
Impairment provision:						
Beginning balance	<u>1,662</u>	<u>709</u>	<u>1,709</u>	<u>725</u>	<u>-</u>	<u>4,805</u>
End balance	<u>1,662</u>	<u>709</u>	<u>1,709</u>	<u>725</u>	<u>-</u>	<u>4,805</u>
Book value:						
End balance	<u>2,912,084</u>	<u>49,606</u>	<u>292,876</u>	<u>34,103</u>	<u>58,210</u>	<u>3,346,879</u>
Beginning balance	<u>2,009,756</u>	<u>40,435</u>	<u>267,854</u>	<u>28,115</u>	<u>40,673</u>	<u>2,386,833</u>

As of 31 Dec. 2015 and as of 31 Dec. 2014, the houses and buildings for which the Group applied for property ownership certificates respectively valued at RMB 176,890,000 and RMB 201,351,000. The management believed that no any significant obstacle would affect the application for property ownership certificates of houses and buildings, and above issues had no material negative effects on the overall financial position of the Group.

As of 31 Dec. 2015 and as of 31 Dec. 2014, the original book value of fixed assets which were fully depreciated but still used amounted to RMB 396,113,000 and RMB 281,414,000. The net book value was respectively RMB 11,432,000 and RMB 7,972,000.

As of 31 Dec. 2015 and as of 31 Dec. 2014, there were no temporarily idle fixed assets.

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Notes to the Financial Statements (continued)
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XIV. Notes to Main Items of the Financial Statement (continued)

3. Net interest income

	2015	2014
Interest income		
Loans and advances issues	14,291,232	13,333,909
<i>Including: corporate loans and advances</i>	8,094,054	8,162,235
<i>Personal loans and advances</i>	4,428,532	3,744,204
<i>Notes and bills discounts</i>	1,556,355	1,189,327
<i>Commercial financing</i>	212,291	238,143
Due from other banks	1,066,716	1,443,371
Balance with central banks	936,895	845,182
Placements to other financial institutions	138,920	198,402
Reserve repurchase agreement	382,390	2,015,193
Bond investment	3,322,007	2,408,434
<i>Including: financial assets held for trading</i>	380,619	181,288
<i>Including: financial assets held for trading</i>	11,610,007	7,927,085
Others	<u>180</u>	<u>390</u>
	<u>31,748,347</u>	<u>28,171,966</u>
Interest payable		
Due to other banks	(3,156,111)	(4,519,357)
Placements from other institutions	(243,354)	(638,900)
Deposits	(7,235,416)	(6,350,864)
Repurchase agreements financial assets	(651,762)	(1,401,053)
Bond issuance	(4,170,328)	(1,105,464)
Others	<u>(743,870)</u>	<u>(806,930)</u>
	<u>(16,200,841)</u>	<u>(14,822,568)</u>
Net interest income	<u><u>15,547,506</u></u>	<u><u>13,349,398</u></u>

Bank of Ningbo Co., Ltd.
Notes to the Financial Statements (continued)
For The Year Ended 31 December 2015
Unit: CNY Thousand

XIV. Notes to Main Items of the Financial Statement (continued)

4. Operating activities cash flow

	2015	2014
Net profit adjusted to operating activities cash flow		
Net profit	6,491,671	5,611,130
Add: loss for fixed assets impairment	3,716,850	2,521,150
Depreciation of fixed assets	331,065	295,498
Amortization of intangible assets	49,516	26,259
Amortization of deferred expenses	348,228	297,067
Losses (gains) from disposal of fixed assets, intangible assets and other long-term assets	(338)	(100)
Loss (gain) of fair value adjustment	(253,887)	(135,016)
Investment income	(14,478,579)	(156,351)
Increase of deferred income tax assets	(886,746)	(64,805)
Increase/decrease of deferred income tax liabilities	573,123	(181,801)
Increase of operating receivable	(26,279,007)	(26,374,052)
Increase of operating payable	<u>52,480,369</u>	<u>40,836,776</u>
	<u>22,092,265</u>	<u>22,675,755</u>

XV. Comparative Data

Several comparative data has been recategorized and edited so as to comply with the presentation and accounting treatment requirements of the financial statement.

Bank of Ningbo Co., Ltd.
Supplementary to the Financial Statements
Year 2015

Unit: RMB Thousand

Supplementary to financial statement

1. List of non recurring gains and losses

	2015	2014
Profit and loss on the disposal of non-current assets, including the written-off impairment provisions	338	100
Profit and loss from changes in the fair value of investment real estate which is subsequently measured at fair value	(37)	(13)
Receivables for impairment reversal of impairment testing alone	54,755	-
Other non-operating income and expense besides the above items	(3,440)	(19,785)
Affected amount of income tax	(13,745)	1,916
Total	37,871	(17,782)

The confirmation on the items of non-operating gains and loss of the Group is reported in compliance with CSRC Notice [2008] No. 43 *the Explanatory Announcement Concerning the Information Disclosure by Companies Offering Securities to the Public No. 1 – Non-recurring Profit & Loss*.

Gains and loss generated by fair value change in respect of financial assets held for trading investment income received, by disposing financial assets held for trading and available-for-sale financial assets were recognized as a part of Company's operating gains and loss, thus excluded in non-operating gains and loss.

2. ROE (return on equity) and earnings per share

	Weighted average ROE (%)	Earnings per share (RMB)	
		Basic	Diluted
2015			
ROE for ordinary shareholders	17.68	1.68	1.68
ROE for ordinary shareholders after deducting non-operating	17.58	1.67	1.67
2014			
	Weighted average ROE (%)	Earnings per share (RMB)	
		Basic	Diluted
ROE for ordinary shareholders	19.45	1.89	1.89
ROE for ordinary shareholders after deducting non-operating	19.51	1.90	1.90