

Bank of Tianjin Co., LTD.*

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock code: 1578)



2022 Annual Report



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

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Definitions

In this annual report, unless the context otherwise requires, the following items shall have the meanings set out below:

“Articles of Association”	the articles of association of the Bank as may be amended, supplemented or otherwise modified from time to time
“Bank”, “our Bank”, “we” or “us”	Bank of Tianjin Co., Ltd. (天津銀行股份有限公司), a joint stock company incorporated on 6 November 1996 in Tianjin, China with limited liability in accordance with the PRC laws, and, if the context requires, includes its predecessors, subsidiaries, branches and sub-branches
“Board” or “Board of Directors”	the board of Directors of the Bank
“Board of Supervisors”	the board of Supervisors of the Bank
“CBIRC”	the China Banking and Insurance Regulatory Commission
“CBIRC Tianjin Office”	Tianjin Regulatory Bureau of the China Banking and Insurance Regulatory Commission
“China” or “PRC”	the People’s Republic of China, excluding Hong Kong, Taiwan and Macau for the purposes of this annual report
“Director(s)”	the director(s) of the Bank
“Domestic Shares”	ordinary shares issued by our Bank, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi
“Foreign Shares”	ordinary shares issued by our Bank, with a nominal value of RMB1.00 each, which are subscribed for in a currency other than Renminbi, or the consideration for which is the injection of assets and are held by persons other than PRC nationals or PRC corporate entities, and are not listed on any stock exchange
“H Shares”	ordinary shares issued by our Bank, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

Definitions

“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PBoC” or “Central Bank”	The People’s Bank of China (中國人民銀行)
“Reporting Period”	For the year ended 31 December 2022
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Selling Shareholder(s)”	the state-owned shareholders, collectively, who are required to reduce their shareholding pursuant to the relevant PRC regulations relating to reduction of state-owned shares
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Bank
“Supervisor(s)”	the supervisor(s) of the Bank

Company Profile

Legal Chinese Name	天津銀行股份有限公司
Abbreviation in Chinese	天津銀行
Legal English Name	Bank of Tianjin Co., Ltd.
Abbreviation in English	Bank of Tianjin
Legal Representative	SUN Liguó
Authorised Representatives	SUN Liguó, NGAI Wai Fung
Board Secretary	DONG Xiaodong
Joint Company Secretaries	DONG Xiaodong, NGAI Wai Fung
Registered Address and Headquarter Address	No. 15 Youyi Road, Hexi District, Tianjin, China
Principal Place of Business in Hong Kong	40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong
Customer Service Telephone	956056
Telephone	86-22-2840 5262
Facsimile	86-22-2840 5518
Email	ir@bankoftianjin.com
Website	www.bankoftianjin.com
Website of Hong Kong Stock Exchange for Publishing H Share Annual Report	www.hkexnews.hk
Date of Initial Registration	6 November 1996
Business License No. of Corporation	120000000007636
Uniform Social Credit Code	911200001030702984

Company Profile

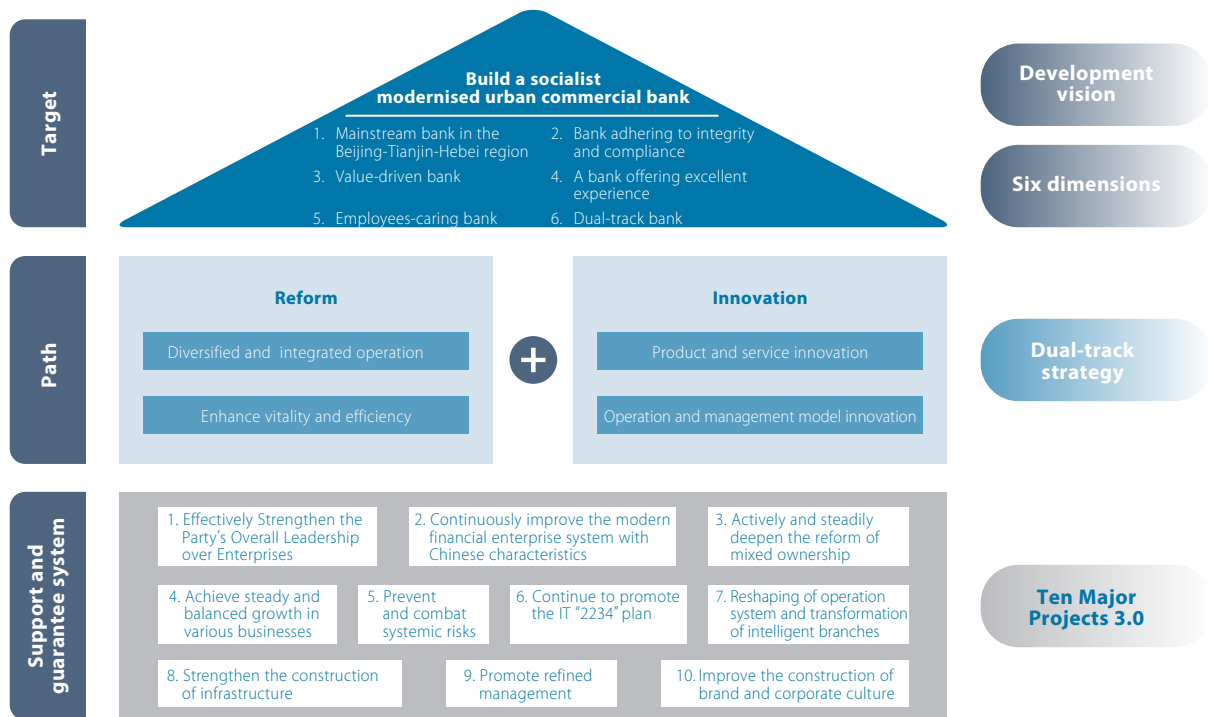
Finance Permit Institution Number	B0108H212000001
Listing Place of Stock	The Stock Exchange of Hong Kong Limited
Stock Name	Bank of Tianjin
Stock Code	1578
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17/F Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Legal Advisor as to PRC Laws	GRANDALL LAW FIRM (TIANJIN)
Legal Advisor as to Hong Kong Laws	Paul Hastings 22/F, Bank of China Tower 1 Garden Road Hong Kong
Auditors	Domestic Auditor: PricewaterhouseCoopers Zhong Tian LLP Room 01, Unit 507, DBS Bank Tower 1318 Lu Jia Zui Ring Road China (Shanghai) Pilot Free Trade Zone International Auditor: PricewaterhouseCoopers 22/F, Prince's Building Central, Hong Kong

Strategic Positioning and Corporate Culture

I THE “14TH FIVE-YEAR” STRATEGIC DEVELOPMENT PLAN OF BANK OF TIANJIN

The 14th Five-year Strategic Development Plan of Bank of Tianjin has confirmed the development vision of building of Bank of Tianjin as a socialist modernised urban commercial bank, and by taking “reform + innovation” dual-track development strategies as the engine of growth, it will steadily promote the construction of the “Ten Projects (3.0)”. During the “14th Five-year Plan”, we will strive to build ourselves into a “mainstream bank in the Beijing – Tianjin – Hebei region”, “bank adhering to integrity and compliance”, “value-driven bank”, “bank offering superior experience”, “bank caring for employees” and “bank of dual-track development”.

In 2023, in order to thoroughly implement the spirit of the 20th National Congress of the Communist Party of China, the requirements of the 12th Party Congress of Tianjin and the 10 action plans organized by the municipal government to implement the spirit of the 20th National Congress of the Communist Party of China, the Bank will fully integrate the changes in internal and external conditions to complete the revision of the Bank’s “14th Five-Year Plan” strategic plan.

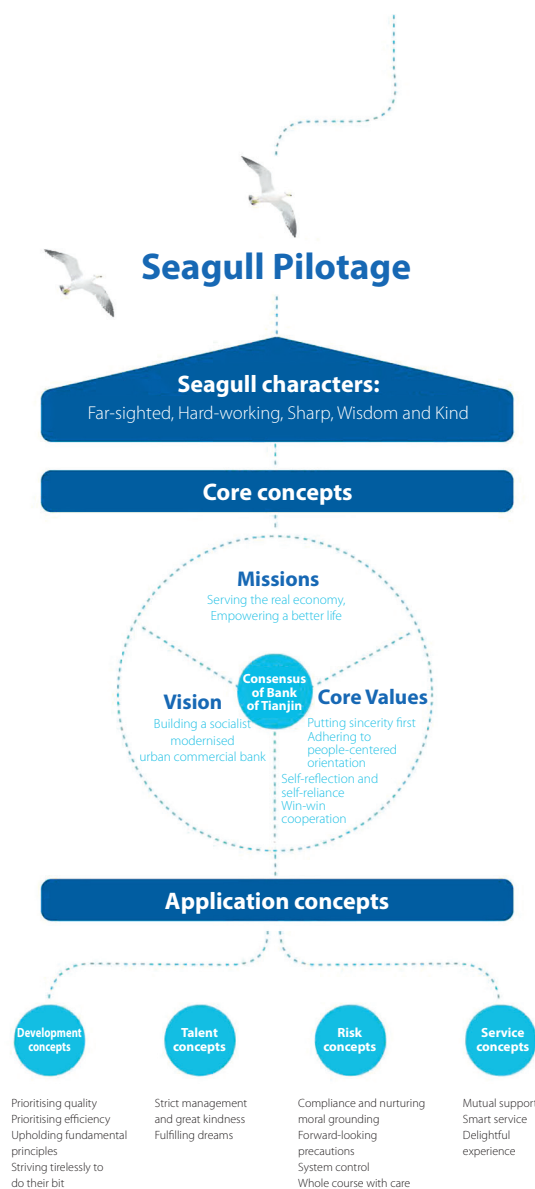


The 14th Five-year Strategic Plan of Bank of Tianjin

Strategic Positioning and Corporate Culture

II “SEAGULL PILOTAGE” CORPORATE CULTURE CONCEPT SYSTEM

During the Reporting Period, the Bank launched the corporate culture construction project, deeply explored and absorbed the excellent cultural factors accumulated in the historical development process of the Bank of Tianjin. With the extensive participation and in-depth thinking by our staff, the Bank formed a corporate culture concept system of “Seagull Pilotage”, including three parts of Seagull character, core concept and application concept, to build a sound commercial bank with a mature corporate culture.



Corporate Culture Concept System of Bank of Tianjin

Honour and Awards

Organizer	Award/honour title
"The Banker" Magazine	Ranking 187th among "Top 1,000 World Banks" of 2022, up 7 places from the previous year Ranking 234th among "Top 500 World Bank Brand Value" of 2022 Ranking 195th among "2022 Top 500 Service Enterprises in China"
China Enterprise Confederation and China Enterprise Directors Association China Banking Association Tianjin Enterprise Confederation, Tianjin Entrepreneur Association 21st Century Business Herald SASAC	Ranking 33rd among "2022 China Banking Top 100" Ranking 23rd among "2022 Tianjin Entrepreneur Top 100" Ranking 9th among "Tianjin 2022 Service Enterprises Top 100" 2022 Excellent Urban Commercial Bank Listed as the "Local State-owned Enterprises Social Responsibility • Pioneer 100 Index"
China Business Journal Wind China Foreign Exchange Trading Center	2022 Social Responsibility Bank with Excellent Competitiveness Rated A on Wind ESG Rating List of 2022 Mainland China Listed Banks Best Foreign Currency Lending Membership, Best Foreign Currency Repurchase Member Top 20 Interbank Foreign Currency Markets 2022
National Interbank Funding Center	"2022 Annual Market Influence Award – Core Traders" "2022 Annual Market Influence Award – Money Market Traders" "Market Innovation Award – X-Repo" "Market Innovation Award – X-Lending"
China Development Bank Agricultural Development Bank of China The Export-Import Bank of China China Bond Financial Pricing Center	"Outstanding Underwriter" and "Innovation Award" of 2022 financial bonds "Best Innovative Cooperation Award" of 2022 financial bonds "2022 Financial Bond" Green Development Concept Promotion Award 2022 Comprehensive Evaluation of China Bond Index Users" Innovation Leading Pioneer Institution"
Shanghai Clearing House China Asset Securitization Forum	"Excellent Foreign Currency Repurchase Clearing Participant" "Annual Innovative Institution Commendation" award "Asset Support Notes Annual Outstanding Commendation" award
Wind	The "Best Interbank Debt Financing Instrument Underwriter – Outstanding City Commercial Bank Award" The "Best Underwriter of Credit Bonds – Outstanding City Commercial Bank Award"

Honour and Awards

Organizer	Award/honour title
China Securities Journal	The "Golden Bull Award for Wealth Management Products of Banks (City Commercial Bank)"
Pystandard	The "Golden Bull Award for Wealth Management Products of Banks" The Outstanding Asset Management Award for City Commercial Bank The Excellent Fixed-Income Banking Wealth Management Product"

Summary of Accounting Data and Financial Indicators

	For the year ended 31 December					
	2022	2021	Year-on-year Change between 2022 and 2021	2020	2019	2018
(Amounts in thousands of Renminbi, unless otherwise stated)						
Rate of change (%)						
OPERATING RESULTS						
Interest income	30,385,697	30,371,879	0.0	30,553,932	32,268,052	27,487,524
Interest expense	(18,912,719)	(17,446,541)	8.4	(16,907,490)	(19,045,250)	(20,781,987)
NET INTEREST INCOME	11,472,978	12,925,338	(11.2)	13,646,442	13,222,802	6,705,537
Investment income	1,585,354	2,339,241	(32.2)	1,738,108	1,429,901	3,793,253
Fee and commission income	2,134,760	2,082,280	2.5	2,447,096	2,308,570	1,881,805
Fee and commission expense	(448,261)	(298,654)	50.1	(136,561)	(42,284)	(344,211)
NET FEE AND COMMISSION INCOME	1,686,499	1,783,626	(5.4)	2,310,535	2,266,286	1,537,594
Net trading gains	795,672	649,678	22.5	(446,873)	(210,873)	(145,176)
Net gain arising from derecognition of financial assets measured at amortised cost	101,044	40,212	151.3	25,832	115,163	132,526
Other income, gains or losses	117,204	(44,106)	(365.7)	(77,340)	230,441	114,480
OPERATING INCOME	15,758,751	17,693,989	(10.9)	17,196,704	17,053,720	12,138,214
Operating expenses	(4,448,622)	(4,424,654)	0.5	(3,952,952)	(3,988,677)	(3,447,071)
Impairment losses under expected credit loss (ECL) model, net of reversals	(7,524,819)	(9,852,127)	(23.6)	(8,230,793)	(7,430,105)	(3,481,867)
Share of results of associates	24,249	24,535	(1.2)	22,125	(1,693)	8,233

Summary of Accounting Data and Financial Indicators

	For the year ended 31 December					
	2022	2021	Year-on-year Change between 2022 and 2021	2020	2019	2018
(Amounts in thousands of Renminbi, unless otherwise stated)						
	Rate of change (%)					
PROFIT BEFORE TAX	3,809,559	3,441,743	10.7	5,035,084	5,633,245	5,217,509
Income tax expense	(246,490)	(227,436)	8.4	(691,671)	(1,024,584)	(987,422)
PROFIT FOR THE YEAR	3,563,069	3,214,307	10.9	4,343,413	4,608,661	4,230,087
Profit for the year attributable to						
Equity holders of the Bank	3,564,965	3,196,026	11.5	4,307,585	4,547,971	4,181,248
Non-controlling interests	(1,896)	18,281	(110.4)	35,828	60,690	48,839
Earnings per share attributable to equity holders of the Bank (Expressed in RMB Yuan per share)						
— Basic and diluted	0.59	0.53	11.3	0.71	0.75	0.69

Summary of Accounting Data and Financial Indicators

	For the year ended 31 December					
	2022	2021	Year-on-year Change between 2022 and 2021	2020	2019	2018
(Amounts in thousands of Renminbi, unless otherwise stated)						
Rate of change (%)						
MAJOR INDICATORS OF ASSETS/LIABILITIES						
Total assets	761,082,851	719,903,932	5.7	687,760,199	669,401,117	659,339,903
Of which: loans and advances to customers	337,397,157	324,607,358	3.9	295,752,349	281,229,242	276,943,278
Total liabilities	700,463,719	662,363,094	5.8	633,812,209	618,224,334	611,619,166
Of which: due to customers	397,765,271	382,478,890	4.0	355,981,854	350,996,365	342,877,165
Share capital	6,070,552	6,070,552	–	6,070,552	6,070,552	6,070,552
Equity attributable to equity holders of the Bank	59,784,981	56,704,791	5.4	53,130,224	50,394,845	46,999,489
Total equity	60,619,132	57,540,838	5.3	53,947,990	51,176,783	47,720,737

Summary of Accounting Data and Financial Indicators

	For the year ended 31 December					
	2022	2021	Year-on-year Change between 2022 and 2021	2020	2019	2018
PROFITABILITY INDICATORS (%)						
Return on average total assets ⁽¹⁾	0.48	0.46	0.02	0.64	0.69	0.62
Return on average equity ⁽²⁾	6.03	5.77	0.26	8.26	9.32	9.15
Net interest spread ⁽³⁾	1.48	1.85	(0.37)	1.98	1.88	1.23
Net interest margin ⁽⁴⁾	1.74	2.12	(0.38)	2.26	2.21	1.59
Net fee and commission income to operating income	10.70	10.08	0.62	13.44	13.29	12.67
Cost-to-income ratio ⁽⁵⁾	26.92	23.81	3.11	21.80	22.20	27.18
ASSET QUALITY INDICATORS (%)						
Non-performing loan ratio ⁽⁶⁾	1.84	2.41	(0.57)	2.16	1.98	1.65
Allowance coverage ratio ⁽⁷⁾	159.27	154.26	5.01	183.45	220.58	250.37
Allowance to gross loan ⁽⁸⁾	2.93	3.72	(0.79)	3.96	4.36	4.13

Summary of Accounting Data and Financial Indicators

	For the year ended 31 December					
	2022	2021	Year-on-year Change between 2022 and 2021	2020	2019	2018
CAPITAL ADEQUACY RATIO INDICATORS (%)						
<i>Calculated based on Capital Administrative Measures</i>						
Core tier-one capital adequacy ratio ⁽⁹⁾	10.38	10.73	(0.35)	11.12	10.62	9.83
Tier-one capital adequacy ratio ⁽¹⁰⁾	10.39	10.74	(0.35)	11.12	10.63	9.84
Capital adequacy ratio ⁽¹¹⁾	12.80	13.49	(0.69)	14.48	15.24	14.53
Total equity to total assets	7.96	7.99	(0.03)	7.84	7.65	7.24
OTHER INDICATORS (%)						
Loan-to-deposit ratio ⁽¹²⁾	87.81	88.70	(0.89)	87.06	85.05	85.59
Liquidity ratio ⁽¹³⁾	56.05	60.80	(4.75)	60.57	51.38	50.29
Percentage of loans to the single largest customer ⁽¹⁴⁾	6.80	5.49	1.31	4.35	4.38	5.02
Percentage of loans to the top ten customers ⁽¹⁵⁾	44.62	39.26	5.36	32.79	31.76	29.47

Summary of Accounting Data and Financial Indicators

Notes:

- (1) Calculated by dividing net profit for the year by average balance of total assets at the beginning and the end of the year.
- (2) Calculated by dividing net profit for the year by average balance of total equity at the beginning and the end of the year.
- (3) Calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities.
- (4) Calculated by dividing net interest income by the daily average balance of total interest-earning assets.
- (5) Calculated by dividing total operating expenses (excluding sundry taxes) by total operating income.
- (6) Calculated by dividing total non-performing loans by gross loans (excluding interests).
- (7) Calculated by dividing total allowance for impairment losses on loans to customers by total non-performing loans.
- (8) Calculated by dividing total allowance for impairment losses on loans to customers by gross loans to customers (excluding interests).
- (9) Calculated by dividing core tier-one capital, net of core tier-one capital deductions, by risk-weighted assets.
- (10) Calculated by dividing tier-one capital, net of tier-one capital deductions, by risk-weighted assets.
- (11) Calculated by dividing total capital, net of capital deductions, by risk-weighted assets.
- (12) Loan-deposit ratio is calculated according to the Notice on Adjusting the Calculation of Loan-to-Deposit Ratio for Commercial Banks 《中國銀監會關於調整商業銀行存貸比計算口徑的通知》 issued by CBRC.
- (13) Liquidity ratio is calculated in accordance with the formula promulgated by the China Banking and Insurance Regulatory Commission.
- (14) Calculated by dividing total loans to the single largest customer by net capital.
- (15) Calculated by dividing total loans to the top ten customers by net capital.

Chairman's Statement



SUN Liguó
Chairman

Chairman's Statement

The year 2022 was a milestone year in the history of the Communist Party and China. The 20th National Congress of the Communist Party of China was successfully convened. An ambitious blueprint has been drawn for building a modern socialist country in all respects and advancing the great rejuvenation of the Chinese nation on all fronts through a Chinese path to modernization, sounding a clarion call of the times for us forging ahead on a new journey. Bank of Tianjin is also working hard and moving forward with courage on the new journey of building a socialist modern city commercial bank in all respects. The Bank had always adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, upheld the correct political direction, and stuck to the market positioning of "serving the local economy, serving small and medium-sized enterprises, and serving the public" as a city commercial bank, so as to continue to formulate and implement the Bank of Tianjin's "13th Five-Year Plan" and "14th Five-Year Plan" strategic planning. We constantly summed up experience and innovated, and persisted in the principle of "drawing a blueprint to the end", gradually forming a corporate culture concept system of "Seagull Pilotage" with the characteristics of Bank of Tianjin in the development process.

In 2022, Bank of Tianjin implemented the relevant work plans of the Party Central Committee, the State Council and regulators, effectively strengthened the Party's overall leadership, continuously improved the modern financial enterprise system with Chinese characteristics, as well as effected earnest epidemic prevention and control and "six stabilities" and "six guarantees" financial services. The Bank insisted on returning to its roots, continued to strengthen inclusive financial support for small and micro enterprises, actively supported rural revitalization to build a "citizen's bank" and firmly served the development of the real economy. We adhered to strategic guidance and steadily promoted the implementation of the "14th Five-Year Plan" development strategic plan. The Bank had become the first modern bank in China to achieve ecological transformation of the full spectrum of business through the "cloud + distributed + multi-active" technology, and formulated the Strategic Plan for Financial Technology and Digital Transformation (2022-2025) (金融科技與數字化轉型戰略規劃(2022-2025年)). With the support of all Shareholders and the joint efforts of the Board of Directors and senior management, all staff of the Bank diligently carried out every work plan, focused on the main responsibilities and business, spirit of unity, fine management, innovation and hard work, and achieved good results in essentially all tasks. On behalf of the Bank, I would like to express my sincere gratitude to all Shareholders, clients and the community for their care and support.

The year 2023 is the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China. It is a crucial year for the "14th Five-Year Plan" to connect the past and the future, and it is an important year to lay the foundation for building a modern socialist country in all respects. Bank of Tianjin will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and fully implement the spirit of the 20th National Congress of the Communist Party of China. The Bank will focus on the "Ten Projects (十項行動)" of Tianjin Municipal Party Committee, integrate the cultural concept system of "Seagull Pilotage" into the "14th Five-Year Plan" development plan, into the process of high-quality development, and into the implementation of various decisions and deployments of the Bank of Tianjin to effectively promote the smooth development of various tasks. We will strive to build a solid foundation in the implementation of the spirit of the 20th National Congress of the Communist Party of China. We will strengthen our confidence, work together and forge ahead to write a new chapter in building a socialist modern city commercial bank in all respects and achieving high-quality and stable development!



SUN Ligu
Chairman

President's Statement



WU Hongtao
President

President's Statement

We kept withstanding the test of times, forged ahead and created brilliance. In 2022, Bank of Tianjin insisted on effecting earnest “three overall plans”. Under the strong leadership of the Party Committee and the care of all walks of life, as well as with the hard work of all employees, the Bank took serving the real economy and empowering a better life as the mission. insisted on returning to its roots, and continuously improved the quality of financial services, making main businesses of the Bank achieve steady progress and grow steadily.

In 2022, Bank of Tianjin realized total assets of RMB761.08 billion and total liabilities of RMB700.46 billion, representing a year-on-year increase of 5.7% and 5.8%, respectively. On the basis of continuing to reduce fees and profits to real enterprises, the Bank realized a profit before tax of RMB3.81 billion, representing a year-on-year increase of 10.7%; and realized a net profit of RMB3.563 billion, representing a year-on-year increase of 10.9%. The capital adequacy ratio of the Bank was 12.80%, and the non-performing loan ratio was 1.84%, representing a year-on-year decrease of 0.57 percentage point.

The development of Bank of Tianjin has been affirmed by all aspects of the society. The Bank has successively won honors including “Annual Innovation Institution Award”, “Best Innovation Cooperation Award” and “China Banking Industry High-quality Development Institution Award”, and ranked 195th among “2022 Top 500 Service Enterprises in China”, 23rd among “2022 Tianjin Entrepreneur Top 100”, 9th among “2022 Tianjin Service Enterprises Top 100” and 187th among “Top 1,000 World Banks” by The Banker Magazine. The head office was awarded the national “2021-2022 Excellent Unit of Financial System Culture Construction”.

We strengthened the Party's overall leadership over financial work, and fully completed the three-year action task of state-owned enterprise reform. Over the past year, under Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we have focused on in-depth study, publicity and implementation of the spirit of the 20th National Congress of the Communist Party of China, resolutely defending the “two establishments” and achieving the “two maintenances”. The Bank continued to purify the political ecology, promoted key tasks including state-owned enterprise reform, business development, compliance management, integrity culture construction, and the integrated promotion of “three non-corruption” to push forward in-depth development of the Party in a comprehensive and strict manner, so as to fully complete the three-year action task of state-owned enterprise reform.

We fully fulfilled our social responsibilities and fully supported the development of the real economy. Over the past year, we have insisted on returning to our roots, and have precisely increased our support for key areas including major national strategies, key regional projects, green development, technological innovation and rural revitalization. The Bank underwrote non-financial corporate bonds in the Beijing-Tianjin-Hebei region of RMB70.174 billion; and debt financing instruments of RMB44.405 billion for non-financial enterprises in Tianjin, ranking first in the Tianjin market. We actively implemented the “package” of measures to stabilize the economy and follow-up policies, adhered to the positioning of a citizen's bank and actively expanded the “Smart Xiao Er (智慧小二)” financial service platform, continuously improving the quality and efficiency of financial services for citizens. As of the end of the year, the number of online merchants on the “Smart Xiao Er (智慧小二)” platform reached 590,600, including 313,500 online merchants in Tianjin. The platform serves 16 administrative regions in Tianjin, covering 120 industries in 10 categories including clothing, food, housing, transportation and entertainment.

President's Statement

We firmly adhered to the bottom line of compliance, and comprehensively deepened the construction of risk management. Over the past year, we have continuously strengthened credit risk management and comprehensively improved the forward-looking, overall, systematic and proactive risk prevention and control. The Bank vigorously promoted the implementation of various tasks to control the source of operation risks, strengthened the weaknesses and made up for shortcomings, and comprehensively improved the “three lines of defense” capabilities. We insisted on optimizing asset increments and resolving existing non-performing assets, and accelerated the recovery and disposal of non-performing assets. The quality of assets of the Bank has shown a continuous improvement trend.

Guided by financial technology, we achieved qualitative transformation through digital transformation. Over the past year, we have accelerated our overall digital deployment and built our core competitiveness relying on financial technology. The new generation of distributed core system has been successfully put into production, and the construction of the third phase of the IT planning project has come to a successful conclusion. We have completely shaken off the reputation of traditional city commercial banks as lagging behind in information technology, and have become the first commercial bank in China to achieve ecological transformation of the full spectrum of business through the “cloud + distributed + multi-active” technology. The Bank continued to promote the transformation of smart branches and the reshaping of the operating system, fully completed the financial function positioning of branches and the adjustment of the organizational structure, realized the transformation of the smart branch transformation systems and tools into online, mobile and digital, effectively improving the quality and efficiency of customer management and operation capability.

The construction of the core corporate culture system and infrastructure construction were completed. Over the past year, we have continued to build the core corporate culture system of “Seagull Pilotage”, and deeply excavated and absorbed the excellent cultural factors accumulated in history. According to the political and people-oriented requirements of financial work, after extensive participation and full deliberation of the Bank, a complete “Seagull Pilotage” corporate culture concept system was finally formed, which condensed the consensus of the Bank and became the spiritual power and belief support to lead Bank of Tianjin to the future. At the same time, as the back office operation center of the head office was officially put into use, the three-year upgrading and renovation project of the Bank's branches as well as the infrastructure construction were completed, significantly improving the external image and management efficiency of the branches.

President's Statement

We will take a broad view and get well prepared. 2023 is the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, Bank of Tianjin will conscientiously implement the spirit of the Party Central Committee and the Municipal Economic Work Conference, proactively focus on the municipal Party committee's "Ten Projects (十項行動)", solidly and effectively promote Bank of Tianjin's "14th Five-Year Plan" development plan and "Ten Projects (3.0)". We will also work hard to write a new chapter in the construction of a socialist modern city commercial bank!

WU Hongtao
President



Management Discussion and Analysis

I FINANCIAL REVIEW

1. Environment and Prospects

Looking back at 2022, as an extremely important year in the history of the Communist Party of China (“CPC”) and the country, the CPC triumphantly held the 20th National Congress of the Party, which depicted a grand blueprint for the comprehensive construction of a modernized socialist country. In the face of the complex international environment and the difficult and onerous task of domestic reform, development and stability, the Party Central Committee, with Comrade Xi Jinping at its core, has united and led the people of all nationalities to rise to the challenge, fully implementing the requirements of epidemic prevention, economic stabilization and development security, and increasing macrocontrol efforts to achieve stable economic operation, steadily improving the quality of development, maintaining social stability, and achieving new and extremely hard-won achievements in China’s development.

The year 2023 is the opening year of the comprehensive implementation of the spirit of the 20th Party Congress. In order to do a good job in economy, we should follow the deployment of the Central Economic Work Conference, solidly promote Chinese path to modernization, adhere to the general keynote of seeking progress in a stable manner, completely, accurately and comprehensively implement the new development concept, accelerate the construction of a new development pattern, focus on promoting high-quality development, better coordinate the two major situations domestically and internationally, better coordinate epidemic prevention and control and economic and social development, better coordinate development and security, comprehensively deepen reform and opening up, vigorously boost market confidence, combine the implementation of the strategy of expanding domestic demand with deepening the structural reform on the supply side, highlight the work of stabilizing growth, employment and prices, effectively prevent and resolve major risks, promote the overall improvement in economic performance, achieving effective improvement in quality and reasonable growth in quantity, continuously improving people’s livelihood, maintaining social stability, and making a good start for the comprehensive construction of a modern socialist country.

2. Overall Operations

In 2022, Bank of Tianjin adhered to the political and people-oriented nature of financial work, continued to promote the implementation of “14th Five-Year Plan”, focused on its main responsibilities and business, rooted in local economy, served the national strategy, the real economy and people’s livelihood, strengthened comprehensive risk management, accelerated the construction of financial technology and digital transformation, and achieved steady growth in all types of business and overall operations.

Management Discussion and Analysis

Steady growth in business scale

As at the end of the Reporting Period, asset size of the Bank amounted to RMB761.08 billion, an increase of 5.7% as compared with that as at the end of the previous year; the size of liabilities amounted to RMB700.46 billion, an increase of 5.8% as compared with that as at the end of the previous year; the Bank accurately increased its support for major national strategies, key regional projects, green development, scientific and technological innovation, rural revitalization and small and micro inclusive, with the size of loans and advances to customers of RMB337.4 billion, an increase of 3.9% as compared with that as at the end of the previous year. The Bank improved the deposit product system, optimized the structure of deposit products, and strengthened the business linkage of corporate treasury management, "Smart Xiao Er (智慧小二)" and personal wealth management, with customer deposits amounting to RMB397.77 billion, an increase of 4.0% as compared with that as at the end of the previous year.

Significant improvement in the growth rate of net profit

The Bank responded to the State Council's policy requirements to stabilize the economy, and increased its concessions to small and medium-sized, small and micro and inclusive customers, resulting in a 0.38 percentage point decrease in the average yield on loans and advances to customers during the Reporting Period; at the same time, in accordance with regulatory requirements, the Bank reduced non-standard debt investments such as asset management plans and trust plans. In this context, operating income of the Bank amounted to RMB15.76 billion, representing a year-on-year decrease of 10.9%. While operating income reduced, the Bank achieved a net profit of RMB3.56 billion with good asset quality management, representing a year-on-year increase of 10.9%; ROA and ROE were 0.48% and 6.03%, representing a year-on-year increase of 0.02 and 0.26 percentage point respectively.

Continuous improvement of asset quality

The Bank strictly controlled credit risk review, continued to deepen comprehensive refined risk management, and promoted the improvement of risk control capabilities through digital transformation. At the same time, the Bank increased its efforts in write-off, making the scale of non-performing assets decrease significantly. As of the end of the Reporting Period, the balance of non-performing loans amounted to RMB6.30 billion, representing a decrease of 21.7% from the end of the previous year, of which the balance of non-performing loans to corporate customers amounted to RMB3.89 billion, representing a decrease of 29.9% from the end of the previous year; the non-performing loan ratio was 1.84%, representing a decrease of 0.57 percentage point from the end of the previous year. The Bank made provision for impairment losses for the Reporting Period of RMB7.52 billion, and used the provision to write off non-performing loans of RMB7.43 billion. The provision coverage ratio was 159.27%, and the capital adequacy ratio was 12.80%, which met the regulatory requirements.

Management Discussion and Analysis

Breakthrough in various businesses

The corporate business continued to grow steadily. The scale of corporate loans amounted to RMB185.00 billion, representing an increase of 12.1% from the end of the previous year; the transaction banking business volume reached RMB113.4 billion, representing a year-on-year increase of 12.8%; the volume of lead underwriting of bonds reached RMB104.287 billion, and the volume of lead underwriting of assets-backed bonds reached RMB8.593 billion, ranking third among city commercial banks nationwide. The scale and efficiency of the financial market business had been significantly improved. The scale of bond investment amounted to RMB220.66 billion, representing an increase of 5.1% from the end of the previous year, and net fee and commission income of the capital operation line amounted to RMB0.85 billion, representing a year-on-year increase of 28.2%. The brand image of Citizen's Bank was deeply rooted in the public. The scale of personal deposits amounted to RMB140.04 billion, representing an increase of 30.7% from the end of the previous year, hitting a new record high; the scale of personal asset under management (AUM) amounted to RMB214.511 billion, representing an increase of 9.3% from the end of the previous year.

Focusing on main responsibilities and main businesses to stabilize the economy with effectiveness

The Bank actively implemented financial support policies for enterprises. The Bank issued RMB29.21 billion of loans in line with the re-lending conditions, representing a year-on-year increase of 109.6%; we completed re-discounting of RMB6.575 billion with Tianjin Branch of PBoC, representing a year-on-year increase of 7.6%, ranking first among local legal entities in Tianjin; the corporate financing rate was 1.94%, which was 171 BP lower than that of LPR in the same period. The Bank effectively implemented the policy of deferred repayment of principal and interest to support enterprises, and facilitated a total of RMB12.307 billion of deferred repayment of principal and interest for various enterprises, personal consumption loans and credit card businesses.

The Bank has been effective in helping enterprises to relieve their difficulties. The "Smart Xiao Er (智慧小二)" service platform exclusively created by the Bank was listed by the Tianjin Municipal Government as a package of 15 measures to support the development of market entities in 2022 by helping enterprises to ease the difficulties and 35 measures to stabilize the economy, and was included in the "23 Financial Measures" of Tianjin Branch of the PBoC to stabilize the economy. The cumulative number of online merchants reached nearly 600,000, among which merchants in Tianjin accounted for nearly 45% of registered small and micro enterprises and the individual entrepreneurs in Tianjin. The Bank had an average daily transaction volume of 3.5 million and issued "Tianhangyongbei (天行用呗)" small and micro credit of RMB6.47 billion. The Bank successfully completed the "double increasing and double controlling (兩增兩控)" small and micro regulatory indicators. The loan balance of the Bank (excluding subsidiaries) to small and micro enterprises measured in according with the standards of an individual lending amount of RMB10 million or less amounted to RMB29.56 billion, representing an increase of 19.75% from the end of the previous year, and the number of customers reached 555,000, representing an increase of 8.9% from the end of the previous year.

Management Discussion and Analysis

The Bank built a “mainstream bank in Beijing, Tianjin and Hebei”. The balance of loans in the Beijing-Tianjin-Hebei region was RMB224.59 billion, representing an increase of 15.3% from the end of the previous year; underwriting and investment in Beijing-Tianjin-Hebei regional bonds was RMB110.35 billion, helping to finance government and corporate bonds.

The Bank supported the strategic goal of “Carbon Peaking and Carbon Neutrality” and implemented the ESG business philosophy. The balance of green credit reached RMB16.417 billion, representing an increase of 36.0% from the end of the previous year; the cumulative green bond underwriting and investment throughout the year amounted to RMB8.121 billion, ranking the fourth in the list of investors in green debt financing instruments for urban commercial banks in 2022. The Bank created the country’s first ESG-themed Beijing-Tianjin-Hebei regional credit bond index and issued “Bank of Tianjin Meituan Happy Bicycle Co-branded Credit Card” and ESG-themed wealth management products to promote the concept of ESG among the public.

Technology empowerment to promote digital transformation, reaching to a new level

We formulated the “Strategic Plan for Financial Technology and Digital Transformation (金融科技與數字化轉型戰略規劃)”. We have upgraded the core system and become the first modern bank in China to achieve ecological transformation of the full spectrum of business through the “cloud + distributed + multi-business” technology. We built the Seagull Cloud platform (海鷗雲平台) and the overall distributed structure framework and established a business middle-office and a data middle-office system, and built a new distributed core business system with “high performance, high flexibility, high security, and high autonomy and controllability” based on data standardization and business rule standardization. Therefore, the processing capability, expansion capability and business support capability have been greatly improved, with transaction processing volume increasing 25 times and peak daily transaction volume increasing 10 times. The Bank put the local third machine room into operation, completed the construction of a remote disaster recovery data centre in Chengdu, constituted the IT infrastructure of the “four centres in two places (兩地四中心)” together with Wuqing-Xiqing local dual-active operation data center to reach a leading level in the industry.

Management Discussion and Analysis

3. Analysis of the Income Statement

	For the year ended 31 December		Rate of Change (%)
	2022	2021	
<i>(Amounts in thousands of Renminbi, unless otherwise stated)</i>			
Interest income	30,385,697	30,371,879	0.0
Interest expense	(18,912,719)	(17,446,541)	8.4
NET INTEREST INCOME⁽¹⁾	11,472,978	12,925,338	(11.2)
Investment income ⁽¹⁾	1,585,354	2,339,241	(32.2)
Fee and commission income	2,134,760	2,082,280	2.5
Fee and commission expense	(448,261)	(298,654)	50.1
NET FEE AND COMMISSION INCOME	1,686,499	1,783,626	(5.4)
Net trading gains	795,672	649,678	22.5
Net gains arising from derecognition of financial assets measured at amortised cost	101,044	40,212	151.3
Other income, gains or losses	117,204	(44,106)	(365.7)
OPERATING INCOME	15,758,751	17,693,989	(10.9)
Operating expenses	(4,448,622)	(4,424,654)	0.5
Impairment losses under expected credit loss (ECL) model	(7,524,819)	(9,852,127)	(23.6)
Share of results of associates	24,249	24,535	(1.2)
PROFIT BEFORE TAX	3,809,559	3,441,743	10.7
Income tax expense	(246,490)	(227,436)	8.4
PROFIT FOR THE YEAR	3,563,069	3,214,307	10.9

During the Reporting Period, the Bank's profit before tax amounted to RMB3,809.6 million, representing an increase of RMB367.8 million over the same period last year, representing a year-on-year increase of 10.7%, and net profit amounted to RMB3,563.1 million, representing an increase of RMB348.8 million over the same period last year, representing a year-on-year increase of 10.9%.

Management Discussion and Analysis

3.1 *Net Interest Income⁽¹⁾, Net Interest Spread and Net Interest Margin*

During the Reporting Period, the Bank's net interest income amounted to RMB11,473.0 million, and net interest income of financial instruments, measured at fair value through profit or loss ("FVTPL"), the figure under the item "investment income", amounted to RMB1,585.4 million. The sum of two was RMB13,058.4 million, decreased by RMB2,206.2 million as compared to the figure for the same period last year measured in the same standard, representing a year-on-year decrease of 14.5%, which was mainly because in terms of interest income, the Bank's financial market business returned to its roots, proactively reduced the scale of non-standard assets, hence recording a year-on-year decrease in investment income and interest income; at the same time, the Bank gave up profits to the real economy and increased support for micro, small and medium-sized enterprises and inclusive finance, resulting in a year-on-year decrease of 0.38 percentage point in the average yield on loans and advances to customers. In terms of interest expenses, the Bank actively implemented the financial policies issued by the PBoC regarding medium-term lending facility, refinancing and rediscounting to support the real economy and inclusive small and micro enterprises, which resulted in increases in our borrowings from central bank and the average balance of interest-bearing liabilities, as well as a year-on-year increase of 8.4% in interest expenses.

During the Reporting Period, the Bank continued to increase its fund support to key projects and high-quality customers, and the size of interest-earning assets increased by 4.5% on a year-on-year basis, while affected by the aforementioned factors of declining net interest income, net interest spread of the Bank decreased to 1.48% from 1.85% and net interest margin decreased to 1.74% from 2.12% in the corresponding period of the previous year.

Note:

- (1) Includes net interest income from financial instruments at FVTPL, i.e., the figure under the item "investment income".

Management Discussion and Analysis

The following tables set forth the average balance of the Bank's interest-earning assets and interest-bearing liabilities, interest income and expense from these assets and liabilities, and the average yield of these interest-earning assets and the average cost of these interest-bearing liabilities for the periods indicated.

	For the year ended 31 December					
	Average balance	2022 Interest income ⁽⁸⁾	Average yield (%)	Average balance	2021 Interest income ⁽⁸⁾	Average yield (%)
<i>(Amounts in millions of RMB, except for percentages)</i>						
Interest-earning assets						
Loans and advances to customer	330,377.7	19,764.3	5.98	311,044.6	19,795.3	6.36
Investment securities and other financial assets ⁽¹⁾	330,479.0	10,443.5	3.16	324,306.5	11,457.5	3.53
Amounts due from banks and other financial institutions ⁽²⁾	39,950.7	1,230.4	3.08	30,775.4	863.1	2.80
Deposits with banks and other financial institutions	12,407.5	20.4	0.16	12,647.2	35.8	0.28
Balances with central bank	39,423.0	512.5	1.30	41,382.8	562.4	1.36
Total interest-earning assets	752,637.9	31,971.1	4.25	720,156.5	32,714.1	4.54
Allowance for impairment losses	(15,164.5)			(16,652.0)		
Non-interest-earning assets ⁽³⁾	26,731.7			25,967.0		
Total assets	764,205.1	31,971.1	4.18	729,471.5	32,714.1	4.48

Management Discussion and Analysis

	For the year ended 31 December					
	Average balance	2022 Interest expense ⁽⁸⁾	Average cost (%)	Average balance	2021 Interest expense ⁽⁸⁾	Average cost (%)
<i>(Amounts in millions of RMB, except for percentages)</i>						
Interest-bearing liabilities						
Due to customers	381,679.3	11,311.9	2.96	372,413.5	9,871.8	2.65
Deposits from banks and other financial institutions	45,387.0	1,010.8	2.23	43,492.7	1,210.8	2.78
Amounts due to banks and other financial institutions ⁽⁴⁾	97,580.9	2,051.0	2.10	98,699.0	2,063.4	2.09
Debt securities issued	98,189.9	2,983.1	3.04	105,067.1	3,588.6	3.42
Lease liabilities	1,108.0	41.2	3.72	962.2	41.9	4.35
Borrowings from central bank	59,551.2	1,514.7	2.54	28,432.8	673.0	2.37
Total interest-bearing liabilities	683,496.3	18,912.7	2.77	649,067.3	17,449.5	2.69
Non-interest-bearing liabilities ⁽⁵⁾	21,384.6			20,690.3		
Total liabilities	704,880.9	18,912.7	2.68	669,757.6	17,449.5	2.61
Net interest income		13,058.4			15,264.6	
Net interest spread⁽⁶⁾			1.48			1.85
Net interest margin⁽⁷⁾			1.74			2.12

Notes:

- (1) Includes asset management plans and trust plans, funds, wealth management products and other debt financing products.
- (2) Consists of financial assets held under resale agreements and placements with banks and other financial institutions.
- (3) Consists of cash, interest receivables, property and equipment, intangible assets, other receivables, repossessed assets, deferred tax assets, derivative financial assets, right-of-use assets and interests in associates, etc.

Management Discussion and Analysis

- (4) Consists of financial assets sold under repurchase agreements, financial liabilities held for trading and placements from banks and other financial institutions.
- (5) Consists of interest payables, sundry taxes payable, other payables, provisions, salaries and benefits payables, dividends payable and derivative financial liabilities, etc.
- (6) Calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities.
- (7) Calculated by dividing net interest income by the daily average balance of total interest-earning assets.
- (8) Includes net interest income from financial instruments at FVTPL, i.e., the figure under the item "investment income".

3.2 Interest Income

During the Reporting Period, our interest income (includes interest income at FVTPL) was RMB31,971.1 million, representing a decrease of RMB743.0 million as compared to the same period last year or a year-on-year decrease of 2.3%; the average yield of these interest-earning assets was 4.25%, representing a year-on-year decrease of 29 basis points, which was mainly because the Bank's financial market business returned to its roots, proactively reduced the scale of non-standard assets, hence recording a year-on-year decrease in investment income and interest income; at the same time, the Bank ceded income to the real economy and increased support for micro, small and medium-sized enterprises and inclusive finance, resulting a year-on-year decrease of 0.38 percentage point in the average yield of loans and advances to customers.

Interest income from loans and advances to customers

During the Reporting Period, interest income from our loans and advances to customers amounted to RMB19,764.3 million, representing a decrease of RMB31.0 million as compared to the same period last year or a year-on-year decrease of 0.2%, primarily because the average yield of loans and advances to customers decreased by 38 basis points year-on-year to 5.98%. The decrease in the average yield of loans and advances to customers was mainly because the Bank actively implemented the national policy of reducing financing costs for the real economy, and reduced fees and costs for high-quality customers, micro, small and medium-sized enterprises and the public to support the real economy.

Management Discussion and Analysis

Interest income from investment securities and other financial assets

During the Reporting Period, the Bank's interest income from investment securities and other financial assets amounted to RMB10,443.5 million, representing a decrease of RMB1,014.0 million as compared to the same period last year or a year-on-year decrease by 8.9%, mainly due to the year-on-year decrease of 37 basis points in the average yield of investment securities and other financial assets to 3.16%. The decrease in the average yield on investment securities and other financial assets was primarily due to the Bank's proactive efforts regarding decreasing non-standardised debt investments such as asset management plans and trust plans, increased its investments in interest rate bonds, such as treasury bonds, local government bonds, policy financial bonds, resulting in lower yield on the corresponding assets, and thus adjusted and optimised its investment structure.

Interest income from amounts due from banks and other financial institutions

During the Reporting Period, interest income from amounts due from banks and other financial institutions amounted to RMB1,230.4 million, representing an increase of RMB367.3 million as compared to the same period last year, a year-on-year increase of 42.6%, mainly due to the year-on-year increase of 29.8% in the average balance of amounts due from banks and other financial institutions to RMB39,950.7 million and the year-on-year increase of 28 basis points in the average yield of amounts due from banks and other financial institutions to 3.08%. The increase in average balance of amounts due from banks and other financial institutions was mainly because the Bank increased its assets allocation in amounts due from banks and other financial institutions, and actively optimised the asset structure and the level of yield on such assets was improved.

Interest income from deposits with banks and other financial institutions

During the Reporting Period, interest income from deposits with banks and other financial institutions amounted to RMB20.4 million, representing a decrease of RMB15.4 million as compared to the same period last year, a year-on-year decrease of 43.0%, mainly due to the year-on-year decrease of 1.9% in the average balance of deposits with banks and other financial institutions to RMB12,407.5 million and the year-on-year decrease of 12 basis points in the average yield of deposits with banks and other financial institutions to 0.16%.

Interest income from balances with central bank

During the Reporting Period, interest income from balances with central bank amounted to RMB512.5 million, representing a decrease of RMB49.9 million as compared to the same period last year, a year-on-year decrease of 8.9%, mainly due to the year-on-year decrease of 4.7% in the average balance of balances with central bank to RMB39,423.0 million and the year-on-year decrease of 6 basis points in the average yield of balances with central bank to 1.30%.

Management Discussion and Analysis

3.3 Interest Expense

During the Reporting Period, our interest expense (including interest expense at FVTPL) amounted to RMB18,912.7 million, representing an increase of RMB1,463.2 million as compared to the same period last year, a year-on-year increase of 8.4%, mainly due to the year-on-year increase of 5.3% in the average balance of interest-bearing liabilities to RMB683,496.3 million. The increase in the average balance of interest-bearing liabilities was primarily because the Bank actively implemented the financial policies issued by the PBoC regarding medium-term lending facility, refinancing and rediscounting to support the real economy and inclusive small and micro-sized enterprises, which resulted in an increase in our borrowings from central bank.

Interest expense on due to customers

During the Reporting Period, our interest expense on due to customers amounted to RMB11,311.9 million, representing an increase of RMB1,440.1 million as compared to the same period last year, a year-on-year increase of 14.6%, mainly due to the year-on-year increase of 2.5% in the average balance of due to customers to RMB381,679.3 million and the year-on-year increase of 31 basis points in the average cost of due to customers to 2.96%. The increase in the average balance of due to customers was primarily because that the residents increased their awareness of saving, while the Bank enriched the deposit product system and effectively increased the scale of deposits; the increase in our average cost of due to customers was mainly due to that the share of time deposits increased as a result of market preference.

Interest expense on deposits from banks and other financial institutions

During the Reporting Period, our interest expense on deposits from banks and other financial institutions amounted to RMB1,010.8 million, representing a decrease of RMB200.0 million as compared to the same period last year, a year-on-year decrease of 16.5%, mainly due to the year-on-year decrease of 55 basis points in the average cost of the deposits from banks and other financial institutions to 2.23%. The decrease in the average cost of the deposits from banks and other financial institutions was mainly due to that the Bank rationalized the allocation of liabilities when appropriate, and the cost was reduced.

Management Discussion and Analysis

Interest expense on amounts due to banks and other financial institutions

During the Reporting Period, our interest expense on amounts due to banks and other financial institutions amounted to RMB2,051.0 million, representing a decrease of RMB12.4 million as compared to the same period last year, a year-on-year decrease of 0.6%, with the scale basically stable.

Interest expense on debt securities issued

During the Reporting Period, our interest expense on debt securities issued amounted to RMB2,983.1 million, representing a decrease of RMB605.5 million as compared to the same period last year, a year-on-year decrease of 16.9%, and there was a year-on-year decrease of 6.5% in the average balance of our debt securities issued to RMB98,189.9 million and a year-on-year decrease of 38 basis points in the average cost of our debt securities issued to 3.04%.

Interest expense on lease liabilities

During the Reporting Period, our interest expense on lease liabilities amounted to RMB41.2 million, representing a decrease of RMB0.7 million as compared to the same period last year, a year-on-year decrease of 1.7%, with the scale basically stable.

Interest expense on borrowings from central bank

During the Reporting Period, the Bank gained policy support from the central bank. Our average balance of borrowings from the central bank increased by 109.4% to RMB59,551.2 million as compared with the same period last year and interest expenses on borrowings from the central bank amounted to RMB1,514.7 million, representing an increase of RMB841.7 million as compared with the same period last year, a year-on-year increase of 125.1%.

3.4 Investment Income

The Bank adopted the IFRS 9 since 1 January 2018. Certain financial assets measured at amortised cost under the original standard were reclassified to financial assets measured at FVTPL under the new standard, and interests arising from the corresponding assets were also reclassified from interest income to investment income for accounting purpose.

Investment income represents gains from investment in financial instruments measured at FVTPL, including debt securities investment, funds, asset management plans and trust plans and wealth management products and expense on financial liabilities held for trading measured at FVTPL. During the Reporting Period, the Bank actively broadened the sources of non-interest income, actively optimised the structure of its investment business, and decreased non-standardized debt investments such as asset management plans and trust plans, with a corresponding decrease in its investment income, and the investment income amounted to RMB1,585.4 million, representing a decrease of RMB753.9 million as compared to the same period last year, a year-on-year decrease of 32.2%.

Management Discussion and Analysis

3.5 Net Fee and Commission Income

The following table sets forth the principal components of our net fee and commission income for the periods indicated.

	For the year ended 31 December			
	2022	2021	Change in amount	Rate of change (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Fee and commission income				
Agency commission and entrusted service fee	1,053.9	759.2	294.7	38.8
Wealth management service fees	547.8	887.2	(339.4)	(38.3)
Settlement and clearing fees	294.6	203.8	90.8	44.6
Consultancy fees	123.6	118.6	5.0	4.2
Acceptance and guarantee commitment fees	59.1	61.5	(2.4)	(3.9)
Bank card fees	53.5	49.5	4.0	8.1
Others	2.3	2.5	(0.2)	(8.0)
Subtotal	2,134.8	2,082.3	52.5	2.5
Fee and commission expense	(448.3)	(298.7)	(149.6)	50.1
Net fee and commission income	1,686.5	1,783.6	(97.1)	(5.4)

During the Reporting Period, the excess income from wealth management decreased as a result of the downturn in the debt securities market, our net fee and commission income amounted to RMB1,686.5 million, representing a decrease of RMB97.1 million as compared to the same period last year, a year-on-year decrease of 5.4%. Our fee and commission income amounted to RMB2,134.8 million, representing an increase of RMB52.5 million or 2.5% as compared to the same period last year; our fee and commission expense amounted to RMB448.3 million, representing an increase of RMB149.6 million as compared to the same period last year, primarily due to that the Bank actively utilised the “Smart Xiao Er (智慧小二)” platform to support the development of small and micro-sized enterprises and individual entrepreneurs during the Reporting Period, and the number of online merchants increased by 324,000 to 590,600, resulting in an increase in merchant development, operation and maintenance expenses and fee waiver fees.

Management Discussion and Analysis

3.6 *Net Trading Gains/(Losses)*

Net trading gains/(losses) arise from realised and unrealised profit and loss of financial assets measured at FVTPL, the net disposal gains and losses of debt instruments measured at fair value through other comprehensive income ("FVOCI") and net gains and losses arising from derivative financial instruments. Our net trading gains amounted to RMB795.7 million for the Reporting Period, while we recorded net trading gains of RMB649.7 million for the same period last year, representing a year-on-year increase of 22.5%, which was primarily because the Bank's effective exploitation of market trading opportunities to enhance net trading gains.

Management Discussion and Analysis

3.7 Operating Expenses

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

	For the year ended 31 December			
	2022	2021	Change in amount	Rate of change (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Operating expenses				
Staff costs	2,278.5	2,375.1	(96.6)	(4.1)
Other general and administrative expenses	726.4	540.4	186.0	34.4
Rental and property management expenses	99.2	80.9	18.3	22.6
Depreciation and amortisation	813.0	794.0	19.0	2.4
Office expenses	324.9	423.4	(98.5)	(23.3)
Taxes	206.6	210.9	(4.3)	(2.0)
Total operating expenses	4,448.6	4,424.7	23.9	0.5
Cost-to-income ratio⁽¹⁾	26.92%	23.81%	–	3.11

Note:

(1) Calculated by dividing total operating expenses, excluding taxes, by total operating income.

During the Reporting Period, our operating expenses amounted to RMB4,448.6 million, representing an increase of RMB23.9 million as compared to the same period last year, a year-on-year increase of 0.5%, with the scale basically stable.

Our cost-to-income ratio (excluding sundry taxes) was 23.81% and 26.92% for the same period of the previous year and the Reporting Period, respectively, representing a year-on-year increase of 3.11 percentage points.

Management Discussion and Analysis

Staff costs

During the Reporting Period, after using the balance of staff costs in previous years, the Bank recorded total staff costs of RMB2,278.5 million, representing a decrease of RMB96.6 million as compared to the same period last year, or a year-on-year decrease of 4.1%. The actual expenditure was basically the same as that of the previous year.

The following table sets forth the principal components of staff costs of the Bank for the periods indicated.

	For the year ended 31 December			
	2022	2021	Change in amount	Rate of change (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Salaries, bonuses and allowances	1,552.7	1,678.7	(126.0)	(7.5)
Social insurance	320.2	300.7	19.5	6.5
Housing funds	141.4	134.0	7.4	5.5
Staff welfare	95.3	96.4	(1.1)	(1.1)
Labour union fees and staff education expenses	36.6	41.7	(5.1)	(12.2)
Contribution to annuity funds	132.3	123.6	8.7	7.0
Total	2,278.5	2,375.1	(96.6)	(4.1)

Sundry taxes

During the Reporting Period, our sundry taxes amounted to RMB206.6 million, representing a decrease of RMB4.3 million as compared to the same period last year, or a year-on-year decrease of 2.0%, with the scale basically stable.

Office expenses and rental and property management expenses

During the Reporting Period, our office expenses and rental and property management expenses amounted to RMB424.1 million, representing a decrease of RMB80.2 million as compared to the same period last year, or a year-on-year decrease of 15.9%, which was primarily due to the Bank's sound control of office costs.

Other general and administrative expenses

During the Reporting Period, our other general and administrative expenses amounted to RMB726.4 million, representing an increase of RMB186.0 million as compared to the same period last year, or a year-on-year increase of 34.4%, which was primarily due to the increase in the technology expenditure of the Bank to strengthen the foundation of information technology and the increase in fees as a result of factors such as the resumption of the collection of banking supervision fees, etc.

Management Discussion and Analysis

Depreciation and amortisation

During the Reporting Period, depreciation and amortisation of the Bank, including right-of-use assets, amounted to RMB813.0 million, representing an increase of RMB19.0 million as compared to the same period last year, or a year-on-year increase of 2.4%, with the scale basically stable.

3.8 Impairment Losses under Expected Credit Loss (ECL) Model, Net of Reversals

The following table sets forth the principal components of our impairment losses under ECL model, net of reversals for the periods indicated.

	For the year ended 31 December			
	2022	2021	Change in amount	Rate of change (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Loans and advances to customers				
at amortised cost	4,638.2	10,023.1	(5,384.9)	(53.7)
Loans and advances to customers at				
FVOCI	1.7	7.7	(6.0)	(77.9)
Credit commitments	(0.9)	62.9	(63.8)	(101.4)
Debt instruments at amortised cost	2,509.4	(484.0)	2,993.4	(618.5)
Debt instruments at FVOCI	1.1	19.9	(18.8)	(94.5)
Deposits with banks and other financial				
institutions	17.9	(2.2)	20.1	(913.6)
Placements with banks and other				
financial institutions	0.5	(63.3)	63.8	(100.8)
Financial assets held under resale				
agreements	353.3	–	353.3	–
Others	3.6	288.0	(284.4)	(98.8)
Total	7,524.8	9,852.1	(2,327.3)	(23.6)

During the Reporting Period, our impairment losses under ECL model, net of reversals amounted to RMB7,524.8 million, representing a decrease of RMB2,327.3 million as compared to the same period last year, or a year-on-year decrease of 23.6%, which was primarily due to the continued enhancement of credit risk management by the Bank, the decrease in the balance of non-performing loans as compared to the beginning of the year, and the year-on-year decrease in impairment losses.

Management Discussion and Analysis

3.9 Income Tax Expenses

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

	For the year ended 31 December			
	2022	2021	Change in amount	Rate of Change (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Profit before tax	3,809.6	3,441.7	367.9	10.7
Tax calculated at the applicable statutory tax rate of 25%	952.4	860.4	92.0	10.7
Income tax at concessionary rate	(0.2)	(4.1)	3.9	(95.1)
The effect of utilizing the deductible temporary differences arising from the deferred tax assets that had not been recognized in previous periods	(52.1)	–	(52.1)	–
Income tax adjustment for prior years	37.7	7.1	30.6	431.0
Tax effect of expenses not deductible for tax purpose	55.1	59.4	(4.3)	(7.2)
Tax effect of income not subject to tax ⁽¹⁾	(746.4)	(695.4)	(51.0)	7.3
Income tax expenses	246.5	227.4	19.1	8.4

Note:

- (1) The income not subject to tax mainly represents interest income arising from government bonds and fund dividends. Such interest income is tax free under the PRC tax regulations.

During the Reporting Period, our income tax amounted to RMB246.5 million, representing an increase of RMB19.1 million as compared to the same period last year, or a year-on-year increase of 8.4%. The increase was primarily due to the increase in profit before tax.

Management Discussion and Analysis

4. Analysis of the Statement of Financial Position

4.1 Assets

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

	As of 31 December 2022		As of 31 December 2021	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
ASSETS				
Gross loans and advances to customers	347,428.9	45.6	337,019.8	46.8
Allowance for impairment losses	(10,031.7)	(1.3)	(12,412.4)	(1.7)
Loans and advances to customers, net	337,397.2	44.3	324,607.4	45.1
Investment securities and other financial assets, net	323,408.5	42.5	316,239.5	44.0
Financial assets held under resale agreements	11,053.5	1.5	600.2	0.1
Cash and balances with central bank	42,912.7	5.6	39,831.6	5.5
Deposits with banks and other financial institutions	6,338.7	0.8	5,286.5	0.7
Placements with banks and other financial institutions	26,347.8	3.5	19,063.0	2.6
Derivative financial assets	58.8	0.0	16.8	0.0
Other assets ⁽¹⁾	13,565.7	1.8	14,258.9	2.0
TOTAL ASSETS	761,082.9	100.0	719,903.9	100.0

Note:

- (1) Consist primarily of property and equipment, right-of-use assets, deferred tax assets, interests in associates, prepaid expenses, intangible assets and other receivables, etc.

As of the end of the Reporting Period, our total assets amounted to RMB761,082.9 million, representing an increase of RMB41,179.0 million as compared to the end of last year or an increase of 5.7%, which was primarily because the Bank continued to increase its efforts on support for the real economy, and thus increased its loans and advances to customers, investment securities and other financial assets.

Management Discussion and Analysis

Loans and advances to customer

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

	As of 31 December 2022		As of 31 December 2021	
	Amount	% of the total (%)	Amount	% of the total (%)
	<i>(Amounts in millions of RMB, except for percentages)</i>			
Corporate loans	185,003.5	53.2	164,971.1	48.9
Personal loans	123,048.4	35.4	132,296.2	39.3
Finance lease receivables	627.9	0.2	1,651.9	0.5
Discounted bills	38,749.1	11.2	38,100.6	11.3
Total	347,428.9	100.0	337,019.8	100.0

Corporate loans

As of the end of the Reporting Period, our corporate loans amounted to RMB185,003.5 million, representing an increase of RMB20,032.4 million as compared to the end of last year or an increase of 12.1%, which was primarily because the Bank increased credit investment to the real economy in line with the policy.

Management Discussion and Analysis

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

	As of 31 December 2022		As of 31 December 2021	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Short-term loans (one year or less)	44,873.5	24.3	62,047.3	37.6
Medium and long-term loans (over one year)	140,130.0	75.7	102,923.8	62.4
Total corporate loans	185,003.5	100.0	164,971.1	100.0

Short-term loans as a percentage of our corporate loan portfolio decreased from 37.6% at the end of last year to 24.3% at the end of the Reporting Period and our medium and long-term loans as a percentage of our corporate loan portfolio increased from 62.4% at the end of last year to 75.7% at the end of the Reporting Period. The changes in the above structures of our loans were primarily due to that the Bank increased the proportion of medium and long-term loans in accordance with policy guidance.

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

	As of 31 December 2022		As of 31 December 2021	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Working capital loans	88,466.7	47.8	77,794.0	47.2
Fixed asset loans	69,645.9	37.6	67,002.4	40.6
Trade finance	3,501.0	1.9	11,024.8	6.7
Others ⁽¹⁾	23,389.9	12.7	9,149.9	5.5
Total corporate loans	185,003.5	100.0	164,971.1	100.0

Note:

(1) Consist primarily of merger and acquisition loans and factoring business.

Management Discussion and Analysis

As of the end of the Reporting Period, our working capital loans amounted to RMB88,466.7 million, representing an increase of RMB10,672.7 million as compared to the end of last year or an increase of 13.7%, which was primarily because the Bank continued to increase credit investment to meet the financing needs of the production and operation activities of entities in the real economy.

As of the end of the Reporting Period, our fixed assets loans amounted to RMB69,645.9 million, representing an increase of RMB2,643.5 million as compared to the end of last year or an increase of 3.9%, which was primarily because the Bank continued to increase credit investment to meet the financing needs of project construction.

As of the end of the Reporting Period, our trade finance amounted to RMB3,501.0 million, representing a decrease of RMB7,523.8 million as compared to the end of last year or a decrease of 68.2%, which was primarily because of lower customer demand for financing as results of exchange rate, price and other factors.

As of the end of the Reporting Period, our other corporate loans amounted to RMB23,389.9 million, representing an increase of RMB14,240.0 million as compared to the end of last year or an increase of 155.6%, which was primarily due to that the Bank further strengthened the support for M&A loan business.

Management Discussion and Analysis

Personal loans

As of the end of the Reporting Period, our personal loans amounted to RMB123,048.4 million, representing a decrease of RMB9,247.8 million as compared to the end of last year or a decrease of 7.0%, which was primarily due to a decline in the size of personal loans for consumption and residential mortgage loans.

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

	As of 31 December 2022		As of 31 December 2021	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Personal loans for consumption ⁽¹⁾	61,789.4	50.2	69,939.5	52.9
Personal loans for business purposes	33,489.2	27.2	32,953.0	24.9
Residential mortgage loans	27,769.8	22.6	29,403.7	22.2
Total personal loans	123,048.4	100.0	132,296.2	100.0

Note: (1) including credit card overdrafts.

As of the end of the Reporting Period, our personal loans for consumption amounted to RMB61,789.4 million, representing a decrease of RMB8,150.1 million as compared to the end of last year or a decrease of 11.7%, which was primarily due to weakened personal consumption expectations and reduced consumption power.

As of the end of the Reporting Period, our personal loans for business purposes amounted to RMB33,489.2 million, representing an increase of RMB536.2 million as compared to the end of last year or an increase of 1.6%, which was primarily due to that the Bank effectively implemented the CPC Central Committee's financial policy to support the development of small and micro enterprises and individual entrepreneurs, using big data technologies and electronic channels, the Bank continuously improved and promoted online loan products such as "e-loans for taxpayers" (銀稅e貸), "e-loans for supermarkets" (商超e貸), "Tianhangyongbei-Microfinance" (天行用唄—小微商戶經營貸) and "e-loans for home mortgage" (宅抵e貸) targeting individuals to enrich small and micro loan products, so as to realise the growth in business scale.

Management Discussion and Analysis

As of the end of the Reporting Period, our residential mortgage loans amounted to RMB27,769.8 million, representing a decrease of RMB1,633.9 million as compared to the end of last year or a decrease of 5.6%, which was primarily due to the impact with the continued sluggish volume of transaction in the real estate market during the Reporting Period, the cumulative amount of residential mortgage loans issued is less than the repayment amount, resulting in a decline in the scale of personal residential mortgage loans.

Finance lease receivables

As of the end of the Reporting Period, our finance lease receivables amounted to RMB627.9 million, representing a decrease of RMB1,024.0 million as compared to the end of last year or a decrease of 62.0%, which was primarily due to the fact that certain existing sale leaseback business has been settled successively.

Discounted bills

As of the end of the Reporting Period, our discounted bills amounted to RMB38,749.1 million, representing an increase of RMB648.5 million as compared to the end of last year or an increase of 1.7%, which remained basically steady.

Investment securities and other financial assets

As of the end of the Reporting Period, the balance of our investment securities and other financial assets amounted to RMB323,408.5 million, representing an increase of RMB7,169.0 million as compared to the end of last year or an increase of 2.3%, which was primarily due to the increased investment in standardised bonds to support the financing demand of the real economy.

Management Discussion and Analysis

The following table sets forth the components of our investment securities and other financial assets as of the end of last year and the end of the Reporting Period.

	As of 31 December 2022		As of 31 December 2021	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Debt securities				
Debt securities measured at amortised cost	148,508.0	45.9	149,344.0	47.3
Debt securities measured at FVOCI	65,402.0	20.2	50,017.0	15.8
Debt securities measured at FVTPL	6,750.5	2.1	10,575.0	3.3
Allowance for impairment losses	(497.7)	(0.2)	(786.1)	(0.2)
Subtotal	220,162.8	68.0	209,149.9	66.2
Funds	21,054.2	6.5	18,974.0	6.0
Wealth management products issued by other financial institutions				
	496.6	0.2	–	–
Asset management plans and trust plans and other debt financing products, net				
Asset management plans and trust plans	57,774.1	17.9	70,146.4	22.2
Other debt financing products	22,171.8	6.9	18,180.0	5.7
Allowance for impairment losses	(1,144.1)	(0.4)	(2,761.3)	(0.9)
Subtotal	78,801.8	24.4	85,565.1	27.0
Equity investments				
Equity investments measured at FVTPL	1,250.9	0.4	908.3	0.3
Equity investments measured at FVOCI	1,642.2	0.5	1,642.2	0.5
Subtotal	2,893.1	0.9	2,550.5	0.8
Total investment securities and other financial assets, net	323,408.5	100.0	316,239.5	100.0

Management Discussion and Analysis

Debt securities

The following table sets forth the components of our debt securities as of the end of last year and the end of the Reporting Period.

	As of 31 December 2022		As of 31 December 2021	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
PRC government bonds	77,790.6	35.3	73,684.9	35.1
Debt securities issued by PRC public entities and policy banks	72,664.2	32.9	63,194.0	30.1
Debt securities issued by PRC corporate issuers	43,953.7	19.9	40,920.5	19.5
Debt securities issued by PRC financial institutions	6,850.6	3.1	6,517.0	3.1
Asset-backed securities	19,401.4	8.8	25,619.7	12.2
Total	220,660.5	100.0	209,936.1	100.0

As of the end of the Reporting Period, our holding of debt securities issued by the PRC government amounted to RMB77,790.6 million, representing an increase of RMB4,105.7 million as compared to the end of last year or an increase of 5.6%, which was primarily due to the Bank's proper adjustment in the asset structure, which increased the scale of deployment of high-quality current assets with higher comparable yield.

As of the end of the Reporting Period, our holding of debt securities issued by PRC public entities and policy banks amounted to RMB72,664.2 million, representing an increase of RMB9,470.2 million as compared to the end of last year or an increase of 15.0%, which was primarily due to the Bank's proper adjustment in the asset structure, which increased the scale of deployment of high-quality current assets with higher comparable yield.

As of the end of the Reporting Period, our holding of debt securities issued by PRC corporate issuers amounted to RMB43,953.7 million, representing an increase of RMB3,033.2 million as compared to the end of last year or an increase of 7.4%, which was primarily because the Bank stepped up its efforts in financing entities based on its philosophy of returning to its origins, thus an increase in the scale of corporate bonds was recorded.

Management Discussion and Analysis

As of the end of the Reporting Period, our holding of debt securities issued by PRC financial institutions amounted to RMB6,850.6 million, representing an increase of RMB333.6 million as compared to the end of last year or an increase of 5.1%, which was primarily due to the Bank's proper adjustment in the asset structure, which increased the deployment of investment in financial bonds.

As of the end of the Reporting Period, our holding of asset-backed securities amounted to RMB19,401.4 million, representing a decrease of RMB6,218.3 million as compared to the end of last year or a decrease of 24.3%, which was primarily due to the Bank's proper adjustment in the asset structure to reduce the deployment of investment in asset-backed securities.

Distribution of investment securities and other financial assets by investment intention

The following table sets forth the distribution of our investment securities and other financial assets by our investment intention as of the end of last year and the end of the Reporting Period.

	As of 31 December 2022		As of 31 December 2021	
	Amount	% of the total (%)	Amount	% of the total (%)
	<i>(Amounts in millions of RMB, except for percentages)</i>			
Debt instruments at amortised costs	180,133.9	55.7	190,702.0	60.3
Financial assets measured at FVOCI	67,134.2	20.8	51,796.9	16.4
Financial assets measured at FVTPL	76,140.4	23.5	73,740.6	23.3
Total	323,408.5	100.0	316,239.5	100.0

Management Discussion and Analysis

Financial assets held under resale agreements

The table below sets forth the distribution of our financial assets held under resale agreements by collateral type as of the end of last year and the end of Reporting Period.

	As of 31 December 2022		As of 31 December 2021	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Analysed by collateral type:				
Debt securities	10,806.6	91.6	–	–
Bills	993.5	8.4	993.5	100.0
Total	11,800.1	100.0	993.5	100.0
Allowance for impairment losses	(746.6)		(393.3)	
Net amount	11,053.5		600.2	

As of the end of the Reporting Period, our financial assets held under resale agreements amounted to RMB11,053.5 million, representing an increase of RMB10,453.3 million as compared to the end of last year or an increase of 1,741.6%, which was primarily due to the Bank's active adjustment of asset structure and proper increase in the scale of financial assets held under resale agreements.

Other components of our assets

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

As of the end of the Reporting Period, our cash and balances with central bank amounted to RMB42,912.7 million, representing an increase of RMB3,081.1 million as compared to the end of last year or an increase of 7.7%.

Management Discussion and Analysis

As of the end of the Reporting Period, our deposits with banks and other financial institutions amounted to RMB6,338.7 million, representing an increase of RMB1,052.2 million as compared to the end of last year or an increase of 19.9%, which was primarily due to the Bank's active adjustment of asset structure and proper increase in the asset scale of deposits with banks and other financial institutions.

As of the end of the Reporting Period, our placements with banks and other financial institutions amounted to RMB26,347.8 million, representing an increase of RMB7,284.8 million as compared to the end of last year or an increase of 38.2%, which was primarily due to the Bank's active adjustment of the asset structure and proper increase in the asset scale of placements.

As of the end of the Reporting Period, our derivative financial assets amounted to RMB58.8 million, representing an increase of RMB42.0 million as compared to the end of last year or an increase of 250.0%, which was primarily due to the increase in gains from changes in fair value as a result of market fluctuations.

Our other assets consist primarily of property and equipment, right-of-use assets, deferred tax assets, repossessed assets, interests in associates, prepaid expenses, intangible assets and other receivables, etc. As of the end of the Reporting Period, our other assets amounted to RMB13,565.7 million, representing a decrease of RMB693.2 million as compared to the end of last year or a decrease of 4.9%, which was primarily due to the decrease in other receivables.

Pledge of assets

As of the end of the Reporting Period, the details of pledge of our assets are set out in notes 52 and 53.1(8) (iv) to the consolidated financial statements in this annual report.

Management Discussion and Analysis

4.2 Liabilities

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

	As of 31 December 2022		As of 31 December 2021	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except percentages)</i>				
Due to customers	397,765.3	56.8	382,478.9	57.7
Debt securities issued	93,473.3	13.3	98,511.1	14.9
Deposit from banks and other financial institutions	42,073.9	6.0	41,412.8	6.3
Financial assets sold under repurchase agreements	76,259.8	10.9	59,110.7	8.9
Placements from banks and other financial institutions	23,312.2	3.3	21,409.8	3.2
Financial liabilities held for trading	–	0.0	519.1	0.1
Borrowings from central bank	61,799.0	8.8	53,070.3	8.0
Income tax payable	5.3	0.0	15.6	0.0
Derivative financial liabilities	60.2	0.0	156.7	0.0
Other liabilities ⁽¹⁾	5,714.7	0.9	5,678.1	0.9
TOTAL LIABILITIES	700,463.7	100.0	662,363.1	100.0

Note:

- (1) Consist primarily of lease liabilities, other payables, settlement payable, salaries and benefits payables, dividends payable, provision related to litigations and sundry taxes payable, etc.

As of the end of the Reporting Period, our total liabilities amounted to RMB700,463.7 million, representing an increase of RMB38,100.6 million as compared to the end of last year or an increase of 5.8%, mainly due to the enhanced awareness of the public to save money and plentiful deposit products of the Bank, which effectively increased the scale of deposits.

Management Discussion and Analysis

Due to customers

As of the end of the Reporting Period, our due to customers amounted to RMB397,765.3 million, representing an increase of RMB15,286.4 million as compared to that as of the end of last year or an increase of 4.0%, of which, personal time savings deposits increased substantially, mainly because the Bank continuously increased construction and marketing efforts of deposit product system to achieve a good effect.

The following table sets forth our due to customers by product type and maturity profile of deposits as of the dates indicated.

	As of 31 December 2022		As of 31 December 2021		Rate of Change (%)
	Amount	% of the total (%)	Amount	% of the total (%)	
<i>(Amounts in millions of RMB, except percentages)</i>					
Corporate deposits					
Demand	175,514.5	44.1	175,494.9	45.9	0.0
Time	71,965.5	18.1	80,556.1	21.1	(10.7)
Subtotal	247,480.0	62.2	256,051.0	67.0	(3.3)
Personal deposits					
Demand	27,248.4	6.8	19,811.2	5.2	37.5
Time	112,792.9	28.4	87,308.2	22.8	29.2
Subtotal	140,041.3	35.2	107,119.4	28.0	30.7
Others ⁽¹⁾	10,244.0	2.6	19,308.5	5.0	(46.9)
Total due to customers	397,765.3	100.0	382,478.9	100.0	4.0

Notes:

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

Management Discussion and Analysis

As of the end of the Reporting Period, our corporate deposits amounted to RMB247,480.0 million, representing a decrease of RMB8,571 million or a decrease of 3.3% as compared to that as of the end of last year, mainly due to the Bank proactively adjusted the liability structure and reduced the scale of high-cost liabilities.

As of the end of the Reporting Period, our personal deposits amounted to RMB140,041.3 million, representing an increase of RMB32,921.9 million or an increase of 30.7% as compared to that as of the end of last year, mainly due to that our Bank will continue to strengthen the active management of personal deposit products and optimize product functions. Our Bank will fully utilize the brand influence of key deposit products such as “Seagull deposit (海鷗存)”, “Happy certificates of deposit (幸福存單)” and “Large-denomination certificates of deposit (大額存單)” to form a product system covering the needs of customers at all levels; Improving the wealth management ability of front-line marketing and service personnel will be regarded as an important management goal, so as to respond market changes by improving comprehensive service and asset allocation abilities, and to boost personal deposits by the growth of comprehensive personal financial assets.

Debt securities issued

As of the end of the Reporting Period, our debt securities issued amounted to RMB93,473.3 million, representing a decrease of RMB5,037.8 million or a decrease of 5.1% as compared to that as of the end of last year, the size of which remained basically steady.

Deposits from banks and other financial institutions

As of the end of the Reporting Period, our deposits from banks and other financial institutions amounted to RMB42,073.9 million, representing an increase of RMB661.1 million or an increase of 1.6% as compared to that as of the end of last year, the size of which remained basically steady.

Financial assets sold under repurchase agreements

As of the end of the Reporting Period, our financial assets sold under repurchase agreements amounted to RMB76,259.8 million, representing an increase of RMB17,149.1 million or an increase of 29.0% as compared to that as of the end of last year, mainly due to the Bank’s active adjustment of liability structure and increased the scale of financial assets sold under repurchase agreements.

Management Discussion and Analysis

Placements from banks and other financial institutions

As of the end of the Reporting Period, our placements from banks and other financial institutions amounted to RMB23,312.2 million, representing an increase of RMB1,902.4 million or an increase of 8.9% as compared to that as of the end of last year, mainly due to the Bank's active adjustment of liability structure and increase scale of placements from banks and other financial institutions.

Borrowings from central bank

As of the end of the Reporting Period, our borrowings from central bank amounted to RMB61,799.0 million, representing an increase of RMB8,728.7 million or an increase of 16.4% as compared to that as of the end of last year, mainly due to the Bank's active application of the central bank's re-lending policy to support small and micro enterprises, as well as the application of medium-term lending facility to optimise liquidity and stabilise sources of liabilities.

Income tax payable

As of the end of the Reporting Period, our income tax payable amounted to RMB5.3 million, representing a decrease of RMB10.3 million or a decrease of 66.0% as compared to that as of the end of last year, mainly due to the increase in loan write-off.

Derivative financial liabilities

As of the end of the Reporting Period, our derivative financial liabilities amounted to RMB60.2 million, representing a decrease of RMB96.5 million or a decrease of 61.6% as compared to that as of the end of last year, mainly due to the increase in changes in fair value as a result of market fluctuation, and thus lower size of debts accordingly.

Other liabilities

Our other liabilities mainly include lease liabilities, other payables, settlement payable, salaries and benefits payable, dividends payable, provision related to litigations and sundry taxes payable, etc. As of the end of the Reporting Period, our other liabilities amounted to RMB5,714.7 million, representing an increase of RMB36.6 million or an increase of 0.6% as compared to that as of the end of last year, with the scale that remained basically stable.

Contingent liabilities

As of the end of the Reporting Period, details of the Bank's contingent liabilities are set out in note 50 to the consolidated financial statements in this annual report.

Management Discussion and Analysis

4.3 Equity

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

	As of 31 December 2022		As of 31 December 2021	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
EQUITY				
Share capital	6,070.6	10.0	6,070.6	10.6
Capital reserve	10,731.1	17.7	10,731.1	18.6
Investment revaluation reserve	(497.1)	(0.8)	(12.3)	0.0
Surplus reserve	3,352.5	5.5	3,352.5	5.8
General reserve	9,221.4	15.2	9,216.7	16.0
Retained earnings	30,906.6	51.0	27,346.2	47.5
Equity attributable to equity holders of the Bank	59,785.0	98.6	56,704.8	98.5
Non-controlling interests	834.1	1.4	836.0	1.5
TOTAL EQUITY	60,619.1	100.0	57,540.8	100.0

As of the end of the Reporting Period, our shareholders' equity amounted to RMB60,619.1 million, representing an increase of RMB3,078.3 million or an increase of 5.3% as compared to that as of the end of last year. Our equity attributable to equity holders of the Bank was RMB59,785.0 million, representing an increase of RMB3,080.2 million or an increase of 5.4% as compared to that as of the end of last year. The increase in the shareholders' equity was primarily because the Bank increased the reserve of retained profits, thus our retained earnings increased.

Management Discussion and Analysis

5. Analysis of Off-balance Sheet Items

The following table sets forth the contractual amounts of our credit commitments as of the dates indicated.

	As of 31 December 2022	As of 31 December 2021
	<i>(Amounts in millions of RMB)</i>	
Acceptances	38,741.7	30,581.0
Undrawn corporate loans limit	18,240.7	19,343.7
Undrawn credit card limit	17,922.8	14,812.0
Letters of credit	15,252.1	13,759.1
Letters of guarantee	3,059.5	1,924.4
Total	93,216.8	80,420.2

Management Discussion and Analysis

6. Credit Quality Analysis

Distribution of loans by five-category loan classification

The following table sets forth the distribution of our loan portfolio by the five-category loan classification as of the dates indicated.

	As of 31 December 2022		As of 31 December 2021	
	Amount	% of the total ⁽¹⁾ (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Normal	324,836.5	93.50	312,735.1	92.79
Special mention	16,293.8	4.69	16,238.5	4.82
Subtotal	341,130.3	98.19	328,973.6	97.61
Substandard	3,986.3	1.15	6,026.1	1.79
Doubtful	1,546.8	0.45	1,221.7	0.36
Loss	765.5	0.21	798.4	0.24
Subtotal	6,298.6	1.81	8,046.2	2.39
Gross loans and advances to customers	347,428.9	100.0	337,019.8	100.0

Note:

(1) Calculated by the amount of five-category loans (interests included).

As of the end of the Reporting Period, according to the five-category loan classification, the normal loans amounted to RMB324,836.5 million, accounting for 93.50% of all the loans of the Bank, representing an increase of RMB12,101.4 million as compared to that as of the end of last year. Loans classified as special mention were RMB16,293.8 million, accounting for 4.69% of all loans, representing an increase of RMB55.3 million as compared to that as of the end of last year. The non-performing loans were RMB6,298.6 million, representing a decrease of RMB1,747.6 million as compared to that as of the end of last year, with a non-performing loan ratio⁽¹⁾ of 1.81%, representing a decrease of 0.58 percentage point as compared to that as of the end of last year, primarily because the Bank enhanced asset quality management and strengthened the collection and resolution of non-performing loans.

Management Discussion and Analysis

Distribution of corporate loans by industry

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

	As of 31 December 2022		As of 31 December 2021		Rate of change (%)
	Amount	% of the total (%)	Amount	% of the total (%)	
<i>(Amounts in millions of RMB, except for percentages)</i>					
Leasing and commercial services	53,810.9	29.0	37,788.6	22.7	42.4
Construction	27,981.9	15.1	20,772.4	12.5	34.7
Real estate	27,976.9	15.1	30,891.9	18.5	(9.4)
Manufacturing	20,034.6	10.8	24,625.5	14.8	(18.6)
Water, environment and public facilities management	16,886.7	9.1	17,538.5	10.5	(3.7)
Wholesale and retail	13,978.2	7.5	15,212.0	9.1	(8.1)
Finance	8,128.0	4.4	4,210.3	2.5	93.1
Transportation, storage and postal services	4,280.1	2.3	3,782.8	2.3	13.1
Production and supply of electricity, heat, gas and water	3,564.7	1.9	3,907.1	2.3	(8.8)
Resident services, repair and other services	2,225.0	1.2	1,228.4	0.7	81.1
Culture, sports, and entertainment	1,988.6	1.1	2,632.2	1.6	(24.5)
Scientific research and technical services	1,725.7	0.9	398.6	0.3	332.9
Information transmission, software and information technology services	962.3	0.5	630.9	0.4	52.5
Agriculture, forestry, animal husbandry and fishery	641.1	0.3	730.4	0.4	(12.2)
Accommodation and catering	554.2	0.3	625.6	0.4	(11.4)
Health and social services	515.7	0.3	479.5	0.3	7.5
Mining	210.8	0.1	670.5	0.4	(68.6)
Education	166.0	0.1	497.8	0.3	(66.7)
Total corporate loans⁽¹⁾	185,631.4	100.0	166,623.0	100.0	11.4

Note:

(1) Consist of finance lease receivables.

Management Discussion and Analysis

During the Reporting Period, the Bank actively supported the development of the real economy with its loans structure further optimized, the loan sizes of the leasing and commercial services increased by 42.4% and the loan size of the construction increased by 34.7%. As of the end of the Reporting Period, loans provided to customers in the industries of (i) leasing and commercial services, (ii) construction, (iii) real estate, (iv) manufacturing, and (v) water, environment and public facilities management represented the top five largest components of the Bank's corporate loans. As of the end of the Reporting Period and the end of last year, the balance of loans provided to the corporate customers in these five industries were RMB146,691.0 million and RMB131,616.9 million, respectively, accounting for 79.1% and 79.0% of the total corporate loans and advances, respectively.

Distribution of non-performing loans to corporate customers by industry

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

	As of 31 December 2022			As of 31 December 2021			Change in NPL ratio (%)
	Amount	% of the total (%)	NPL ratio ⁽¹⁾ (%)	Amount	% of the total (%)	NPL ratio ⁽¹⁾ (%)	
	<i>(Amounts in millions of RMB, except for percentages)</i>						
Real estate	1,677.3	43.1	6.00	1,603.3	28.9	5.19	0.81
Wholesale and retail	970.8	24.9	6.95	1,191.9	21.5	7.84	(0.89)
Manufacturing	725.9	18.6	3.62	1,918.9	34.6	7.79	(4.17)
Water, environment and public facilities management	128.3	3.3	0.76	114.2	2.1	0.65	0.11
Construction	124.5	3.2	0.44	113.0	2.0	0.54	(0.10)
Leasing and commercial services	83.5	2.1	0.16	282.5	5.1	0.75	(0.59)
Agriculture, forestry, animal husbandry and fishery	68.4	1.8	10.67	76.2	1.4	10.43	0.24
Resident services, repair and other services	44.0	1.1	1.98	-	-	-	1.98
Scientific research and technical services	35.2	0.9	2.04	5.9	0.1	1.48	0.56
Information transmission, software and information technology services	20.4	0.5	2.12	49.9	0.8	7.91	(5.79)
Accommodation and catering	12.0	0.3	2.17	74.5	1.3	11.91	(9.74)
Transportation, storage and postal services	3.3	0.2	0.08	60.3	1.1	1.59	(1.51)
Culture, sports and entertainment	-	-	-	60.0	1.1	2.28	(2.28)
Total non-performing loans to corporate customers⁽²⁾	3,893.6	100.0	2.10	5,550.6	100.0	3.33	(1.23)

Notes:

- (1) Calculated by dividing non-performing loans to corporate customers in each industry by gross loans to corporate customers (interests included) in that industry.
- (2) Consist of finance lease receivables.

Management Discussion and Analysis

As of the end of the Reporting period, the balance of non-performing loans to corporate customers of the Bank was RMB3,893.6 million, representing a decrease of RMB1,657.0 million or 29.9% as compared to that as of the end of last year. Our non-performing loans to corporate customers consist primarily of non-performing loans to corporate borrowers in the real estate industry and wholesale and retail industry. As of the end of the prior year and the end of the Reporting Period, our non-performing loan ratio for our corporate loans in the real estate industry were 5.19% and 6.00% respectively, non-performing loans to corporate customers from borrowers in this industry accounted for 28.9% and 43.1% of our total non-performing loans to corporate customers, respectively. The increase in the non-performing loan ratio for our corporate loans to borrowers in the real estate industry was primarily because the repayment ability of individual customers from such industry weakened.

As of the end of the prior year and the end of the Reporting Period, our non-performing loans for our corporate loans in the wholesale and retail industry amounted to RMB1,191.9 million and RMB970.8 million, respectively, representing a decrease of 18.6%; our non-performing loan ratios were 7.84% and 6.95%, respectively, representing a decrease of 0.89 percentage point; non-performing loans to corporate customers to borrowers in this industry accounted for 21.5% and 24.9% of our total non-performing loans to corporate customers, respectively. The decrease in our non-performing loan ratio for our corporate loans to borrowers in the wholesale and retail industry was primarily due to that the Bank strengthened the collection and resolution of non-performing loans in the industry.

As of the end of the prior year and the end of the Reporting Period, our non-performing loans in the manufacturing industry amounted to RMB1,918.9 million and RMB725.9 million, representing a decrease of 62.2%; the non-performing loan ratio were 7.79% and 3.62%, down 4.17 percentage points, respectively. Non-performing loans to corporate customers to borrowers in this industry accounted for 34.6% and 18.6% of our total non-performing loans to corporate customers, respectively. The decrease in our non-performing loan ratio for our corporate loans to borrowers in the manufacturing industry was primarily because the Bank strengthened the collection and resolution of non-performing loans in the industry.

As of the end of the prior year and the end of the Reporting Period, our non-performing loan ratios for corporate loans in the water, environment and public facilities management industry were 0.65% and 0.76%, respectively; non-performing loans to corporate customers to borrowers in this industry accounted for 2.1% and 3.3% of our total non-performing loans to corporate customers, respectively. The increase in our non-performing loan ratio for our corporate loans to borrowers in the water, environment and public facilities management sector was primarily because the repayment ability of the Bank's individual customers weakened.

Management Discussion and Analysis

The non-performing loan ratios for our corporate loans in the construction industry were 0.54% and 0.44% as of the end of last year and the end of the Reporting Period, respectively. Non-performing loans to corporate customers to borrowers in this industry accounted for 2.0% and 3.2% of our total non-performing loans to corporate customers, respectively. The decrease in our non-performing loan ratio for our corporate loans to borrowers in the construction industry was primarily because the Bank strengthened its support for the real economy and the amount of overall loans for construction was increased.

Distribution of Non-Performing Loans by Product Type

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

	As of 31 December 2022			As of 31 December 2021		
	Amount	% of the total (%)	NPL ratio ⁽¹⁾ (%)	Amount	% of the total (%)	NPL ratio ⁽¹⁾ (%)
<i>(Amounts in millions of RMB, except for percentages)</i>						
Corporate loans⁽²⁾						
Working capital loans	2,340.9	37.2	2.65	4,010.5	49.8	5.16
Fixed asset loans	1,306.7	20.7	1.88	1,276.9	15.9	1.91
Finance lease receivables	175.3	2.8	27.92	170.2	2.1	10.30
Others ⁽³⁾	70.7	1.1	0.26	93.0	1.2	0.46
Subtotal	3,893.6	61.8	2.10	5,550.6	69.0	3.33
Personal loans						
Personal loans for consumption ⁽⁴⁾	1,114.8	17.7	1.80	1,434.1	17.9	2.05
Personal loans for business purposes	1,130.0	17.9	3.37	937.0	11.6	2.84
Residential mortgage loans	160.2	2.6	0.58	124.5	1.5	0.42
Subtotal	2,405.0	38.2	1.95	2,495.6	31.0	1.89
Total non-performing loans	6,298.6	100.0	1.81	8,046.2	100.0	2.39

Notes:

- (1) Calculated by dividing non-performing loans in each product type by gross loans (interests included) in that product type.
- (2) Total corporate loans here consist of our corporate loans and finance lease receivables.
- (3) Consist primarily of advances under bank acceptances and letters of credit issued by us.
- (4) Consist of credit card overdrafts.

Management Discussion and Analysis

The non-performing loan ratio for our corporate loans was 2.10% as of the end of the Reporting Period, representing a decrease of 1.23 percentage points as compared to that as of the end of last year. Our non-performing loans to corporate customers were RMB3,893.6 million, representing a decrease of 29.9% as compared to that as of the end of last year. The decrease in our non-performing loans to corporate customers and non-performing loan ratio was primarily because the Bank strengthened asset quality management and the collection and resolution of non-performing loans of corporate clients.

As of the end of the Reporting Period, our non-performing personal loans were RMB2,405.0 million, representing a decrease of 3.6% as compared to that as of the end of last year, which was primarily because the Bank strengthened the collection and resolution of non-performing personal loans, and the amount of non-performing loans decreased as compared to that as of the end of last year. The non-performing loan ratio for our personal loans was 1.95%, representing an increase of 0.06 percentage point as compared to that as of the end of last year, primarily due to the weakened repayment ability of individual operating customers and the weakened personal consumption expectations, reduced consumption power, the decrease in the overall size of personal loans, resulting in a slight increase in the non-performing loan ratio as compared to that as of the end of last year.

Distribution of non-performing loans by geographical region

The following table sets forth the distribution of our non-performing loans by geographical region as of the dates indicated.

	As of 31 December 2022			As of 31 December 2021		
	Amount	% of the total (%)	NPL ratio ⁽¹⁾ (%)	Amount	% of the total (%)	NPL ratio (%)
	<i>(Amounts in millions of RMB, except for percentages)</i>					
Hebei Province	2,375.2	37.7	8.99	2,810.9	34.9	9.95
Shanghai	1,455.8	23.1	2.56	1,538.0	19.1	1.92
Tianjin	934.9	14.8	0.52	1,549.7	19.3	1.04
Shandong Province	928.3	14.7	2.51	1,122.9	14.0	3.11
Beijing	305.8	4.9	1.71	395.1	4.9	2.28
Sichuan Province	290.4	4.6	1.03	618.5	7.7	2.48
Others	8.2	0.2	0.86	11.1	0.1	1.18
Total non-performing loans	6,298.6	100.0	1.81	8,046.2	100.0	2.39

Note:

(1) Calculated by dividing non-performing loans of each region by the gross loans (interests included) of that region.

Management Discussion and Analysis

Distribution of loans by collateral

The following table sets forth the distribution of our loans and advances to customers by type of collateral as of the dates indicated.

	As of 31 December 2022		As of 31 December 2021	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Unsecured loans	155,405.2	44.7	157,750.0	46.8
Guaranteed loans	92,488.8	26.6	81,270.3	24.1
Collateralised loans ⁽¹⁾	75,813.8	21.8	78,158.6	23.2
Pledged loans ⁽¹⁾	23,721.1	6.9	19,840.9	5.9
Gross loans and advances to customers	347,428.9	100.0	337,019.8	100.0

Note:

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

Borrowers concentration

As of the end of the Reporting Period, the Bank's total loans to its largest single borrower accounted for 6.80% of its regulatory capital, while total loans to its top ten customers accounted for 44.62% of its regulatory capital, which were in compliance with regulatory requirements.

a. Indicators of concentration

Major regulatory indicators	Regulatory standard	As of	As of
		31 December 2022	31 December 2021
Loan concentration ratio for the largest single customer (%)	<=10	6.80	5.49
Loan concentration ratio for the top ten customers (%)	<=50	44.62	39.26

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

Management Discussion and Analysis

b. Loans to top ten single borrowers

The following table sets forth our loan exposure to our top ten largest single borrowers as of the date indicated.

		As of 31 December 2022			
			% of the	% of	
			total loans	regulatory	
			(%)	capital ⁽¹⁾	
Industry		Amount	(%)	(%)	Classification
<i>(Amounts in millions of RMB, except for percentages)</i>					
Borrower A	Construction	4,980.0	1.43	6.80	Normal
Borrower B	Finance	4,065.0	1.17	5.55	Normal
Borrower C	Leasing and commercial services	3,509.0	1.01	4.79	Normal
Borrower D	Leasing and commercial services	3,157.2	0.91	4.31	Normal
Borrower E	Water, environment and public facilities management	3,103.0	0.89	4.24	Normal
Borrower F	Construction	2,998.5	0.86	4.09	Normal
Borrower G	Leasing and commercial services	2,883.0	0.83	3.94	Normal
Borrower H	Leasing and commercial services	2,840.6	0.82	3.88	Normal
Borrower I	Real estate	2,651.0	0.76	3.62	Normal
Borrower J	Leasing and commercial services	2,500.0	0.73	3.40	Normal
Total		32,687.3	9.41	44.62	

Note:

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

As of the end of the Reporting Period, the loan balance of the largest single borrower of the Bank was RMB4,980.0 million, accounting for 1.43% of our total amount of loans, and the total amount of loans of the top ten single borrowers was RMB32,687.3 million, representing 9.41% of the total amount of loans of the Bank.

Management Discussion and Analysis

Aging schedule of loans past due

The following table sets forth the aging schedule of our loans past due as of the dates indicated.

	As of 31 December 2022		As of 31 December 2021	
	Amount	As a percentage of gross loans and advances to customers (%)	Amount	As a percentage of gross loans and advances to customers (%)
Past due				
	<i>(Amounts in thousands of RMB, except percentages)</i>			
Past due 1 to 90 days	3,949,672	1.14	4,483,913	1.33
Past due 90 days to 1 year	2,450,810	0.71	4,800,869	1.42
Past due 1 to 3 years	3,248,227	0.93	2,626,806	0.78
Past due more than 3 years	538,929	0.15	664,889	0.20
Total	10,187,638	2.93	12,576,477	3.73

Management Discussion and Analysis

Changes in allowance for impairment losses of loans

As of the end of the Reporting Period, the Bank's allowance for impairment losses of loans amounted to RMB10,031.7 million, representing a decrease of RMB2,380.7 million or 19.2% as compared to that as of the end of last year, primarily due to the Bank's more rigorous written-off of non-performing loans to improve asset quality.

	As of 31 December 2022		As of 31 December 2021	
	Amount	NPL ratio ⁽²⁾ (%)	Amount	NPL ratio (%)
	<i>(Amounts in millions of RMB, except for percentages)</i>			
Beginning of the year	12,412.4	2.39	12,070.1	2.14
Net provisions for the year ⁽¹⁾	4,638.2		10,023.1	
Write-off and transfers	(7,430.0)		(9,981.4)	
Recovery	535.4		440.4	
Other changes	(124.3)		(139.8)	
End of the year	10,031.7	1.81	12,412.4	2.39

Notes:

- (1) Represent the net amount of allowance for impairment losses recognised in the profit or loss statement.
- (2) Calculated by dividing the total amount of non-performing loans by total amount of loans (interests included).

Management Discussion and Analysis

II BUSINESS REVIEW

1. Strategy implementation progress

In 2022, the Bank formulated 280 strategic measures based on “14th Five-Year Plan” strategic plan, which fully covered the key tasks of the annual strategic plan and the strategic tasks of financial technology and digital transformation. As of the end of the Reporting Period, the Bank comprehensively promoted the implementation of Ten Projects, including effectively strengthening the Party’s overall leadership over enterprises, continuously improving the modern financial enterprise system with Chinese characteristics, actively and steadily deepening the reform of mixed ownership, achieving steady and balanced growth in various businesses, preventing and combating systemic risks, continuing to promote the IT “2234” plan, reshaping of operating system and transformation of intelligent branches, strengthening the construction of infrastructure, promoting refined management and improving the construction of brand and corporate culture, as well as various tasks of financial technology and digital transformation. 276 strategic initiatives reached the expected goals, the annual completion rate of strategic planning reached 98.57%, and the completion rate of strategic planning implementation measures reached expectations.

2. Business segment report

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

	For the year ended 31 December			
	2022		2021	
	Amount	% of the total (%)	Amount	% of the total (%)
	<i>(Amounts in millions of RMB, except for percentages)</i>			
Corporate Banking Business	5,439.7	34.5	6,157.5	34.8
Personal Banking Business	5,708.8	36.2	6,647.4	37.6
Treasury Operations Business	4,633.2	29.4	4,901.8	27.7
Others ⁽¹⁾	(22.9)	(0.1)	(12.7)	(0.1)
Total	15,758.8	100.0	17,694.0	100.0

Note:

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

Management Discussion and Analysis

2.1 Corporate Banking Business

During the Reporting Period, the Bank focused closely on serving the real economy, insisted on returning to our origins, continued to strengthen its financial service capability and service level, fully utilized the role of finance in facilitating the circulation of the national economy, further improved its financial services in support of the prevention and control of the epidemic and the development the economy and society, and vigorously promoted a virtuous circulation of serving the real economy and realized its own high-quality development. The Bank released credit through multiple channels, increased credit allocation, improved financial supply to national and regional major strategies, consolidated and enhanced the Bank's competitiveness and influence in the Beijing-Tianjin-Hebei region, accurately supported the production of medical supplies, daily necessities and living supplies of the public related to the prevention and control of the epidemic, and fully protected the transportation of supplies, the livelihood supply as well as small and micro enterprises, accommodation and catering, wholesale and retail, cultural tourism, foreign trade and foreign investment and other market entities seriously affected by the epidemic and also increased its support to areas such as science and technology innovation, green development, manufacturing industry and rural revitalization, and firmly fulfilled its responsibility and mission of "serving the real economy and empowering a better life".

During the Reporting Period, our operating income from corporate banking business amounted to RMB5,439.7 million, accounting for 34.5% of the total operating income over the same period, representing a decrease of 11.7% as compared to the same period last year.

As of the end of the Reporting Period, the balance of our corporate loans (excluding discounted bills and finance leases receivables) amounted to RMB185,003.5 million, representing an increase of 12.1% as compared with that as of the end of the previous year; our total corporate deposits amounted to RMB247,480.0 million, representing a decrease of 3.3% as compared with that as of the end of the previous year.

Management Discussion and Analysis

Our Bank has always resolutely implemented the major decisions and deployments of the Party Central Committee, the State Council and the Tianjin Municipal Committee of the Communist Party of China and Tianjin Government, stood firm in the strategic transformation development goal of “green bank”, and promoted green and low-carbon transformation, product innovation and risk management by improving the green financial development system. Our Bank has carried out climate and environmental information disclosure, implemented climate and environmental risk stress tests in key industries, and focused on improving the professional service capacity of practitioners in green finance. After conducting in-depth exploration in promoting green and low-carbon transformation, our Bank has achieved positive and significant results. As of the end of the Reporting Period, our balance of green loans reached RMB16.417 billion, representing an increase of 36.0% as compared with that as of the end of the previous year.

During the Reporting Period, our Bank has followed the dual-track strategy of “Reform + Innovation”. Our Bank continued to promote the development of transaction banking business. Based on market and customer, and with online and digitalized method, our Bank, combined with the actual situation, continued to improve customer experience by optimizing the transaction banking product system, innovative product model, and the business process. In the year of 2022, the business volume of our transaction banking business exceeded RMB110 billion, hitting a new record high.

2.2 *Personal Banking Business*

During the Reporting Period, our Bank adopted the strategies of “focusing on products to build advantages”, “focusing on revenue to make core profits”, “focusing on service to provide excellent experience” and “focusing on reform to increase business vitality” in its retail business to build the brand image of “citizen’s bank” and to promote development through innovation. Firstly, our Bank insisted on customer-centered and market-oriented idea, and focused on building “citizen’s bank”. Our Bank cooperated with more than 10 famous brands such as Tianjin Metro, Bianlifeng (便利蜂) and Meituan Taxi to carry out promotional activities around life scenes, so as to obtain customers, and penetrate our Bank’s brand and consolidate its market position. Secondly, by focusing on key businesses such as “personal deposits, third-generation social security card, mortgage loans, wealth management and credit card”, our Bank dynamically adjusted resource allocation and stimulated the subjective initiative of institutions to ensure an uninterrupted marketing competition and create a good competition atmosphere. Thirdly, our Bank accelerated the transformation of intelligent branches. Our Bank comprehensively improved service capability from the perspective of customer experience and employee experience. We have completed the financial function positioning and organizational structure adjustment of “flagship”, “comprehensive” and “light” branches, promoting the reform of retail account manager team sequence and assessment mechanism. Through the above initiatives, our Bank has fully accomplished the tasks of the retail line and achieved steady development of this sector.

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During the Reporting Period, the operating income from our personal banking business amounted to RMB5,708.8 million, accounting for 36.2% of our total operating income over the same period and representing a decrease of 14.1% as compared to the same period last year.

As of the end of the Reporting Period, the balance of our personal loans reached RMB123,048.4 million, accounting for 35.4% of our total loans to customers. Our personal loans for consumption, personal loans for business purpose, residential mortgage loans amounted to RMB61,789.4 million, RMB33,489.2 million, RMB27,769.8 million, respectively, and accounted for 50.2%, 27.2%, 22.6%, respectively, of our total personal loans. Our total personal deposits amounted to RMB140,041.3 million, representing an increase of 30.7% as compared with that as of the end of the previous year.

Adhering to the concept of building “citizen’s bank”, our Bank continued to develop the “Smart Xiao Er (智慧小二)” financial service platform, which provides service for small and micro enterprises to promote Tianjin’s local economy. As of the end of the Reporting Period, there were nearly 600,000 online merchants, among which merchants in Tianjin accounted for nearly 45% of registered small and micro enterprises and individual entrepreneurs in Tianjin, and the services covered 16 administrative regions in Tianjin, covering 10 major industries such as clothing, food, housing, transportation and entertainment. At the same time, the “Smart Xiao Er • Tianhangyongbei (智慧小二•天行用呗)”, a credit loans service developed based on platform data, helped to solve problems that the individual entrepreneurs are facing such as “difficult in getting finance, slow financing, expensive cost”. After more than three years of operation, the financial service platform of “Smart Xiao Er (智慧小二)” has made outstanding achievements in scene construction, financial services, platform value and government services, putting into practice the assistance for enterprises to alleviate their difficulties.

“Smart Xiao Er (智慧小二)”, the financial service platform, has created outstanding social benefits with quality products and services. After being recognized by government and regulators, it has been vigorously promoted in various industries, making it a leader in “helping enterprises to relieve their difficulties” and a stabilizer of “the whole economy”. The platform has been incorporated into the Implementation Plan of the “Package of Policies and Measures for Solidly Stabilizing the Economy” in Tianjin 《天津市貫徹落實〈扎實穩住經濟的一攬子政策措施〉實施方案》. Our Bank and the Tianjin Finance jointly launched the “Special Action to Enhance Smart Services for Inclusive Small and Micro Finance” to explore the “Tianjin Model” of serving inclusive small and micro market players by reaching out to streets and communities, forming service teams, promoting relevant financial support policies, and providing smart financial services for small and micro merchants. The Tianjin Branch of the PBoC emphasized in the “Notice on the Implementation of ‘Financial Article 23’” 《關於扎實做好「金融 23 條」貫徹落實工作的通知》 that it

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supports the promotion of the financing model of the “Smart Xiao Er (智慧小二)” platform to provide more efficient and convenient financial services for the majority of market players. The headquarter of the PBoC has also given full recognition to the “Tianjin Practice” of financial support for individual entrepreneurs, and has repeatedly publicized the effectiveness of the “Smart Xiao Er (智慧小二)” financial service platform’s innovative service model for small and micro enterprises and the implementation of financial assistance to alleviate their difficulties. During the Reporting Period, CCTV’s Xin Wen Lian Bo 《新聞聯播》 also reported on the “Smart Xiao Er (智慧小二)” financial service platform.

In order to better serve local citizens, our Bank deeply cultivated the local market and continued to strengthen cooperation with the department of social security in Tianjin to explore the innovative model of “Four cards in one” with the “social security card” as the carrier. Our Bank has formed a comprehensive and beneficial service solution by integrating the medical insurance card, social security card, payroll card and union member service card. As of the end of the Reporting Period, the number of social security card customers reached 1.08 million, enhancing the market position. In cooperation with the Tianjin Federation of Trade Unions, our Bank exclusively issued the “Tianjin Federation of Trade Unions Service Card”. Adhering to the service purpose of benefiting the people, our Bank has practiced social responsibility, and cared for working members with financial services. Now the customer number of the card has reached 3.07 million. Our Bank actively implemented the deployment of funds supervision for inventory housing transactions, making it one of the 10 commercial banks qualified to escrow funds for inventory housing transactions in Tianjin. In addition, to enrich the form of customer activities, our Bank, for the first time, carried out “online live lectures on China college and university admission application” for parents of college entrance examination candidates. We have participated in the “Haihe International Consumption Season” in Tianjin and has invested resources to issue “Jinle Shopping (津樂購)” vouchers. Through the integration and enrichment of scenarios, our Bank digs deeper into the financial and non-financial needs of customers and provides them with comprehensive and three-dimensional services.

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During the Reporting Period, our Bank has issued “Bank of Tianjin Huaruntong Co-branded Credit Card” and “Bank of Tianjin China Unicom Co-branded Credit Card” for the public, which further meet the public’s consumption needs by aggregating the resource advantages of the co-branded parties and allocating exclusive card benefits. Our Bank cooperated deeply with Meituan platform to issue “Bank of Tianjin Meituan Women’s Co-branded Credit Card” for female customers. Practicing social responsibility, with the theme of low carbon and environmental protection, our Bank issued “Bank of Tianjin Meituan Happy Bicycle Co-branded Credit Card”, with additional preferential card benefits for Meituan Bicycle and exclusive benefits and services with the theme of green and low carbon of China UnionPay for bus, subway and new energy vehicle charging, further advocating the concept of green travel. Our Bank has actively implemented the national rural revitalization development strategy and has issued “Bank of Tianjin Rural Revitalization Theme Credit Card” products for customers in rural areas. On the basis of meeting the credit card financial services of these customers, our Bank added exclusive value-added rights and benefits such as agricultural-related accident insurance, medical services and logistics of agricultural products to promote the enhancement of rural revitalization financial services. In response to the call of Red Cross Society of China Tianjin, our Bank issued the “Bank of Tianjin Red Cross White Warrior Identity Credit Card” product for medical and health workers in Tianjin, providing warm-hearted financial services for the white warriors through the product’s additional bulk issuance function and privileged service benefits such as VIP lounge at airports and highways and vehicle roadside assistance. At the end of the Reporting Period, we issued 1,553,800 credit cards, representing an increase of 20.44% as compared with that as of the end of the previous year.

2.3 *Small and Micro Inclusive Financial Services*

During the Reporting Period, our Bank continued thoroughly implementing the work arrangement and requirements of the Central Committee of the CPC, the State Council and regulatory agencies regarding the enhancement of financial services to small and micro enterprises with the targets of “increase in volume, coverage expansion, quality improvement and cost reduction”, and continued to make full use of the central financial policy so as to benefit more small and micro enterprises with the policy, and actively transmitting the spirit of financial support policy. Our Bank comprehensively improved the financial support for small and micro inclusive enterprises. By further strengthening financial technology empowerment and enhancing the service coverage of small and micro inclusive financial products, our Bank focused on the promotion of small and micro loan products targeting individuals to “launch new products, achieve the amount and reduce costs” so as to benefit more small and micro enterprises.

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The Bank has established a comprehensive small and micro inclusive financial services system. In terms of organisational system, special committees under the Board at the head office level have been set up to be responsible for the establishment, development and management of the small and micro inclusive financial services system, while branches at all levels are responsible for devoting to small and micro inclusive financial services and building a long-term mechanism for small and micro inclusive financial services at multiple levels through special policy support, building special teams and improving professional ability. During the Reporting Period, our Bank actively responded to the requests of relevant departments to implement a series of central financial policies such as refinancing and deferred principal and interest repayment, made full use of the central financial policy, and took multiple measures to increase financial support for micro and small enterprises. Our Bank continued to effectively transfer policy dividends to terminal interest rates, consolidating the results of concessions to micro and small enterprises, and ensuring the implementation of micro and small enterprises support policies. The Bank further enriched the supply of online products for small and micro enterprises, made full use of financial technology, and made online self-managed loans for small and micro as an important focus for the inclusive small and micro business. With the application of exclusive financial products such as “e-Loan for taxpayers”, “e-Loan for supermarkets”, “e-Loan for residential mortgage”, and “Smart Xiao Er • Tianhangyongbei”, our Bank solves the financing pain points of small and micro business owners and individual entrepreneurs. Our Bank has continued to optimize and iterate our products, adding “e-Loan for supermarkets” renewal and “e-Loan for residential mortgage” medium and long-term mortgage, and multi-property mortgage to meet the diverse needs of customers, while also promoting the increase in the volume and expansion of the inclusive micro and small business. Our Bank launched the online loan “e-Loan for taxpayers” for small and micro enterprises, giving a larger amount of loan support. And by providing more financing channels and product choices for small and micro customers through a richer product line, our Bank satisfied customer demands and promotes scale growth in a coordinated manner. As of the end of the Reporting Period, loans of the Bank (excluding subsidiaries) to small and micro enterprises measured in according with the standards of an individual lending amount of RMB10 million or less amounted to RMB29,563.55 million, representing an increase of 19.75% as compared to that as of the end of the prior year, number of clients for loans to small and micro enterprises with an individual lending amount of RMB10 million or less increased by 8.9% to 555 thousand. In the Reporting Period, as the weighted average interest rate of newly released loans to small and micro enterprises with an individual lending amount of RMB10 million or less was 6.18%, representing a decrease of 0.61 percentage point over the same period in last year, the Bank achieved high quality completion of the “double increases (兩增)” and “double controls (兩控)” regulatory requirements.

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Our Bank thoroughly implemented the work arrangements of the Party Central Committee, the State Council and regulatory agencies on financial services for rural revitalisation, in a bid to promote services to smaller local markets. We continued to enhance financial support for “agriculture, rural areas and farmers” and focused on inclusive agriculture-related businesses, steadily enhancing the efficiency and level of financial services for rural revitalisation. As of the end of the Reporting Period, our balance (excluding subsidiaries) of inclusive agriculture-related loan measured in according with the standards of an individual lending amount of RMB10 million or less amounted to RMB4,073.57 million, representing an increase of 24.15% as compared with that as of the end of the previous year.

2.4 *Treasury operation business*

During the Reporting Period, our Bank’s treasury operations business firmly implemented the requirements of the strategic planning of the “14th Five-Year Plan”, continued to insist on returning to our origins, made reform and innovation, served the country’s major development strategy, focused on key areas such as the coordinated development of Beijing, Tianjin and Hebei as well as green and environmental protection. At the same time, we further enhanced quality and efficiency, deepened market analysis, constantly enhanced operating capability, and continuously improved the FICC (Fixed income, Currency & Commodity) product business system that integrates investment and financing and trading business. Our Bank promoted the balanced development of financial market businesses including bond investments, interbank, notes, treasury transaction, foreign exchange and gold. With a diverse product business system, the Bank aspired to meet the multiple financing needs of the real economy, create multi-channel sources of profits and facilitate the high-quality development of treasury operations.

During the Reporting Period, our operating income in treasury operations business was RMB4,633.2 million, accounting for 29.4% of our total operating income, representing a decrease of 5.5% as compared to the same period last year.

Management Discussion and Analysis

As of the end of the Reporting Period, our Bank possessed business qualifications such as member of financial debt underwriting and market making syndicates of the three major policy banks (China Development Bank, The Export-Import Bank of China and Agricultural Development Bank of China), Tianjin Municipal Government Bond Lead Underwriter, member of local government bond underwriting syndicates in Beijing, Shanghai, Hebei, Shandong, Sichuan and Shenzhen; and qualification of comprehensive market maker spot bonds in the inter-bank bond market; A-class lead underwriting qualification for debt financing instruments of non-financial enterprises in the inter-bank market; the license for hedging derivatives trading; qualifications of core dealers of CRMW instruments; issuing institution of CRMW and issuing institution of credit-linked notes, interest rate swaps; and qualification to undertake real-time interest rate swap transactions and standard bond forward business; membership of China Foreign Exchange Trade System for inter-bank forex trading in Shanghai Free-Trade Zone; gold inquiry business in the Shanghai Gold Exchange and qualification as type A member of the Shanghai Gold Exchange international business; the qualification of lead participant of online interbank depository of China Foreign Exchange Trading System, and the first batch of institutions qualified for the trading of interest rate swap options and interest rate collar options in the inter-bank market; during the Reporting Period, our Bank successfully applied to join the International Capital Market Association (ICMA), laying a good foundation for exploring and developing new business.

During the Reporting Period, in terms of financial market business, the Bank won the “Annual Market Influence Award— Core Dealer in 2022”, “2022 Market Impact Award – Money Market Dealer”, “Market Innovation Award – X-Repo”, “Market Innovation Award – X-Lending”, “2022 Interbank Foreign Currency Currency Money Market Top 20”, “Outstanding Foreign Currency Repo Clearing Participating Institution of Shanghai Clearing House” and Shanghai Stock Exchange “2022 Shanghai Stock Exchange Bond Market Transaction Top Ten Commercial Banks” issued by the National Interbank Funding Centre. For its outstanding performance in underwriting interest rate bonds, our Bank was awarded “Outstanding Underwriter” and “Innovation Award” by China Development Bank for 2022 financial bonds, “Best Innovative Cooperation Award” by Agricultural Development Bank of China for 2022 financial bonds, “Green Development Concept Promotion Award”, and “Outstanding Underwriting Team Member for 2022 Sichuan Government Bonds” by The Export-Import Bank of China for 2022 financial bonds, and “Innovation Leading Pioneer Institution” of China Bond Index Users’ Comprehensive Evaluation for 2022 by China Bond Financial Pricing Center. Our Bank ranked the fourth of the green bond investor among urban commercial banks in 2022 as published by the National Association of Financial Market Institutional Investors; At the same time, our Bank ranked fifth in Tianjin and first among legal entities in Tianjin region in terms of the size of local government bonds underwritten by banks. In terms of investment banking business, the Bank won the 2022 “Best Inter-bank Debt Financing Instrument Underwriter – Excellent City Commercial Bank” and “Best Credit Bond Underwriter – Excellent City Commercial Bank Award” issued by Wind.

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Money Market Transactions

During the Reporting Period, our Bank closely monitored changes in monetary policies, seized the regularity of capital fluctuation in the market and properly arranged RMB and foreign currency position to ensure the liquidity security. Meanwhile, we effectively optimised liability structure by broadening the liability source with multiple channels and low costs. On the one hand, we flexibly utilised various money market tools including certificates of deposit, bond repurchase, inter-bank RMB and foreign currency placement and MLF (中期借貸便利) and proactively utilised commercial bank time deposits for cash management of the central treasury so as to obtain financial support through diversified channels, and reduced finance costs while ensuring liquidity security; on the other hand, we actively developed business methods such as rediscounting and refinancing through the People's Bank of China to serve the financing needs of the real economy.

Fixed Income Business

During the Reporting Period, our Bank leveraged its advantage as a full-licensed institution in bond business to build an integrated financial service platform of "an eco-chain for bonds" to precisely serve the real economy further strengthened judgement on the change of the policy environment and financial market, proactively participated in sales and trading business, continued to optimise asset structures, and constantly improved profitability and profit quality.

Firstly, we strengthened market analysis and research, and enriched trading strategies. We effectively enhanced its active trading capability and achieved significant year-on-year increase in the spread income of spot securities trading. Leveraging the advantages of programmed and automated market making system, the Bank's market-making business reached a new level through intelligent quotation, providing high coverage and full maturity market-making services for the interbank bond market.

Secondly, we effectively increased the proportion of non-interest income through market making in bonds, underwriting distribution, gold leasing, foreign exchange trading, bill trading and other representative transactions and intermediate businesses. We actively performed our duties as a bond underwriter, practiced our social responsibilities and expanded our intermediate business income sources; We underwrote a total of RMB163.8 billion of interest rate bonds, including government bonds, local government bonds and policy bank bonds, and ranked 11th in China as the main underwriter of policy financial bonds, and the first among legal entities in Tianjin and the third among urban commercial banks in China.

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Thirdly, we implemented the ESG operation principle and served the major national strategic deployment. We actively participated in the underwriting and investment of special theme bonds, focusing on the areas of green and low-carbon, rural revitalization, technological innovation, inclusive development, and the coordination of Beijing, Tianjin and Hebei. As the only leading underwriter selected by local corporate banks in Tianjin, the Bank underwrote the “Bond Connect” green financial bonds under the theme of the “Low-Carbon Transportation System (低碳交通運輸體系建設)” and the “Bond Connect” green financial bonds under the theme of the “the Manufacturing of Clean Energy Equipment (清潔能源裝備製造)” and green financial bonds under the theme of “Green Upgrade of Infrastructure (基礎設施綠色升級)” issued by China Development Bank (CDB), and underwrote a series of green financial bonds issued by The Export-Import Bank of China (CEIB); and successively underwrote a series of CDB’s special financial bonds for “Rural Revitalization” and the first special financial bond for “Industrialization of Major Scientific and Technological Achievements”, financial bonds under the theme of “Common Prosperity” issued by CEIB and financial bonds under the themes of “Spring Ploughing and Ploughing Preparation”, “Vegetable Basket to Stabilize Production and Supplication” and “Support for Rural Road Network Construction” issued by China Agricultural Development Bank, and our Bank launched jointly with CCDC the first ESG-themed Beijing-Tianjin-Hebei regional credit bond index – “China Bond-Tianjin Bank Beijing-Tianjin-Hebei ESG Theme Selected Credit Bond Index”, combining the ESG database of CCDC with the bond investment and research strategies of commercial banks and forming a good social demonstration effect.

Fourthly, we continued to optimize our investment structure and transform to standardization, lightness and scenario-based structure. We have created two financial market business scenarios, “interbank ecosystem” and “bond ecosystem”, and established Bank of Tianjin FICC brand to empower high-quality corporate clients, retail clients and institutional clients with investment and financing and risk management needs, and to increase the proportion of non-interest income and comprehensive income contribution from clients.

Forex and Precious Metal Transactions

During the Reporting Period, we kept up with the changes in the foreign exchange market liquidity and policy trends of the US Federal Reserve, continuously consolidated and enhanced the capabilities and standards of the Bank’s foreign exchange and precious metal business. We further accelerated the building of relationships among counterparties in financial derivatives transactions, consolidated the foundation for inter-bank cooperation, and continued to expand the scale of business transactions such as foreign exchange and precious metals, further improving activeness.

Management Discussion and Analysis

Treasury Business Conducted on Behalf of Customers

During the Reporting Period, our wealth management business continued to develop steadily. In order to continuously improve the net worth product system, we have increased product innovation and launched “Han Yu Wealth” closed-end wealth management products, “Cruise Wealth” FOF-type wealth management products, and “Huan Cheng Wealth” ESG-themed wealth management products for both public and individual customers. We have also launched differentiated starting points and exclusive financial products for new citizens according to the distribution of customer groups, so as to improve the ability of intensive operation of products and the coverage and contribution of key customer groups, strengthen the dual-wheel drive of wholesale and retail banking, seize the opportunity of capital market pullback. We actively participated in capital market investment, and built a spectrum of thematic financial products to meet the investment needs of customers at different levels, further reflecting the characteristics of our Bank and building the “citizen’s bank” financial brand. Of which, “Huancheng Wealth” ESG-themed financial products focused on green financial services. Through research on macro market and comprehensive ESG evaluation, the Bank gave priority to investment targets with fine ESG performance. We increased the exploration to investment targets related to carbon peak emissions and carbon neutrality and were positively concerned investment opportunities in advanced technology, green consumption and innovative medical in line with ESG principles. We were committed to controlling downward volatility and striving for upward yield flexibility, and avoiding and exiting investment targets with poor ESG performance. In terms of investment variety selection, we would increase the exploration of investment targets related to carbon peak emissions and carbon neutrality to create long-term sustainable investment returns for our clients, and to guide them to change to green investment and green living patterns with special financial products. As of the end of the Reporting Period, the Bank issued RMB79,600.0 million of wealth management products, all of which were net worth products in compliance with the new regulations on asset management. Meanwhile, our Bank optimised the allocation of major types of assets, strengthened investment in standardised assets such as bonds and mutual funds, gradually reduced the non-standard assets, strengthened investment research, and increased the frequency of transactions according to market changes to enhance profitability.

With excellent asset management capabilities, during the Reporting Period, the Bank was successively awarded the “Golden Bull Award for Wealth Management Products of Banks (銀行理財產品金牛獎)” by CSJ Golden Bull (中證金牛), the “Outstanding Asset Management Award for City Commercial Bank (卓越資產管理城市商業銀行獎)” by Pystandard, the “Gamma Award for Golden Quality Bank Wealth Management Products (金質銀行理財產品天璣獎)” by Securities Times, “Golden Jubilee Award – 2022 Outstanding Asset Management Institution 《金禧獎·2022卓越資產管理機構》” by Investment Times 《投資時報》, “2022 Lianhe Zhiping – Wealth Management Awards (2022年聯合智評·理財風雲獎)” and “2022 Lianhe Zhiping – Wealth Management Performance Achievement Awards (2022年聯合智評·理財業績達標獎)” by Lianhe Zhiping, while several products including “Hong Ding Wealth – Daily Open-ended Net Worth Phase 1 (鴻鼎財富 – 天天開放淨值型1期)” and “Hong Ding Wealth – Half-year Open-ended Net Worth Phase 6 (鴻鼎財富 – 半年開放淨值型6期)” were rated as 5-star wealth management products by Pystandard.

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Investment Banking Business

During the Reporting Period, the Bank's investment banking business implemented a package of financial policies to stabilize the economy, focusing on key areas such as environmental protection, science and innovation, rural revitalization and energy supply assurance, and providing precise services to the real economy. Our Bank underwrote the first Beijing-Tianjin-Hebei Science and Technology Innovation Asset-Backed Note (High Growth Bond), the First "Private Enterprise Bond Financing Support Instrument + Science and Technology Innovation Note" in China and the First Science and Technology Innovation Note in Tianjin, the first perpetual class of "transformation bonds" in China, the First National State-owned Enterprise Intellectual Property Securitization Product (Sci-Tech Note) and the First Intellectual Property Securitization Product in Tianjin, China's first single perpetual class of "special bonds for energy supply assurance", Tianjin's first municipal state-owned enterprise rural revitalization bond. Our Bank has issued a total of RMB4.761 billion of Sci-Tech Notes for high-quality enterprises such as Tianjin Port (Group) Company Limited (天津港(集團)股份有限公司), China Construction Sixth Engineering Bureau Corp., Ltd and Tianjin Bohai Chemical Industry Group Co., Ltd, ranking first in the Tianjin market.

Throughout the year, the Bank's volume of lead underwriting of bonds was RMB104.287 billion, including RMB58.685 billion for Tianjin, ranking the first in the Tianjin market, and asset-backed securities of RMB8.593 billion, ranking the 3rd among city commercial banks.

2.5 *International business*

During the Reporting Period, the Bank resolutely implemented the policy deployment of the Party Central Committee and the State Council to stabilize the economy and foreign trade, and continuously increased its financial support to the foreign trade industry. The Bank also strived to explore the international business market through quality services and advantageous products, leading to faster business development. During the Reporting Period, the Bank's international settlement volume amounted to US\$7,747.3 million.

2.6 *Integrated operation of subsidiaries*

Since 2008, the Bank has started its setup for integrated operations, founding a total of 8 county banks in the regions with small economic size and inadequate financial services such as Jizhou District, Tianjin, Ningxia and Xinjiang, shouldering the responsibilities of inclusive financing, enhancing and improving rural financial services. In 2016, the Bank founded Bank of Tianjin Financial Leasing Co., Ltd. (which was restructured to Bank of Tianjin Financial Leasing Co., Ltd. in 2017), marking an important milestone of the integration and diversification of the Bank's operations. For a long time, the Bank actively guided each subsidiary to maintain their position and refocus on core businesses continuously strengthening their ability to revitalise rural areas with financial services, enhancing their ability to provide small and micro or inclusive financial services, and boosting the Group's synergistic development while achieving high-quality growth themselves.

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During the Reporting Period, the Bank continued to strengthen guidance, supervision and services to subsidiaries, enabling them to enter a standardized development track in terms of corporate governance, risk prevention, compliance operation, technological support, and human resource management. All subsidiaries adhered to the general tone of seeking progress while maintaining stability, and stuck to the political and people-oriented nature of financial work to promote the steady development of various tasks.

During the Reporting Period, total operating income of Bank of Tianjin Financial Leasing Co., Ltd. amounted to RMB324.9 million. Ningxia Yuanzhou Jinhui Rural Bank (寧夏原州津匯村鎮銀行), our consolidated subsidiary, recorded operating income of RMB17.5 million. Ningxia Tongxin Jinhui Rural Bank (寧夏同心津匯村鎮銀行), our another consolidated subsidiary, recorded operating income of RMB48.2 million.

3. Geographical segment report

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

	For the year ended 31 December			
	2022		2021	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Tianjin	9,122.0	57.9	10,540.9	59.5
Shanghai	2,805.5	17.8	3,041.7	17.2
Shandong Province	1,216.5	7.7	1,394.1	7.9
Sichuan Province	1,307.4	8.3	1,313.2	7.4
Beijing	759.6	4.8	773.2	4.4
Hebei Province	481.7	3.1	544.8	3.1
Others	66.1	0.4	86.1	0.5
Total	15,758.8	100.0	17,694.0	100.0

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III ANALYSIS ON CAPITAL ADEQUACY RATIO

Our Bank calculated and disclosed the capital adequacy ratios according to the Administrative Measures for the Capital of Commercial Banks (Provisional) (effective since 1 January 2013) promulgated by the China Banking and Insurance Regulatory Commission. As of the end of the Reporting Period, our Bank's capital adequacy ratio met the regulatory requirements under such regulations, with the capital adequacy ratio was 12.80%, which decreased by 0.69 percentage point as compared with that as of the end of the previous year. The tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 10.39% and 10.38% respectively, which decreased by 0.35 percentage point both as compared with those as of the end of the previous year. The decrease in capital adequacy ratio was mainly due to the increase in the asset scale and total risk-weighted assets as it further increased its support to the real economy.

In accordance with the disclosures required in Annex 2 – Notice on Enhancing Disclosure Requirements for Composition of Capital of the CBIRC Notice on Issuing Regulatory Documents on Capital Regulation for Commercial Banks (Yin Jianfa [2013] No.33) promulgated by the CBIRC, the Bank's composition of capital as of 31 December 2022 is disclosed on the official website of the Bank at <https://www.bankoftianjin.com/tianhangzhongwen/gytz/tzzgx/jgzb/index.html>.

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

	As of 31 December 2022	As of 31 December 2021
	<i>(Amounts in millions of RMB, except for percentages)</i>	
Core capital		
— Share capital	6,070.6	6,070.6
— Capital reserve and investment revaluation reserve	10,234.0	10,718.8
— Surplus reserve	3,352.5	3,352.5
— General reserve	9,221.4	9,216.7
— Retained earnings	30,906.6	27,346.2
— Non-controlling interests that may be included	318.2	268.8
Total core capital	60,103.3	56,973.6
Core tier-one capital	60,103.3	56,973.6
Core tier-one capital deductible items	(702.5)	(643.7)
Net core tier-one capital	59,400.8	56,329.9
Net tier-one capital	59,443.2	56,365.7

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	As of 31 December 2022	As of 31 December 2021
<i>(Amounts in millions of RMB, except for percentages)</i>		
Tier-two capital		
— Net tier-two capital instruments and related premiums	10,000.0	10,000.0
— Surplus allowance for impairment losses on loans	3,733.0	4,366.2
— Non-controlling interests that may be included	84.8	71.7
Total tier-two capital	13,817.8	14,437.9
Net capital	73,261.0	70,803.6
Total risk-weighted assets	572,202.0	525,028.2
— Credit risk weighted assets	536,854.5	489,627.5
— Market risk weighted assets	3,202.7	2,794.6
— Operational risk weighted assets	32,144.8	32,606.1
Core tier-one capital adequacy ratio <i>(expressed in percentage)</i>	10.38	10.73
Tier-one capital adequacy ratio <i>(expressed in percentage)</i>	10.39	10.74
Capital adequacy ratio <i>(expressed in percentage)</i>	12.80	13.49

As of the end of the Reporting Period, the Bank's leverage ratio was 7.34%, which decreased by 0.10 percentage point as compared with that as of the end of the previous year. The decrease in leverage ratio was mainly due to the increase in the asset scale as it further increased its support to the real economy.

	As of 31 December 2022	As of 31 December 2021
Leverage ratio	7.34%	7.44%

Pursuant to the Leverage Ratio Management of Commercial Bank (Amended) issued by the China Banking and Insurance Regulatory Commission (CBIRC), effective from April 2015, a minimum leverage ratio of 4% is required. The above leverage ratios are calculated according to the formula promulgated by CBIRC. Information on leverage ratio of our Bank as of 31 December 2022 is disclosed on the official website of the Bank at <https://www.bankoftianjin.com/tianhangzhongwen/gytz/tzzgx/jgzb/index.html>.

Management Discussion and Analysis

IV RISK MANAGEMENT

Our Bank is exposed to the following primary risks: credit risk, operational risk, market risk, liquidity risk and information technology risk. During the Reporting Period, the Bank continuously enhanced comprehensive risk management, advanced risk governance structure, improved risk management ability, effectively strengthened the risk control of various business and struck the adequate balance between risk and development. While pursuing innovative development, the Bank secured the healthy development of various business.

Credit risk

Credit risk refers to risk of financial loss to creditors or holders of financial products, resulting from the failure by an obligor or counterparty to fulfil its obligations under the contract or changes in its credit quality affecting the value of financial products. Our Bank is exposed to credit risks primarily associated with our corporate loan business, personal loan business and treasury business.

The Bank has developed a relatively sound authorisation and credit review and extension management system. The Bank has established a credit risk management system based on the principle of vertical management for credit risk, and set up the credit review and extension institution based on the principle of separation for loan approval and extension and approval at various levels to ensure the independence of credit review and extension. The Bank has also built a scientific and rigorous credit review and extension and authorisation management system.

The Bank implements a centralised credit extension system, under which exposures to credit risk of all our banking books and that of our trading books, including credit business and non-credit business, all ways and types of credit extension are under centralised credit extension management and reviewed by review authorities or reviewers with corresponding authorisation for credit review and extension.

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

The Bank achieved effective control over credit risks by adopting management tools such as credit rating, agreed term, pricing, credit risks mitigation, asset classification, asset impairment, and credit limits. Electronic information systems such as credit extension management system and internal rating system have been established to effectively improve credit risk management capabilities.

Management Discussion and Analysis

Operational risk

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

The Bank has continued improving our operational risk management system. We have implemented three main operational risk management tools, namely self-assessment on operational risk and control, key risk index and operational risk incidents collection. The Bank regularly carries out self-assessment on risk identification and control, key risk index monitoring and collects information on operational risk loss. The Bank strictly adheres to the Administrative Measures for Operational Risk Report of the Bank of Tianjin to regulate the reporting system of operational risk. The Bank also issued the Negative List for Business Risk Prevention and Control to clarify on the dos and don'ts. Our Bank has made the effort to carry out various inspection procedures which are carrying forward, stereoscopic and multi-dimensional. We have placed emphasis on our accountability and reporting system. In addition, we have established a risk warning system. Multi-dimensional educative activities have been carried out across the Bank to enhance risk prevention and warning education.

Market risk

Market risk refers to the risk of loss, in respect of the Bank's on and off-balance sheet activities, arising from adverse changes in market price including interest rates, exchange rates, stock prices and product prices. The market risks which the Bank is primarily exposed to include interest risk and currency risk.

The Board of the Bank undertakes the ultimate responsibility for monitoring market risk management to ensure that we effectively identify, measure, monitor and control various market risks assumed by all businesses. Our senior management officers are responsible for formulating, regularly reviewing and supervising the implementation of policies, procedures and specific operation procedures for market risk management, keeping abreast of the level of market risk and its management and ensuring that we have sufficient human resources, materials, and appropriate organisation structure, management information system and technical level to effectively identify, measure, monitor and control various market risks assumed by all businesses. The Bank strictly followed the relevant regulatory requirements for market risk management and formed an effective market risk management organisational structure.

The Bank, through the improvement of market risk governance structure, management tool, system construction and effective measurement of market risk, controls negative effects of adverse movements in market price on the financial instrument position and relevant businesses within the reasonable range we can tolerate, so as to ensure that various market risk indicators meet the regulatory requirements and operation needs.

Management Discussion and Analysis

Market Risk of Banking Book

Interest Rate Risk

Interest rate risk refers to the risk derived from fluctuations in the fair value or future cash flows of financial instruments due to changes in market rates. The interest rate risk of the banking book primarily arises from the mismatch of the maturity dates or repricing dates of our Bank's interest rate-sensitive on-and-off balance sheet assets and liabilities. The Bank quarterly uses repricing gap analysis, interest rate sensitivity analysis, and stress testing to weigh our exposure to potential interest rate changes. Meanwhile, the Bank considers the characteristics of deposits and loans and historical data, evaluates the impact of loan prepayment and indefinite deposit behavior on the measurement of interest rate risk. The Bank manages its interest rate risk of banking book by:

- regularly monitoring the macro-economic factors that may impact the PBOC benchmark interest rates and the market rates;
- minimising the mismatches between re-pricing dates (or the maturity dates of the contracts) of interest-generating assets and interest-bearing liabilities; and
- enhancing the interest spread between the interest-generating assets and interest-bearing liabilities with reference to the prevailing PBoC benchmark interest rates and the market rates.

Exchange Rate Risk

Exchange rate risk refers to risks caused by the adverse impact on the Banks' foreign currency position and cash flows as a result of the exchange rate fluctuations of their primary foreign currency. Our primary principle for controlling our exchange rate risk is to match asset and liability denominated in every currency and monitor our foreign currency exposure on a daily basis. Based on the relevant regulatory requirements and our management's judgments on the current environment, the Group reasonably arranges our sources and use of funds denominated in foreign currencies to minimise the possible mismatches of assets and liabilities in different currencies.

Market Risk of Trading Book

The market risk of the trading book of the Bank primarily arises from fluctuations in the value of the financial instruments on our trading book due to changes in interest rates and exchange rates. Based on our market risk management policies, the Bank has adopted a number of risk management techniques, including limit management and stress testing, to monitor and control market risks of our trading book.

Management Discussion and Analysis

Liquidity risk management

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

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

Faced with changes in the macro environment, monetary policies and regulatory policies, the Bank has consistently adhered to a prudent strategy for liquidity risk management. By monitoring a number of key liquidity indicators, conducting liquidity risk stress tests, and formulating and implementing management strategies to optimise the asset liability structure and other measures, we continuously improve liquidity risk management capabilities and ensure sufficient liquidity of the Bank.

Information technology risk management

We are subject to information technology risk which may cause operational, legal and reputational risks.

The Bank continuously improves IT risk management, formulates and revises IT risk management-related policies and sets up IT risk management system to improve IT application capability and ensure system, internet, and data security. We have also effectively reduced potential risks by enhancing management and increasing IT investment.

Our Bank has formulated IT Risk Management Policies of Bank of Tianjin Co., Ltd. 《天津銀行股份有限公司信息科技風險管理政策》, Administrative Policies for Risk Management Sub-contracting IT Work of Bank of Tianjin Co., Ltd. 《天津銀行股份有限公司信息科技外包風險管理政策》, Administrative Measures for IT Risk Management of Bank of Tianjin 《天津銀行信息科技風險管理辦法》, IT Risk Management Strategies of Bank of Tianjin 《天津銀行信息科技風險管理策略》, Administrative Measures for Risk Management of Sub-contracting IT Work of Bank of Tianjin 《天津銀行信息科技外包風險管理辦法》 and Administrative Measures for IT Risk Monitoring, Evaluation and Disposal of Bank of Tianjin 《天津銀行信息科技風險監測評估與處置管理辦法》. Meanwhile, the Bank carried out the information technology risk monitoring and evaluation, business impact analysis, business continuity exercises and other works, and strictly prevented information technology risks.

Changes in Share Capital and Information on Shareholders

I. CHANGES IN SHARES OF THE BANK

Share capital

As of the end of the Reporting Period, the share capital of the Bank was 6,070,551,822 Shares, and the total registered capital amounted to RMB6,070,551,822, which had no change during the Reporting Period.

Statement of Changes in Shares

	1 January 2022		Changes during the Reporting Period	31 December 2022	
	Number of Shares	Percentage of total share capital		Number of Shares	Percentage of total share capital
Domestic legal persons	3,974,260,517	65.47%	–	3,974,260,517	65.47%
Domestic natural persons	331,692,242	5.46%	–	331,692,242	5.46%
H Shares	1,764,599,063	29.07%	–	1,764,599,063	29.07%
Other foreign shares	–	–	–	–	–
Total	6,070,551,822	100%	–	6,070,551,822	100%

Changes in Share Capital and Information on Shareholders

II. PARTICULARS OF SHAREHOLDINGS OF THE TOP TEN SHAREHOLDERS OF OUR BANK

No.	Name of Shareholder	Nature of Shares	Total number of shares held at the beginning of the Reporting Period (Shares)	Total number of shares held at the end of the Reporting Period (Shares)	Shareholding percentage held at the end of the Reporting Period (%)
1	Tianjin Port Free Trade Zone Investment Co., Ltd.	Domestic legal persons	967,157,584	967,462,369	15.94
2	Australia and New Zealand Banking Group Limited	H Shares	725,644,563	725,644,563	11.95
3	Tianjin Pharmaceutical Holdings Ltd.	Domestic legal persons	487,078,366	487,078,366	8.02
4	Tianjin Bohai Chemical Industry Group Co., Ltd.	Domestic legal persons	487,078,366	487,078,366	8.02
5	CSSC International Holding Company Limited	H Shares	303,193,000	303,193,000	4.99
6	Harbin Economic Development and Investment Co., Ltd.	Domestic legal persons	166,657,161	166,657,161	2.75
7	Tianjin Hi-tech Holding Group Co., Ltd.	Domestic legal persons	149,056,239	149,056,239	2.46
8	Tianjin Jinrong Investment Service Group Co., Ltd. ⁽¹⁾	Domestic legal persons	117,378,125	117,378,125	1.93
9	Tianjin Ningfu Investment Co., Ltd.	Domestic legal persons	114,278,299	114,278,299	1.88
10	Hong Kong Bohai Leasing Asset Management Corp., Limited	H Shares	106,993,500	106,993,500	1.76
	Total		3,624,515,203	3,624,819,988	59.71

Note:

- (1) As a major shareholder, Tianjin Jinrong Investment Service Group Co., Ltd. pledged its 50,000,000 Shares to Tianjin Binhai Rural Commercial Bank Co., Ltd.

Changes in Share Capital and Information on Shareholders

III. INFORMATION ON SHAREHOLDERS

As at the end of the Reporting Period, the Bank had a total of 7,243 Shareholders. During the Reporting Period, the Bank had no de facto controllers.

Interests and Short Positions in Hong Kong an Accordance With the SFO

As at the end of the Reporting Period, pursuant to the register entered by the Bank under Section 336 of the SFO, and to the best knowledge of the Bank, the following persons (other than the Bank's Directors, Supervisors and chief executives) had or were deemed or taken to have interests and/or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, were interested in 5% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at the general meetings of any other member of our Bank:

Name of Shareholder	Nature of interests	Class of Shares	Number of Shares directly or indirectly held (long position)	Approximate % of interest in our Bank	Approximate % of the relevant class of Shares of the Bank
Tianjin Port Free Trade Zone Investment Co., Ltd. ⁽¹⁾	Beneficial owner	Domestic Shares	967,462,369	15.94	22.47
Tianjin Port Free Trade Zone Investment Holdings Co., Ltd. ⁽¹⁾	Interest of a controlled corporation	Domestic Shares	967,462,369	15.94	22.47
Australia and New Zealand Banking Group Limited ⁽²⁾	Beneficial owner	H Shares	725,644,563	11.95	41.12
Tianjin Bohai Chemical Industry Group Co., Ltd. ⁽³⁾	Beneficial owner Interest of a controlled corporation	Domestic Shares	489,857,052	8.07	11.38
Tianjin Pharmaceutical Holdings Ltd. ⁽⁴⁾	Beneficial owner Interest of a controlled corporation	Domestic Shares	489,107,183	8.06	11.36
Jinhushen Biological Medical Science and Technology Co., Ltd. ⁽⁴⁾	Interest of a controlled corporation	Domestic Shares	489,107,183	8.06	11.36

Changes in Share Capital and Information on Shareholders

Name of Shareholder	Nature of interests	Class of Shares	Number of Shares directly or indirectly held (long position)	Approximate % of interest in our Bank	Approximate % of the relevant class of Shares of the Bank
CSSC International Holding Company Limited ⁽⁵⁾	Beneficial owner	H Shares	303,193,000	4.99	17.18
China State Shipbuilding Corporation Limited ⁽⁵⁾	Interest of a controlled corporation	H Shares	303,193,000	4.99	17.18
Hong Kong Bohai Leasing Asset Management Corp., Limited ⁽⁶⁾	Beneficial owner	H Shares	106,993,500	1.76	6.06
Tianjin Bohai Leasing Co., Ltd. ⁽⁶⁾	Interest of a controlled corporation	H Shares	106,993,500	1.76	6.06
Bohai Leasing Co., Ltd. ⁽⁶⁾	Interest of a controlled corporation	H Shares	106,993,500	1.76	6.06

Notes:

- (1) Tianjin Port Free Trade Zone Investment Co., Ltd. is wholly-owned by Tianjin Port Free Trade Zone Investment Holdings Co., Ltd., which is controlled by Tianjin Port Free Trade Zone State-owned Assets Supervision and Administration Bureau. By virtue of the SFO, Tianjin Port Free Trade Zone Investment Holdings Co., Ltd. is deemed to be interested in the Shares held by Tianjin Port Free Trade Zone Investment Co., Ltd.
- (2) Australia and New Zealand Banking Group Limited, a Shareholder of our Bank, was incorporated in the State of Victoria, Australia on 14 July 1977. After an internal reorganization in January 2023, Australia and New Zealand Banking Group Limited is wholly owned by ANZ BH Pty Ltd, which is wholly owned by ANZ Group Holdings Limited. Accordingly, ANZ BH Pty Ltd and ANZ Group Holdings Limited are deemed to be interested in the 725,644,563 shares held by Australia and New Zealand Banking Group Limited.
- (3) Tianjin Bohai Chemical Industry Group Co., Ltd. (i) directly holds 487,078,366 Shares; and (ii) through a number of controlled corporations, holds an aggregate of 2,778,686 Shares. As such, Tianjin Bohai Chemical Industry Group Co., Ltd. is interested in a total of 489,857,052 Shares by virtue of the SFO.
- (4) Tianjin Pharmaceutical Holdings Ltd. (i) directly holds 487,078,366 Shares; and (ii) through a number of controlled corporations, holds an aggregate of 2,028,817 Shares. As such, Tianjin Pharmaceutical Holdings Ltd. is interested in a total of 489,107,183 Shares by virtue of the SFO. Jinhushen Biological Medical Science and Technology Co., Ltd. is a controlling shareholder of Tianjin Pharmaceutical Holdings Ltd. By virtue of the SFO, Jinhushen Biological Medical Science and Technology Co., Ltd. is deemed to be interested in the Shares held by Tianjin Pharmaceutical Holdings Ltd.

Changes in Share Capital and Information on Shareholders

- (5) CSSC International Holding Company Limited is wholly-owned by China State Shipbuilding Corporation Limited. As such, China State Shipbuilding Corporation Limited is deemed to be interested in the 303,193,000 Shares held by CSSC International Holding Company Limited.
- (6) Tianjin Bohai Leasing Co., Ltd. is wholly-owned by Bohai Leasing Co., Ltd. (Stock Code: 000415.SZ). Hong Kong Bohai Leasing Asset Management Corp., Limited is wholly-owned by Tianjin Bohai Leasing Co., Ltd. As such, Bohai Leasing Co., Ltd. and Tianjin Bohai Leasing Co., Ltd. are deemed to be interested in the 106,993,500 Shares held by Hong Kong Bohai Leasing Asset Management Corp., Limited.

IV. SHAREHOLDERS WITH SHAREHOLDING OF 5% OR MORE OF THE BANK

Please see III. Information on Shareholders above for the particulars of shareholders with shareholding of 5% or more of the Bank.

V. SUBSTANTIAL SHAREHOLDERS AND MAJOR SHAREHOLDERS PRESCRIBED UNDER THE REQUIREMENTS OF THE CBIRC

Details regarding the definitions of the Bank's substantial Shareholders and their controlling Shareholders, de facto controllers, related parties, persons acting in concert and ultimate beneficiaries are set out in the relevant regulations under the Interim Measures for Equity Management of Commercial Banks issued by the CBIRC.

As of the end of the Reporting Period, the substantial Shareholders of the Bank were set out as follows:

Name of Shareholder	Shareholding ratio (%)	Industry
Tianjin Port Free Trade Zone Investment Co., Ltd.	15.94	Leasing and commercial services
Australia and New Zealand Banking Group Limited	11.95	Finance
Tianjin Bohai Chemical Industry Group Co., Ltd.	8.02	Manufacturing
Tianjin Pharmaceutical Holdings Ltd.	8.02	Manufacturing
CSSC International Holding Company Limited	4.99	Leasing and commercial services
Tianjin Jinrong Investment Service Group Co., Ltd.	1.93	Leasing and commercial services

During the Reporting Period, the Board of Directors of the Bank completed assessment of the substantial Shareholder's performance of obligation and duties in 2021. The major Shareholders of the Bank continued to meet the admission requirements, were in good financial condition, and were able to exercise their shareholders' rights and fulfill their commitments and obligations in accordance with the relevant provisions of the laws and regulations and the Articles of Association of the Bank and complied with the laws and regulations, regulatory requirements and the Articles of Association of the Bank.

Changes in Share Capital and Information on Shareholders

As of the end of the Reporting Period, the number of the Bank's substantial Shareholders and their controlling Shareholders, de facto controllers, related parties, persons acting in concert and ultimate beneficiaries was approximately 511. As of the end of the Reporting Period, balance of the related party credit granting transactions between the Bank and its substantial Shareholders and their controlling Shareholders, de facto controllers, related parties, persons acting in concert and ultimate beneficiaries amounted to RMB7.618 billion in total, representing 10.62% of the net capital as at the end of the third quarter of 2022; and the balance of related party deposits transactions amounted to RMB3.109 billion. Balance of the related party credit granting transactions between the Bank and major Shareholders amounted to RMB1.685 billion in total, representing 2.35% of the net capital as at the end of the third quarter of 2022; and the balance of related party deposits transactions amounted to RMB0.4 billion.

Due to limitations on space, this annual report does not provide the list of all the related parties of the substantial Shareholders and details of the related party transactions. For related party transactions under relevant accounting policies, please refer to Note 49 to the financial statements.

VI. PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE BANK

During the Reporting Period, the Bank or any of its subsidiaries had not purchased, sold or redeemed any listed securities of the Bank.

VII. PUBLIC FLOAT

Based on the information available in the public and so far as our Directors concerned, as of the date of this annual report, the Bank had maintained sufficient public float in compliance with the minimum requirement of the Hong Kong Listing Rules and the exemption granted by the Hong Kong Stock Exchange upon the Bank's listing.

VIII. PRE-EMPTIVE RIGHT

The Articles of Association and relevant PRC laws have no provisions on granting the pre-emptive right to the Shareholders of the Bank.

Directors, Supervisors, Senior Management Officers and Employees

I. INCUMBENT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OFFICERS

1. Directors

Name	Age	Position	Date of Appointment
Mr. SUN Liguao	59	Executive Director	28 February 2022
		Chairman	28 February 2022
Mr. WU Hongtao	51	Executive Director	28 February 2022
		President	28 February 2022
Mr. ZHENG Ke	48	Executive Director	18 August 2022
		Vice President	28 February 2022
Ms. DONG Xiaodong	44	Executive Director	18 August 2022
		Secretary of the Board	28 February 2022
Ms. SUN Jingyu	54	Non-executive Director	28 February 2022
Ms. DONG Guangpei	42	Non-executive Director	28 February 2022
Mr. Alistair Marshall BULLOCH	65	Non-executive Director	28 February 2022
Mr. ZHAO Wei	53	Non-executive Director	28 February 2022
Mr. WANG Shunlong	46	Non-executive Director	28 February 2022
Ms. LI Jun	50	Non-executive Director	28 February 2022
Mr. JIN Qingjun	65	Independent Non-executive Director	28 February 2022
Mr. HUA Yaogang	65	Independent Non-executive Director	28 February 2022
Mr. HE Jia	68	Independent Non-executive Director	28 February 2022
Mr. ZENG Jianhua	64	Independent Non-executive Director	18 August 2022
Mr. LU Jianzhong	68	Independent Non-executive Director	18 August 2022

Note:

The term of office of the above Directors is from their respective appointment dates to the expiry date of the term of office of the seventh session of the Board.

Directors, Supervisors, Senior Management Officers and Employees

2. Supervisors

Name	Age	Position	Date of Appointment
Ms. FENG Xia	51	Employee Representative Supervisor	5 January 2022
		Chairwoman of Board of Supervisors	28 February 2022
		Trade Union President	23 July 2019
Mr. JIANG Zhengjun	46	Employee Representative Supervisor	28 February 2022
Mr. YU Yang	43	Shareholder Representative Supervisor	28 February 2022
Mr. LIU Baorui	65	External Supervisor	28 February 2022
Mr. LAW Yee Kwan, Quinn	70	External Supervisor	18 August 2022

Note:

- The term of office of the above Supervisors is from their respective appointment dates to the expiry date of the term of office of the seventh session of the Board of Supervisors.

3. Other Senior Management Officers

Name	Age	Position	Date of First Appointment as Senior Management Officers
Mr. LIU Gangling	46	Vice President	March 2021
Mr. XIA Zhenwu	53	Assistant to President	January 2008

Directors, Supervisors, Senior Management Officers and Employees

4. Shareholders' Nomination of Candidates for Directors and Supervisors of the Bank during the Reporting Period

No.	Name of Shareholder	Name of Nominated Director/Supervisor
1	Tianjin Port Free Trade Zone Investment Co., Ltd.	SUN Jingyu, DONG Guangpei
2	Australia and New Zealand Banking Group Limited	Alistair Marshall BULLOCH
3	Tianjin Pharmaceutical Holdings Ltd.	ZHAO Wei
4	Tianjin Bohai Chemical Industry Group Co., Ltd.	WANG Shunlong
5	CSSC International Holding Company Limited	LI Jun
6	Tianjin Jinrong Investment Service Group Co., Ltd.	YU Yang

II. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OFFICERS DURING THE REPORTING PERIOD

On 14 October 2021, the Bank convened a Board meeting, and elected Mr. Zheng Ke as the Vice President of the Bank. The qualification of Mr. Zheng has been approved by CBIRC Tianjin Office on 7 January 2022.

On 5 January 2022, the Bank held an employee representative meeting at which Ms. FENG Xia was re-elected as an employee representative supervisor of the Bank and Mr. JIANG Zhengjun was elected as an employee representative supervisor of the Bank. Mr. JIANG began to perform his duties as a supervisor since 28 February 2022 on which Mr. YAO Tao was automatically relieved from his duties as a supervisor and member of the relevant special committees. For details, please refer to the announcement of the Bank headed "Proposed Re-election and Appointment of Directors for the Seventh Session of the Board of Directors; Proposed Re-election and Appointment of Supervisors for the Seventh Session of the Board of Supervisors (Excluding Employee Supervisors); and Re-election and Appointment of Employee Supervisors" dated 6 January 2022.

Directors, Supervisors, Senior Management Officers and Employees

The re-election of the seventh session of the Board of Directors was approved at the 2022 First Extraordinary General Meeting held on 28 February 2022, at which Mr. SUN Liguo and Mr. WU Hongtao were re-appointed while Mr. ZHENG Ke and Ms. DONG Xiaodong were newly appointed as executive Directors; Ms. SUN Jingyu, Ms. DONG Guangpei, Mr. Alistair Marshall BULLOCH, Mr. WANG Shunlong, Mr. ZHAO Wei and Ms. LI Jun were re-appointed as non-executive Directors; Mr. JIN Qingjun, Mr. HUA Yaogang and Mr. HE Jia were re-appointed while Mr. ZENG Jianhua and Mr. LU Jianzhong were newly appointed as independent non-executive Directors. The reappointed Directors shall perform their duties as Directors of the seventh session of the Board of the Bank since 28 February 2022; the qualifications of Mr. ZHENG Ke, Ms. DONG Xiaodong, Mr. Zeng Jianhua and Mr. LU Jianzhong as the Directors of the Bank were approved by the CBIRC Tianjin Office on 18 August 2022 and began to perform their duties as Directors of the seventh session of the Board of the Bank on which Mr. FENG Heping and Mr. LAW Yee Kwan, Quinn were automatically relieved from their duties as directors and members of the relevant special committees. For details, please refer to the announcements of the Bank headed "(I) Re-election of Chairman of the Board; (II) Changes of Members of Committees of the Board; (III) Re-election of Chairwoman of the Board of Supervisors; (IV) Changes of Members of Committees of the Board of Supervisors; (V) Re-election of President; and (VI) Re-election of Secretary to the Board and Joint Company Secretary", "Poll Results of the 2022 First Extraordinary General Meeting, the 2022 First Domestic Share Class Meeting and the 2022 First H Share Class Meeting held on Monday, 28 February 2022" dated 28 February 2022 and "Announcement on Approval of the Qualification of Directorship by the Regulatory Body" dated 22 August 2022.

The 2022 First Extraordinary General Meeting held on 28 February 2022 approved the re-election of the seventh session of the Board of Supervisors, re-appointment of Mr. YU Yang as a Shareholder representative Supervisor, re-appointment of Mr. LIU Baorui as an external Supervisor and new appointment of Mr. LAW Yee Kwan, Quinn as an external Supervisor. Mr. YU Yang and Mr. LIU Baorui have performed their duties as Supervisors of the seventh session of the Board of Supervisors of the Bank since 28 February 2022; Mr. LAW Yee Kwan, Quinn has performed his duty as a Supervisor of the seventh session of the Board of Supervisors of the Bank since 18 August 2022 on which Mr. ZHANG Lianming was automatically relieved from his duties as a supervisor and member of the relevant special committees. For details, please refer to the announcements of the Bank headed "(I) Re-election of Chairman of the Board; (II) Changes of Members of Committees of the Board; (III) Re-election of Chairwoman of the Board of Supervisors; (IV) Changes of Members of Committees of the Board of Supervisors; (V) Re-election of President; and (VI) Re-election of Secretary to the Board and Joint Company Secretary" and "Poll Results of the 2022 First Extraordinary General Meeting, the 2022 First Domestic Share Class Meeting and the 2022 First H Share Class Meeting held on Monday, 28 February 2022" dated 28 February 2022 and "Announcement on Approval of the Qualification of Directorship by the Regulatory Body" dated 22 August 2022.

Directors, Supervisors, Senior Management Officers and Employees

On 28 February 2022, the Bank convened the first meeting of the seventh session of the Board of Directors at which Mr. SUN Liguu was re-elected as the Chairman of the Board of the Bank, Mr. WU Hongtao was re-elected as the President of the Bank and Ms. DONG Xiaodong was re-elected as the secretary of the Board of the Bank and the Joint Company Secretary, and the division of duties of the special committees under the Board of Directors was defined. For details, please refer to the announcement of the Bank headed "(I) Re-election of Chairman of the Board; (II) Changes of Members of Committees of the Board; (III) Re-election of Chairwoman of the Board of Supervisors; (IV) Changes of Members of Committees of the Board of Supervisors; (V) Re-election of President; and (VI) Re-election of Secretary to the Board and Joint Company Secretary" dated 28 February 2022.

On 28 February 2022, the Bank convened the first meeting of the seventh session of the Board of Supervisors, at which Ms. FENG Xia was re-elected as the chairwoman of the Board of Supervisors and division of duties of the special committees under the Board of Supervisors was defined. For details, please refer to the announcement of the Bank headed "(I) Re-election of Chairman of the Board; (II) Changes of Members of Committees of the Board; (III) Re-election of Chairwoman of the Board of Supervisors; (IV) Changes of Members of Committees of the Board of Supervisors; (V) Re-election of President; and (VI) Re-election of Secretary to the Board and Joint Company Secretary" dated 28 February 2022.

Mr. JIANG Hua tendered his resignation as the Vice President of the Bank to the Board on 13 December 2022 due to the personal reasons. The resignation of Mr. Jiang with effect from 13 December 2022.

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

Directors, Supervisors, Senior Management Officers and Employees

III. BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OFFICERS DURING THE REPORTING PERIOD

1. Directors

Mr. SUN Ligu**o**, aged 59. Mr. SUN has served as the secretary of the Party Committee of the Bank since July 2020. Mr. SUN was appointed as our executive Director in February 2017 and acted as our Chairman since August 2020 and is responsible for the overall work of the Party Committee and the Board of the Bank and is in charge of audit work and the Audit Department. From August 2016 to July 2020, Mr. SUN served as the deputy secretary of the Party Committee of the Bank. From February 2017 to August 2020, he served as the President of the Bank. From August 2016 to December 2016, Mr. SUN also worked as the chairman of the supervision committee of China Bohai Bank Co., Ltd. From July 2016 to August 2016, Mr. SUN also worked as the chairman of the labour union of China Bohai Bank Co., Ltd. From June 2015 to August 2016, he worked as deputy secretary of the Party Committee and chairman of the supervision committee of China Bohai Bank Co., Ltd. From December 2009 to June 2015, he also served as the vice president of China Bohai Bank Co., Ltd. From December 2005 to June 2015, Mr. SUN served as a member of the Party Committee and the secretary to the board of China Bohai Bank Co., Ltd. From August 2005 to December 2005, he acted as the person-in-charge of the proposed board secretariat of China Bohai Bank Co., Ltd. (in planning). From December 2003 to August 2005, Mr. SUN served as an assistant to the head of General Office of the Planning and Establishment Lead Group of China Bohai Bank and was responsible for the daily work of such General Office. From January 1998 to December 2003, he worked as the head of general office of China Construction Bank, Tianjin Branch. From December 1990 to January 1998, Mr. SUN served successively as the vice president and president of China Construction Bank (formerly known as People's Construction Bank of China), Tianjin Nankai Sub-branch. From April 1988 to December 1990, he served as an assistant to the director of the Tianjin Seamless Steel Tube Project Office of People's Construction Bank of China. From August 1985 to April 1988, Mr. SUN served as a staff of the Project Inspection Division of People's Construction Bank of China, Tianjin Branch.

Mr. SUN graduated from the Faculty of Construction Management at Tianjin University in July 1985 majoring in construction management engineering of infrastructure. He also obtained a master's degree in business administration from Tianjin University and a master's degree in economics from the Faculty of Finance at Nankai University, majoring in monetary banking in July 1997. In January 2012, he received a doctorate degree in management science and engineering from Tianjin University. He is a qualified senior engineer, accredited by China Construction Bank in 1999.

Directors, Supervisors, Senior Management Officers and Employees

Mr. WU Hongtao, aged 51. Mr. WU has served as the deputy secretary of the Party Committee of the Bank since September 2020. Mr. WU has served as our executive Director since January 2021 and acted as our President since November 2020. He is responsible for the overall work of our Bank's operation and management and is in charge of asset and liability work, internal control and compliance, risk and legal work. He is also in charge of the Asset and Liability Management Department and the Internal Control and Compliance Department, etc. From January 2020 to September 2020, Mr. WU served as the president and a partner of Southern China area of New Hope Group; the president and executive director of Guangdong Huaxing Bank from November 2018 to October 2019; the president of Guangdong Huaxing Bank from February 2018 to November 2018; the deputy secretary of the party committee, vice chairman and president of Jiangxi Bank from May 2016 to January 2018; the vice chairman and president of Jiangxi Bank from December 2015 to May 2016; the deputy secretary of the party committee, vice chairman and president of Bank of Nanchang from March 2013 to December 2015; the party committee member and vice president of China Guangfa Bank, Guangzhou branch from April 2011 to March 2013; successively the supervisor of the research and development department, deputy general manager of the office, deputy general manager of the bank card department, deputy general manager of the financial interbank department, the general manager of the financial interbank and consolidation department and the general manager of the financial institution department of China Guangfa Bank from January 2001 to April 2011. From May 1997 to January 2001, Mr. WU successively served as the staff and deputy director of the office of China Guangfa Bank, Nanjing branch, and served as the staff of GF Securities of China Guangfa Bank from August 1995 to May 1997.

From April 2020 to October 2020, Mr. WU served as the director of Shenzhen Gas Corporation Ltd. (601139.SH).

Mr. WU graduated from the department of international economics of the school of economics of Peking University in July 1995, and obtained a master's degree in laws from the department of laws and political science of East China Normal University with a major in political science in October 1997. He obtained a doctor's degree in economics from the department of finance of the East China Normal University with a major in global economics in July 2003. Mr. WU has also obtained the qualification of senior economist and the qualification as a lawyer in the People's Republic of China.

Directors, Supervisors, Senior Management Officers and Employees

Mr. ZHENG Ke, aged 48. Mr. Zheng has served as our executive Director since August 2022 and the vice president of the Bank since January 2022 and is in charge of small and micro financial inclusion, personal banking, finance, operation and technology work. He is also in charge of the Micro Financial Inclusion Department, the Personal Banking Department, the Credit Card Department, the Tianjin E-Bank Department, the Finance and Accounting Department, the Operation Management Department, the International Business Department, the IT Department and the Operation Center. Mr. ZHENG served as the line president of China Bohai Bank and the party secretary and president of Tianjin Branch of China Bohai Bank from November 2020 to October 2021; the line president of China Bohai Bank and the party secretary and president of Taiyuan Branch of China Bohai Bank from May 2019 to November 2020; the line president, the general manager of the asset management department and the general manager of the interbank business department of China Bohai Bank from April 2018 to May 2019; the general manager of the asset management department of China Bohai Bank from November 2011 to April 2018, and concurrently served as the general manager of the interbank business department from November 2014 to April 2018; successively served as the deputy general manager of the global market department and the deputy general manager of the financial market department of China Bohai Bank from June 2009 to November 2011; the senior product manager of the capital business department of Beijing Branch of Bank of China from December 2007 to June 2009; the assistant to the president of Beijing Haidian sub-branch of Bank of China from May 2007 to December 2007; successively served as the staff member of the foreign exchange trading section of the capital planning department, product manager of the development team of the capital business department and head of the foreign exchange trading team of the capital business department of Beijing Branch of Bank of China from August 2003 to May 2007.

Mr. ZHENG graduated from the School of Management of Harbin Institute of Technology majoring in foreign trade in September 1997, obtained a master's degree in management science and engineering from Jilin University of Technology in March 2000, and obtained a doctor's degree in management science and engineering from Beihang University in August 2003.

Ms. DONG Xiaodong, aged 44, has served as our executive Director since August 2022 and the secretary of the Board of Directors of the Bank since March 2021, and is in charge of the daily work of the Board of Directors Office and strategic development work. She is also in charge of the Board of Directors Office and the Strategic Development Department. Ms. DONG served as general manager of the Strategic Development Department of the Bank from October 2018. She has successively served as deputy general manager and deputy general manager (presiding over the work) of the Strategic Development Department of the Bank from January 2017 to October 2018; the deputy director of Office of Legal Person of Tianjin Regulatory Bureau of China Banking Regulatory Commission (the "CBRC Tianjin Office") from August 2014 to January 2017; a staff, a deputy director staff and a director staff of CBRC Tianjin Office successively from September 2003 to August 2014, during which period she engaged in an exchange program at the Tianjin Branch of Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行天津分行) from February 2004 to January 2005; and a staff in the Tianjin Branch of the People's Bank of China (中國人民銀行天津分行) from July 2002 to September 2003.

Directors, Supervisors, Senior Management Officers and Employees

Ms. DONG graduated from Tianjin University of Finance and Economics (天津財經學院) in July 2002, majoring in International Accounting and obtained a bachelor's degree in economics. She graduated from Tianjin University of Finance and Economics, majoring in Finance and obtained a master's degree in economics in December 2008. Ms. DONG has also obtained the qualification of intermediate economist.

Ms. SUN Jingyu, aged 54, has served as our non-executive Director since June 2018. She has served as the deputy general manager of Tianjin T&B Holding Co., Ltd. since September 2021. Prior to that, Ms. SUN's primary work experiences include serving as: (i) the director of Financial Planning Department of Tianjin T&B Holding Co., Ltd. from January 2017 to September 2021; (ii) general manager and director of Tianjin T&B Financial Management Co., Ltd., as well as the deputy director of Financial Planning Department of Tianjin T&B Holding Co., Ltd. from June 2016 to January 2017; (iii) executive director and general manager of Tianjin T&B Financial Management Co., Ltd., as well as the deputy director of Financial Planning Department of Tianjin T&B Holding Co., Ltd. from September 2015 to June 2016; (iv) deputy director of Financial Planning Department of Tianjin T&B Holding Co., Ltd. as well as deputy general manager of Tianjin T&B Financial Management Co., Ltd. from August 2013 to September 2015; (v) the accountant, finance supervisor, senior finance supervisor, director assistant and deputy director of the Financial Planning Department of Tianjin T&B Holding Co., Ltd., successively, from March 2004 to August 2013; (vi) the financial manager of Tianjin Wanqiao Engineering Department Co., Ltd. from August 1997 to March 2004; (vii) the cadre of Tianjin Sanfeng Bus Co., Ltd. from April 1992 to August 1997, during which she studied in the junior college class of the accounting major II in the Tianjin University of Finance and Economics from September 1994 to July 1996; and (viii) the cadre of the Tianjin Bus Factory from July 1990 to April 1992.

In addition to the above positions, Ms. SUN has served as a supervisor of Tianjin Tianbao Infrastructure Co., Ltd. (stock code: 000965.SZ) from October 2016.

Ms. SUN received a bachelor's degree in automobile and tractor from the mechanical engineering department I of the branch school of Tianjin University in July 1990. She is qualified as a senior accountant.

Ms. DONG Guangpei, aged 42, has served as our non-executive Director since June 2020. She has served as the party branch secretary, executive director and general manager of Tianjin Port Free Trade Zone Investment Co., Ltd. since January 2020; the party branch secretary, executive director and vice general manager of Tianjin Port Free Trade Zone Investment Co., Ltd. from October 2019 to January 2020; the vice general manager of Tianjin Port Free Trade Zone Investment Co., Ltd. from September 2019 to October 2019; the general manager assistant of Tianjin Port Free Trade Zone Investment Co., Ltd. from August 2018 to September 2019. Ms. DONG has served as the investment commissioner, investment manager and head of investment review department of Tianjin Port Free Trade Zone Investment Co., Ltd. from January 2011 to August 2018; the head of sales department of Tianjin Binhai Kaiyuan Property Development Co., Ltd. from January 2010 to December 2010; the head of sales department of Tianjin Tianbao Property Development Co., Ltd. from May 2005 to December 2009; the head of sales department of Hefu Huihuang Real Estate Marketing and Planning Co., Ltd. from December 2004 to May 2005; and the head of sales management department of Tianjin Shunchi Rongxin Real Estate Co., Ltd. from March 2004 to November 2004.

Directors, Supervisors, Senior Management Officers and Employees

In addition to the above positions, Ms. DONG has served as a director of Tianjin Tianbao Energy Co., Ltd. (stock code: 01671.HK) from November 2019 and a supervisor of Tianjin Tianbao Infrastructure Co., Ltd. (stock code: 000965.SZ) from December 2018.

Ms. DONG graduated from the department of finance of Tianjin College of Finance and Economics with a bachelor's degree in economics in July 2003, and graduated from the department of international finance of Tianjin University of Finance and Economics with a master's degree in economics in December 2012. Ms. DONG has the qualifications of senior economist.

Mr. Alistair Marshall BULLOCH, aged 65, has served as our non-executive Director since June 2009. Mr. Alistair Marshall BULLOCH has held a number of positions at ANZ and is currently a representative of ANZ in the Board of the Bank. Mr. Alistair Marshall BULLOCH served as a director in various entities under ANZ from 2008 to 2019, namely ANZ Royal Bank (Cambodia) Ltd., United (Cambodia) Land Company Ltd, Jikk Pty Ltd., Votrait No. 113 Pty Ltd, ANZ Bank (Vietnam) Limited, ANZ Bank (Taiwan) Limited, Shanghai Rural Commercial Bank Co. Ltd., ANZ Rural Bank Co. Ltd., ANZ Insurance Broker Co., Ltd., ANZ Bank (Europe) Limited, ANZ, ANZ Pensions (UK) Limited, ANZ V-Trac International Leasing Company, ANZ Bank (Lao) Ltd, and ANZ Capital Private Ltd. He successively held positions in ANZ as Deputy CEO of Asia Pacific, Europe and America from December 2009 to September 2010 and as Managing Director and Senior Advisor of Asia Pacific, Europe and America from September 2010 to June 2014. He joined ANZ in March 2008 and held the positions of CEO of North East Asia and CEO of Hong Kong from March 2008 to December 2009.

Mr. Alistair Marshall BULLOCH obtained a bachelor of arts degree in business studies from Dundee College of Technology in Scotland, the United Kingdom in January 1980.

Mr. ZHAO Wei, aged 53, has served as our non-executive Director since December 2014. He has served as the deputy general manager and the secretary to the board of directors of Tianjin Pharmaceutical Holdings Ltd. since December 2021, the deputy general manager of Tianjin Pharmaceutical Holdings Ltd. since December 2013 and as chief financial officer of Tianjin Pharmaceutical Holdings Ltd. since 24 September 2019. Prior to that, he served successively as deputy general manager of Tsinlien Group (Tianjin) Assets Management Company Limited, general manager of the financial market department of Tsinlien Group Company Limited in Hong Kong, general manager of Tianjin Development Assets Management Company Limited and assistant to general manager of Tsinlien Group Company Limited in Hong Kong from September 2005 to December 2013. Between July 1992 and September 2005, Mr. ZHAO held a number of positions at Northern International Trust and Investment Corporation, including being assistant to manager of the international business department, assistant to manager of the trading department, manager of the international business department and vice general manager of the securities investment department.

Mr. ZHAO received his bachelor's degree in international economic cooperation and his master's degree in economics from the faculty of finance at Tianjin University of Finance and Economics in Tianjin, China in July 1992 and September 1999, respectively.

Directors, Supervisors, Senior Management Officers and Employees

Mr. WANG Shunlong, aged 46, has served as our non-executive Director since June 2020. Mr. WANG has served as the chief accountant of Tianjin Bohai Chemical Industry Group Co., Ltd. since January 2020. From November 2016 to January 2020, Mr. WANG successively served as head of the investment department, head of the finance department and deputy chief economist of Tianjin Water Group Co., Ltd.; from March 2012 to November 2016, Mr. WANG successively served as deputy chief accountant and chief accountant of Tianjin Water Works Group Co., Ltd.; from March 2008 to March 2012, Mr. WANG successively served as head of financial assets department, deputy chief accountant and general manager assistant of Tianjin Pipeline Engineering Group Co., Ltd.; from July 2000 to March 2008, Mr. WANG successively served as finance chief, head of general management department and deputy chief accountant of TPEG Preinsulated Pipe Factory.

Mr. WANG studied in University of Shanghai for Science and Technology from September 1996 to July 2000 and obtained the bachelor's degree in management and he has the qualifications of senior accountant.

Ms. LI Jun, aged 50, has served as our non-executive Director since June 2018. She has been the chief accountant of CSSC (Hong Kong) Shipping Company Limited (a company listed on the Hong Kong Stock Exchange, stock code: 03877) since February 2017. Prior to that, Ms. LI's primary work experiences include serving as: (i) the deputy chief accountant and chief accountant of CSSC Chengxi Shipbuilding (Guangzhou) Company Limited from July 2011 to February 2017; (ii) several positions in CSSC Offshore & Marine Engineering (Group) Company Limited (a company listed on the Hong Kong Stock Exchange (stock code: 00317) and the Shanghai Stock Exchange (stock code: 600685)) from March 1995 to July 2011, such positions included serving as manager, assistant to the director and deputy director of the finance department.

Ms. LI received a bachelor's degree in economics from Beijing College of Commerce (currently known as Beijing Technology and Business University) in July 1994 and received a master's degree in engineering from Huazhong University of Science and Technology in December 2010. She obtained the non-practicing Chinese Certified Public Accountant qualification in December 2002.

Mr. JIN Qingjun, aged 65, has served as our independent non-executive Director since March 2017. Since September 2002, he has been a partner of Beijing King & Wood Mallesons. In 2012, Mr. JIN was among the Top 10 PRC Lawyers of the Year and also earned the title of the PRC Securities Lawyer of the Year. From October 1993 to August 2002, he was a partner of Shu Jin Law Firm. From April 1989 to October 1993, he was an attorney at Chinatrust Law Firm. From August 1987 to April 1989, he successively worked as an exchange attorney at a Hong Kong law firm and a UK law firm. From August 1984 to July 1987, he studied at China University of Political Science and Law and earned a master's degree of law. From January 1982 to August 1984, he worked as a teaching assistant at the School of Library at Anhui University. From March 1975 to March 1977, he was a teacher at Anhui Bengbu No. 21 Secondary School.

Directors, Supervisors, Senior Management Officers and Employees

Since December 2019, Mr. JIN has served as an independent director of Goldstream Investment Limited. Since September 2018, he has served as an independent director of Shenzhen Cheng Chung Design Co., Ltd. (stock code: 002811). Since September 2018, he has served as a director of Shenzhen Kingkey Smart Agriculture Times Co., Ltd. (stock code: 000048). Since October 2017, he has served as an independent director of Central Development Holdings Limited (stock code: 00475). Since March 2016, he has served as an independent director of Sino-Ocean Group Holding Limited. Since October 2015, he has served as an independent director of Times China Holdings Limited. From January 2013 to June 2021, he served as an independent director of Guotai Junan Securities Co., Ltd. (Hong Kong Stock Exchange stock code: 02611, Shanghai Stock Exchange stock code: 601211).

Mr. JIN studied at Anhui University from April 1978 to January 1982, and earned a bachelor's degree of arts in English and American Literature. He also studied at China University of Political Science from August 1984 to July 1987, and earned a master's degree of law.

Mr. HUA Yaogang, aged 65, has served as our independent non-executive Director since June 2018. He has retired from the position of the general manager of the education department and director of the party committee publicity department of the ICBC headquarters (which he started to hold office since January 2014) since October 2017. Prior to that, Mr. HUA's primary work experiences include serving as: (i) the president of Tianjin Branch of the Industrial and Commercial Bank of China from April 2006 to January 2014; (ii) the president of Chongqing Branch of the Industrial and Commercial Bank of China from November 2003 to April 2006; (iii) the deputy president and executive vice president of Tianjin Branch of the Industrial and Commercial Bank of China and concurrently general manager of China Huarong (Tianjin) from November 1994 to November 2003; (iv) the deputy director of the fund planning office, the general manager of the business department and the assistant to president of Tianjin Branch of the Industrial and Commercial Bank of China, successively, from January 1985 to November 1994; and (v) the grass-root branch cadre of the People's Bank of China from October 1974 to January 1985.

Mr. HUA received a doctoral degree in economics from Nankai University. He is qualified as a senior economist.

Directors, Supervisors, Senior Management Officers and Employees

Mr. HE Jia, aged 68, has served as our independent non-executive Director since June 2018. He has been the chair professor of Chang Jiang Scholars Program since September 2008, the Qiushi chair professor at Zhejiang University since May 2021, a chair professor at Shandong University since October 2021, the double employed professor of Tsinghua University from September 2005 to October 2020, and the leading professor of Southern University of Science and Technology from May 2014 to November 2020. Prior to that, Mr. HE's primary work experiences in education industry include serving as: (i) the director of finance in Shanghai Jiaotong University from September 2006 to August 2007; (ii) the EMBA core professor of CEIBS from September 2003 to August 2006; (iii) the part-time professor of Graduate School of the People's Bank of China from September 1998 to August 2008; (iv) the professor of CUHK Business School and director of the Chinese Academy of Finance Reform and Development, CUHK from August 1998 to July 2015; (v) the adjunct professor of Faculty of Engineering, CUHK from August 1996 to July 1998; (vi) the adjunct professor (tenure) of University of Houston from April 1996 to August 1999; (vii) the assistant professor of University of Houston from September 1991 to August 1995; (viii) the assistant professor of DePaul University from September 1989 to August 1991; (ix) the assistant professor of Baruch College from September 1988 to August 1989; and (x) the research assistant (RA) of Link Project (L. R. Klein as Project leader) from September 1984 to August 1986.

Mr. HE's primary work experiences in listed companies include serving as: (i) the independent director of Xinlong Holding (Shenzhen Stock Exchange: 000955) since December 2020; (ii) the independent director of Junshi Biosciences (Hong Kong Stock Exchange: 01877) from December 2018 to July 2020; (iii) the independent director and remuneration committee chairman of Northern International (Shenzhen Stock Exchange: 000065) since May 2016; (iv) the independent director and chairman of related party transaction committee of Citic Securities (Shanghai Stock Exchange: 600030; Hong Kong Stock Exchange: 06030) from March 2016 to April 2021; (v) the independent director and remuneration committee chairman of China Chengtong Group (Hong Kong Stock Exchange: 00217) since July 2015; (vi) the independent director and chairman of the board of directors audit committee of Tsinghua Tongfang (Shanghai Stock Exchange: 600100) from March 2015 to March 2020; (vii) the independent director of NEXGO (Shenzhen Stock Exchange: 300130) from November 2012 to June 2019; (viii) the independent director and chairman of the audit committee of the board of directors of Huayu Mining (Shanghai Stock Exchange: 601020) from October 2012 to October 2018; (ix) the independent director and chairman of corporate governance committee of the board of directors of Oriental Patron (Hong Kong Stock Exchange: 01140) since September 2003; and (x) the independent director of Missfresh Limited (Nasdaq: MF) since November 2021.

Mr. HE's primary work experiences in non-listed companies include serving as: (i) the external director of CFHI Group Financial Corporation Limited since December 2020; (ii) the independent director of China Galaxy International since June 2016; (iii) the chairman of Sincere Capital since March 2016; (iv) the independent director of Western Leadbank FMC from June 2010 to June 2013; and (v) the independent director and chairman of corporate governance committee of the board of directors of China Investment Securities from February 2005 to March 2017.

Directors, Supervisors, Senior Management Officers and Employees

Mr. HE's primary work experiences in governmental organs include serving as: (i) the member of the Financial Development Decision-making Advisory Committee of Shenzhen since June 2019; (ii) the financial adviser of Quanzhou Municipal Government since January 2015; (iii) the financial adviser of Chengdu Municipal Government since July 2009; (iv) the financial adviser of Wuhan Municipal Government from November 2008 to November 2011; (v) the head of comprehensive research institute of Shenzhen Stock Exchange from June 2001 to October 2002; (vi) the member of CSRC Planning and Development Committee from June 2001 to August 2002; and (vii) the academic director general of postdoctoral workstation at the Shenzhen Stock Exchange from April 2001 to October 2002.

Mr. HE studied as a worker-peasant-soldier student in the mathematics department of Heilongjiang University from September 1975 to August 1978. He received a master's degree in computer and decision-making from Shanghai Jiaotong University in November 1983, and a PhD degree in finance from Wharton School, University of Pennsylvania, the USA in August 1988.

Mr. ZENG Jianhua, aged 64, has served as our independent non-executive Director since August 2022. Mr. ZENG has served as the chairman of Beijing Huahan Consulting Co., Ltd. (北京華函諮詢有限公司) since 2021, and as the chairman of Gongqingcheng Huajian Function Private Equity Management Co., Ltd. (共青城華建函數私募基金管理有限公司) since March 2019. From March 2017 to August 2019, Mr. ZENG served as the chairman of the board of directors and president of Kong Sun Holdings Limited. From September 2013 to March 2017, Mr. ZENG served as the chief risk officer of China Construction Bank. From March 2011 to September 2013, Mr. ZENG served as the chief financial officer of China Construction Bank. From July 2007 to February 2011, Mr. ZENG served as the president and secretary of the party committee of Guangdong Branch of China Construction Bank. From October 2004 to July 2007, Mr. ZENG served as the president and secretary of the party committee of Shenzhen Branch of China Construction Bank. From July 2003 to October 2004, Mr. ZENG served as the deputy general manager of the asset and liability management department of the head office of China Construction Bank. From February 1996 to July 2003, Mr. ZENG served as the vice president and a member of the party committee of Hunan Branch of China Construction Bank. Mr. ZENG served as the office director of Hunan Branch of China Construction Bank from October 1994 to February 1996; president and secretary of the party committee of Hunan Electric Power Branch of China Construction Bank from April 1992 to October 1994; deputy director (presiding over the work) of the planning and capital department of Hunan Branch of China Construction Bank from July 1987 to April 1992; and staff member of the planning and capital department of Hunan Branch of China Construction Bank from July 1980 to July 1987.

Mr. ZENG has served as an independent non-executive director of Dongguan Rural Commercial Bank Co., Ltd. (stock code: 09889.HK) since September 2022, as an independent non-executive director of CCB Life Asset Management Company Limited since May 2021, as an independent non-executive director of Zhejiang Furun Digital Technology Co., Ltd. (浙江富潤數字科技股份有限公司) (stock code: 600070) since May 2020, and as an external supervisor of Sichuan Bank Company Limited (四川銀行股份有限公司) since January 2021; served as an independent non-executive director of Jiangsu Tongda Power Technology Co., Ltd. (江蘇通達動力科技股份有限公司) (stock code: 002576) from 2020 to May 2022.

Directors, Supervisors, Senior Management Officers and Employees

Mr. ZENG graduated from Hunan University with a doctor's degree in corporate management and has been a distinguished professor of the University for Peace since September 2018 and qualified as a senior economist.

Mr. LU Jianzhong, aged 68, has served as our independent non-executive Director since August 2022. Mr. LU has served as a certified accountant at Zhongxinghua Certified Public Accountants since January 2022; a certified accountant at Da Hua Certified Public Accountants LLP from October 2016 to December 2022; a partner of Shanghai De'An Certified Public Accountants LLP, the marketing director of WUYIGE Certified Public Accountants LLP and a partner of Zhongxinghua Certified Public Accountants LLP from July 2012 to September 2016; a certified accountant and a partner of the audit department of PricewaterhouseCoopers Zhong Tian LLP from September 1997 to June 2012; a lecturer and an associate professor of Finance and Accounting at the Shanghai Maritime University from September 1986 to August 1997; a section member of the Finance Section of Shanghai Daily Hardware Industry Company from December 1982 to August 1986.

Mr. LU has served as an independent director of Bomesc Marine Engineering Co., Ltd. (Shanghai Stock Exchange stock code: 603727) since December 2021; an independent director of Shanghai Xinnanyang Only Education & Technology Co., Ltd. (Shanghai Stock Exchange stock code: 600661) since January 2019; an independent director of COSCO SHIPPING Development Co., Ltd. (Hong Kong Stock Exchange stock code: 02866, Shanghai Stock Exchange stock code: 601866) since January 2017; an independent director of Shanghai Vico Precision Mold & Plastics Co., Ltd. since May 2021; an independent director of Hangzhou Hikvision Digital Technology Co., Ltd. (Shenzhen Stock Exchange stock code: 002415) from September 2015 to March 2021, and as a supervisor of Hangzhou Hikvision Digital Technology Co., Ltd. since March 2021. Prior to that, Mr. LU served as an independent director of Ningbo Lehui International Engineering Equipment Co., Ltd. (Shanghai Stock Exchange stock code: 603076) from March 2016 to November 2021; an independent director of Changshu Fengfan Power Equipment Co., Ltd. (Shanghai Stock Exchange stock code: 601700) from September 2015 to September 2021.

Mr. LU graduated from Shanghai University of Finance and Economics with a bachelor's degree in economics in 1982. He formerly served as a member of the Expert Group for Evaluation and Assessment of Economic Indicators of State-owned Enterprises under the Ministry of Finance and an external expert of the Asset Securitization Task Group under the Development Research Center of the State Council, and is a qualified Chinese Certified Public Accountant.

Mr. FENG Heping, aged 62, has served as our independent non-executive Director from December 2014 to August 2022. Mr. FENG was the managing director of Beijing branch of Morgan Stanley from March 2011 to August 2014. Mr. FENG joined PricewaterhouseCoopers in 1992 (he worked at Arthur Andersen from 1992 to 1997, which subsequently merged with PricewaterhouseCoopers), and served as the managing partner of the Beijing office of PricewaterhouseCoopers. Prior to that, Mr. FENG worked at China Financial Management Accounting Firm (中華財務會計諮詢公司) from 1985 to 1992.

Directors, Supervisors, Senior Management Officers and Employees

Mr. FENG has served as an independent director of Sunstone Development (stock code: 603612.SH) since December 2016, an independent director of Tahoe Group (stock code: 000732.SZ) since September 2016, an independent director of Yinhua Fund Management Co., Ltd. since September 2016, an independent director of China Life Pension Insurance Company Limited since June 2016, and an independent director of Shuidi Insurance Brokers Limited (水滴保險經紀有限公司) since May 2021.

Mr. FENG obtained a bachelor's degree in accounting from Shanxi University of Finance and Economics (山西財經大學) (formerly known as Shanxi College of Finance and Economics (山西財經學院)) in September 1982. He obtained the Chinese Certified Public Accountant qualification in May 1991.

Mr. LAW Yee Kwan, Quinn, aged 70, has served as our independent non-executive Director from October 2015 to August 2022. He has served as our external Supervisor since August 2022. For the biography of Mr. LAW, please refer to "2. Supervisors" in the section.

2. Supervisors

Ms. FENG Xia, aged 51, was appointed as our employee representative Supervisor in January 2018 and has been the Chairwoman of the Board of Supervisors of our Bank since January 2018. She is responsible for any duties related to the Board of Supervisors and the Trade Union and is in charge of the daily work of party construction and tasks of human resources and the Party Committee of our headquarters. She is also in charge of the work of Party Committee Office, Human Resources Department (Party Committee Organization Department, Party Committee United Front Work Department), Propaganda Department of the Party Committee, Masses and Communist Youth Work Department, Party Committee Inspection Work Office, Board of Supervisors Office, trade union and Youth League, and assists in the management of Audit Department. Ms. FENG has served as the deputy secretary of the Party Committee of our Bank since December 2017 and as trade union president of our Bank since July 2019. Ms. FENG worked as our Shareholder Representative Supervisor from April 2013 to January 2018. She served as the deputy general manager and member of the Party Committee of Tianjin Jinrong Investment Service Group Co., Ltd. from June 2013 to December 2017. Ms. FENG also served as the deputy general manager and member of the Party Committee of Tianjin Investment Group from November 2012 to June 2013. She served as the deputy secretary of the Tianjin Municipal Committee of the Communist Youth League from June 2007 to November 2012, deputy secretary and secretary of Tianjin Dongli District Youth League from May 1998 to June 2007 and the clerk and the deputy director of office of the Tianjin Dongli District Township Economic Commission from July 1994 to May 1998.

Ms. FENG received her bachelor's degree in youth ideological education from China Youth University of Political Studies in Beijing, China in July 1994. She completed postgraduate courses in economics from Tianjin Municipal Party School of the Communist Party of China in Beijing, China in December 2002. She also obtained a master's degree in public administration and management from the National University of Singapore in Singapore in February 2011.

Directors, Supervisors, Senior Management Officers and Employees

Mr. JIANG Zhengjun, aged 46, was appointed as our employee representative Supervisor since 28 February 2022. Since August 2017, Mr. JIANG has successively served as the deputy director and director of the general office (Party Committee Office) and the general manager of the Human Resources Department, the head of the Party Committee Organization Department and the head of the Party Committee United Front Work Department of the Bank. From June 2005 to August 2017, Mr. JIANG successively served as the deputy director staff, director staff and deputy director of Tianjin Municipal Government General Office, as well as the deputy director and inspector (director level) of Tianjin Municipal Government Inspection Office. From January 2002 to June 2005, Mr. JIANG successively served as staff and deputy director staff of Tianjin Municipal Government System Reform Office. From July 1998 to January 2002, Mr. JIANG successively served as a cadre in Tianjin Zenmay Electroacoustic Equipment Co., Ltd. (天津真美電聲器材公司), Honghao Network Company (宏昊網絡公司) and Xindun Technology Company (新盾科技公司).

Mr. JIANG received his bachelor's degree in economics from Changchun University of Science and Technology (長春科技大學) in July 1998. He received his master's degree in public administration from Tianjin University in March 2006. He also obtained his doctor's degree in finance from Tianjin University of Finance and Economics in December 2013.

Mr. YU Yang, aged 43, was appointed as our shareholder representative Supervisor in June 2018. Mr. YU has over 10 years of experience in the operations and management of banking and securities. Since August 2021, Mr. YU has served as the deputy secretary to the Communist Party Committee and the general manager of Tianjin Jincheng State-owned Capital Investment and Management Company Limited (天津津誠國有資本投資運營有限公司). Mr. YU has served concurrently as the chairman and the general manager of Tianjin Jintou Leasing Co., Ltd. (天津津投租賃有限公司) since November 2020. From February 2020, Mr. YU has served concurrently as a director and the chairman of Xinyuan Financing Leasing (Tianjin) Co., Ltd. Mr. YU has served as the deputy general manager of Tianjin Jinrong Investment Service Group Co., Ltd. since January 2020 and the chairman of Tianjin Jintou Leasing Co., Ltd. (天津津投租賃有限公司). From October 2017 to January 2020, he served as assistant to the general manager of Tianjin Jinrong Investment Service Group Co., Ltd. From January 2009 to October 2017, Mr. YU served as assistant to the general manager, deputy general manager and general manager of Tianjin Port Free Trade Zone Investment Co., Ltd. Mr. YU served as the head of the asset management department of Tianjin T&B Holding Co., Ltd. from April 2007 to January 2009. Mr. YU served as senior manager at Bohai Securities Co., Ltd. from September 2003 to April 2007.

Mr. YU graduated from Nankai University in Tianjin, China in July 2001 with a bachelor's degree of economics in real estate operation and management from the Department of Economics.

Directors, Supervisors, Senior Management Officers and Employees

Mr. LIU Baorui, aged 65, was appointed as our external Supervisor since June 2018. He has been serving as chairman of the board of Shenzhen First Financial Services Limited since September 2013. Mr. LIU served as the executive director and CEO of China Financial International Investments Limited (中國金融國際投資有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 00721.HK) from February 2011 to January 2013, assistant to president, the deputy president, executive director, and deputy secretary of the Party Committee of Shenzhen Development Bank Co., Ltd. (深圳發展銀行股份有限公司) (currently known as Ping An Bank Co. Ltd., a company listed on the Shenzhen Stock Exchange, Stock Code: 000001.SZ) from August 1998 to December 2010. From April 1981 to August 1998, Mr. LIU successively served as a staff, deputy director, director and branch president of Agricultural Bank of China Limited. From January 1976 to March 1981, Mr. LIU worked as a clerk at the People's Bank of China.

Mr. LIU has been serving as a representative of the seventh Shenzhen People's Congress since May 2021; Mr. LIU served as a representative of the fifth and the sixth Shenzhen People's Congress from May 2010 to May 2021, successively.

Mr. LIU obtained a certificate of graduation from Tianjin Normal University in Tianjin, China in December 1986. He also obtained an executive master of business administration from Shanghai Jiao Tong University in Shanghai, China in April 2005. He is a senior economist accredited by the Agricultural Bank of China.

Mr. LAW Yee Kwan, Quinn, aged 70, has served as our external Supervisor from August 2022. Mr. LAW has served as our independent non-executive Director from October 2015 to August 2022. Mr. LAW is a professional accountant. Mr. LAW currently serves as an advisor of the Hong Kong Business Accountants Association, a member of the Court of the Hong Kong University of Science and Technology, a member of the Council of the Hong Kong University of Science and Technology (Guangzhou), an independent director of ENN Energy Holdings Limited, an independent director of HKBN Ltd. and an independent director of BOC Hong Kong (Holdings) Limited.

Mr. LAW worked as a director and vice president of the Hong Kong Business Accountants Association from October 2014 to July 2017 and has served as its consultant since August 2017. Mr. LAW served as a council member cum audit committee chairman of the Hong Kong University of Science and Technology from August 2012 to July 2018 and has served as a court member of this university since October 2018. He has been a member of the Financial Affairs Expert Working Group of University Grants Committee from December 2013 to July 2018. He also served on a number of committees of the Hong Kong Institute of Certified Accountants from 2008 to 2018. Mr. Law has been an independent non-executive director of BOC Hong Kong (Holdings) Limited (a company listed on the Hong Kong Stock Exchange, stock code: 02388) since March 2019. Mr. LAW has been an independent non-executive director of HKBN Limited (a company listed on the Hong Kong Stock Exchange, stock code: 01310) since February 2015 and an independent non-executive director of ENN Energy Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 02688) since May 2014. From March 2008 to March 2013, Mr. LAW was the deputy chairman of the board and the chief executive officer of the Urban Renewal Authority, a statutory organization in Hong Kong.

Directors, Supervisors, Senior Management Officers and Employees

Mr. LAW has been a fellow of the Hong Kong Institute of Certified Public Accountants since June 1985 and has been a fellow of the Association of Chartered Certified Accountants (formerly known as the Association of Certified Accountants) in the United Kingdom since December 1982. He has been an associate member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) since November 1980. Mr. LAW is a Justice of Peace in Hong Kong and was awarded the Silver Bauhinia Star in 2014 by the Hong Kong Special Administrative Region and an Honorary University Fellowship from The Hong Kong University of Science and Technology in July 2020.

Mr. YAO Tao, aged 60, has served as our employee representative Supervisor from November 2014 to February 2022. Mr. YAO served as the senior manager of the Office of Inspection of the Party Committee since January 2022, and served as the director of the Office of Inspection of the Party Committee from January 2021 to January 2022. From July 2015 to January 2021, he served as head of Party Committee Organization Department and from January 2014 to January 2021 as general manager of Human Resources Department. Mr. YAO joined our Bank in November 2000. He served as the general manager of Institutions Management Department from March 2009 to August 2014 and served successively as the general manager of the Human Resources Department from April 2008 to March 2009, and as the president of Huafeng sub-branch from June 2005 to April 2008, and head in charge of the ideological and political work of Xilian sub-branch and Xietong sub-branch of the Bank from November 2000 to June 2005. Mr. YAO served as secretary of director level the general office the Standing Committee of the Tianjin Municipal People's Congress, secretary of department level and cadre of section level of organization department of Tianjin Federation of Trade Unions from May 1991 to November 2000. Mr. YAO also worked at trade union and youth league committee of the Tianjin Bureau of Chemical Industries (天津市化工局) from March 1990 to May 1991 and October 1983 to July 1988, respectively.

Mr. YAO obtained a college diploma in basic course for party and government cadres from Tianjin Normal University (天津師範大學) in Tianjin, China in December 1986. He also obtained his bachelor's degree in economics and management from the Open College of Central Communist Party School (中共中央黨校函授學院) in Beijing, China in December 1999.

Mr. ZHANG Lianming, aged 59, has served as our external Supervisor from December 2014 to August 2022. Currently, he serves as the senior partner of BDO China Shu Lun Pan Certified Public Accounts LLP (立信會計師事務所(特殊普通合夥)), director and deputy general manager of Lixin Certified Tax Agents Co., Ltd. (立信稅務師事務所有限公司) and the chairman of Lixin Certified Tax Agents (Tian Jin) Co., Ltd. (立信稅務師事務所(天津)有限公司). From March 2000 to May 2001, he was the chief of Section III of the Inspection Bureau under Tianjin State Tax Bureau. He served as a director of the foreign tax department of Tianjin Tax Consultancy Agency (天津稅務諮詢事務所) from November 1994 to February 2000. Mr. ZHANG served as Youth League branch secretary of the personnel department and deputy chief of Section III of the Tianjin Municipal Tax Bureau Heping District Sub – Administration from January 1982 to March 1990.

Directors, Supervisors, Senior Management Officers and Employees

Mr. ZHANG obtained a college diploma in Accounting from Tianjin University of Finance and Economics (天津財經學院) in Tianjin, China and a college diploma in Party Work and Administration from Tianjin Open University (天津廣播電視大學) in Tianjin, China respectively in July 1993 and July 1986. He also obtained a master's degree in business administration from Macau University of Science and Technology in Macau, China in June 2004. In October 1999, he also obtained the qualification as the registered tax agent.

3. Other Senior Management Officers

Mr. LIU Gangling, aged 46, has served as our vice president since March 2021, and is in charge of the wholesale and financial market work. He is also in charge of the Corporate Business Department, the Transaction Banking Department, the Investment Banking Department, the Financial Market Department and the Asset Management Department. Mr. LIU has served as the general manager of the Asset Management Department of the Bank since March 2017; from August 2015 to March 2017, he served successively as the vice general manager of the Interbank Business Department and the vice general manager (presiding over the work) of the Asset Management Department of the Bank. Mr. LIU served as the chief officer of the global market department of Deutsche Bank (China) from June 2014 to August 2015; the chief officer of the financial market department of Standard Chartered Bank (China) in Northern China and Southern China from July 2006 to June 2014; the manager of the treasury department of Shenzhen branch of HSBC from April 2005 to July 2006. He worked successively in the planning and capital department and the assets management office of the capital transaction centre of Hangzhou branch of Shenzhen Development Bank from August 2001 to April 2005, and served as the deputy manager of the asset management office of the capital transaction centre of Shenzhen Development Bank from June 2004 to April 2005. Mr. LIU served in the finance department of Zhengzhou Zhongyuan Installation Company from August 1998 to September 1999.

Mr. LIU graduated from the international finance department in the School of Management of Xi'an Jiaotong University in July 1998 and obtained a master's degree in applied economics from the School of Management of Xi'an Jiaotong University in July 2001. Mr. LIU has also obtained the qualification of intermediate economist.

Mr. XIA Zhenwu, aged 53, has been serving as assistant to our president of the Bank since April 2014, and is in charge of office, administrative, infrastructure and security work. He is also in charge of Office, Administrative Affairs Department and Security Protection Department (People's Armed Forces Department).

Directors, Supervisors, Senior Management Officers and Employees

Mr. XIA has over 20 years of experience in banking operations and management. He served as party secretary of Tianjin Free Trade Zone branch from June 2015 to October 2016. He served as secretary of the Party Committee of Binhai Branch of the Bank from April 2014 to October 2016 and has served as assistant to the president of the Bank since April 2014. He served as our Chief Financial Officer from January 2008 to April 2014. He served as secretary of the Party Committee and president of First Central Branch from January 2012 to April 2014 and from June 2012 to March 2014, respectively. Mr. XIA joined the Bank in November 1996 and has held several positions in the Bank since then, including president of Jinlian sub-Branch from November 1996 to July 2002, president of Tianjin Bonded Area sub-Branch from July 2002 to April 2004, manager of International Business Department from March 2003 to December 2003 and general manager of Financial Planning Department from December 2003 to July 2010. Prior to this, he held several positions of Tianjin Jinlian Urban Credit Cooperatives, the predecessor of the Bank, from January 1991 to November 1996, including assistant to the director, deputy director and director, being primarily responsible for the overall work of this credit cooperatives.

Mr. XIA graduated from Tianjin Administrative Cadre Vocational School in Tianjin, China in November 1988. He obtained a certificate in Accountancy from Xinhua Workers College in Tianjin, China in July 1993, a certificate in economic management from Correspondence School, Central Party School in Beijing, China in December 1996 and a certificate in finance from the Open University of China in Beijing, China in January 2007. He was qualified as a senior economist accredited by Tianjin Personnel Bureau in March 2009.

Directors, Supervisors, Senior Management Officers and Employees

IV. CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Our bank has received from each of its independent non-executive Directors the annual confirmation of his independence and considered that all the independent non-executive Directors are independent pursuant to the guidelines set out in Rule 3.13 of the Hong Kong Listing Rules.

V. INFORMATION ON REMUNERATION PAID TO DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OFFICERS

Our Bank offers our Executive Directors, employee representative Supervisors and senior management officers, who are also our employees, compensation in the form of salaries, bonuses, social security plans, housing provident fund plans and other benefits. Our independent non-executive Directors and external Supervisors receive compensation based on their responsibilities. Please refer to note 16 to the financial statements in this report for the details of the remuneration of the Directors and Supervisors.

Our Bank strictly adheres to relevant regulatory provisions when making remuneration payments. The Bank assesses senior management officers using the "Policies for Remuneration Management of Bank of Tianjin Co., Ltd. 《天津銀行股份有限公司薪酬管理政策》" and offers remuneration to executive Directors and other senior management officers based on the results of the assessment.

The Bank offers remuneration to employee representative Supervisors in accordance with the "Policies for Remuneration Management of Bank of Tianjin Co., Ltd. 《天津銀行股份有限公司薪酬管理政策》" and "Measures for Remuneration Management of Bank of Tianjin 《天津銀行薪酬管理辦法》". The "Policies on the Allowance of Directors and Supervisors of Bank of Tianjin Co., Ltd." which stipulates the distribution standard of allowance to Directors was considered and passed at the general meeting of the Bank.

During the Reporting Period, no emolument was paid by the Bank to any of the Directors, Supervisors or the five highest paid individuals (including Directors, Supervisors and employees) as an inducement to join or upon joining the Bank or as compensation for loss of office.

Directors, Supervisors, Senior Management Officers and Employees

Remuneration paid to the senior management officers⁽¹⁾ (excluding the Directors and Supervisors) by bands for the Reporting Period is set out below:

	Number of employees	% of the total
Nil to RMB500,000	0	0.0
RMB500,000 to RMB10,000,000	3	100.0%

Note:

- (1) During the Reporting Period, within the Bank's senior management officers (including present and past personnel), Mr. WU Hongtao, Mr ZHENG Ke and Ms. DONG Xiaodong are concurrently Directors. For the details of the remuneration of Mr. WU Hongtao, Mr ZHENG Ke and Ms. DONG Xiaodong, please refer to Note 16 of the financial statements of this annual report.

VI. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

During the Reporting Period, the Directors and Supervisors of the Bank did not have service contracts which are not determinable by the Bank within one year without payment of compensation (other than statutory compensation).

VII. DIRECTORS, CHIEF EXECUTIVES' AND SUPERVISORS' INTEREST IN SHARES OF THE BANK

As of the end of the Reporting Period, the interests and short positions of the Directors, Supervisors and the chief executives of the Bank and their associates in the Shares, underlying Shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Hong Kong Listing Rules are set out as follows:

Directors, Supervisors, Senior Management Officers and Employees

Director

Name of Director	Capacity	Class of Shares	Number of Shares directly or indirectly held (long position)	Approximate % of interest in our Bank
DONG Xiaodong ⁽¹⁾	Beneficial interest	Domestic Shares	58,564	0.00096%

Note: Ms. DONG Xiaodong served as a Director of the Bank on 18 August 2022

Supervisor

Name of Supervisor	Capacity	Class of Shares	Number of Shares directly or indirectly held (long position)	Approximate % of interest in our Bank
LIU Baorui	Beneficial interest	Domestic Shares	15,959	0.00026%

Save as disclosed above, none of the Directors, the chief executives or the Supervisors of the Bank or their associates has held any interests or short positions in the Shares, underlying Shares or debentures of the Bank or its associated corporations as of the end of the Reporting Period.

VIII. DIRECTORS' AND SUPERVISORS' INTEREST IN BUSINESS IN COMPETITION WITH THE BANK

None of our Directors or Supervisors holds any interest in any business, which competes or is likely to compete, either directly or indirectly, with our Bank under Rule 8.10(2) of the Hong Kong Listing Rules.

IX. DIRECTORS' AND SUPERVISORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Reporting Period, the Bank or its subsidiaries did not have any transaction, arrangement or contract of significance in which the Directors and/or Supervisors (or entities connected with the Directors and/or Supervisors) were materially interested, either directly or indirectly.

X. ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Reporting Period was the Bank a party to any arrangement to enable the Directors and Supervisors to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

Directors, Supervisors, Senior Management Officers and Employees

XI. THE FINAL REMUNERATION OF THE BANK'S CHAIRMAN, CHAIRMAN OF THE BOARD OF SUPERVISORS, PRESIDENT AND VICE PRESIDENT IN 2021

Name of the Company: Bank of Tianjin Co., Ltd.

Unit: RMB' 0,000

Name	Position	Current year beginning and end date of remuneration	Remuneration payable ⁽¹⁾	Remuneration paid by the Bank before tax in 2021			Whether remunerated by shareholding companies or related party companies	Total remuneration before tax received from related party companies
				Social insurance, contribution to annuity funds, supplemental medical insurance and housing funds deposited by the Company ⁽²⁾	Other income in the form of money (indicate specific item and break down) ⁽³⁾	Tenure incentives income ⁽⁴⁾		
SUN Liguo	secretary of the Party Committee, Chairman	2021.01-2021.12	75.70	21.02	-	-	No	-
WU Hongtao	deputy secretary of the Party Committee, President	2021.01-2021.12	161.33	21.02	-	-	No	-
FENG Xia	deputy secretary of the Party Committee, Chairwoman of Board of Supervisors, Trade Union President	2021.01-2021.12	67.60	21.02	-	-	No	-
HE Lin	member of the Party Committee, Team Leader of the Discipline Inspection and Supervision Team stationed in the Bank	2021.01-2021.12	67.60	21.02	-	-	No	-
JIANG Hua	Vice President	2021.01-2021.12	129.18	21.02	-	-	No	-
LIU Gangling	Vice President	2021.01-2021.12	129.26	23.75	-	-	No	-
ZHENG Ke	Proposed Vice President	2021.11-2021.12	32.88	4.15	-	-	No	-
TANG Yiping	Former executive vice president	2021.01-2021.08	86.40	13.92	-	-	No	-

Notes:

1. The remuneration disclosed in the above table was the total remuneration payable before tax to person in charge of the enterprises of the Bank in 2021 and social insurances deposited by the Company according to the state regulations.
2. The qualification of Mr. ZHENG Ke to serve as vice president was approved in January 2022, and he is therefore the proposed vice president in 2021.
3. The start and the end of the respective terms of office in the above table is the tenure time in 2021.

Directors, Supervisors, Senior Management Officers and Employees

XII. EMPLOYEES' REMUNERATION POLICIES AND TRAINING PLANS FOR EMPLOYEES

(I) Overview of the employees

As of the end of the Reporting Period, we had 6,708 regular employees in total, of which 1,244 employees at our head office and 5,352 employees at our branches and sub-branches, 70 employees at our consolidated county banks and 42 employees at Bank of Tianjin Financial Leasing Co., Ltd. As of the end of the Reporting Period, we had 6,005 or 89.5% employees who had bachelor's degrees or above, and our staff's average age was 39.

By adhering to the concept of diversity, the Bank do not set discriminative or restrictive requirements on nationality, gender, religion, ethnicity or native place during recruitment, treat people with disabilities fairly, treat employees with different background equally and is committed to creating a workplace atmosphere featuring diversity. As of the end of the Reporting Period, we have 2,726 or 40.6% male employees and 3,982 or 59.4% female employees. The Bank has realized diversity in gender of employees.

(II) Remuneration of the employees

We are gradually building a scientific incentive and restraint mechanism which implements segmental assessment to align our compensation payment with the overall performance of our Bank and individual performance. The Bank contributes to social insurance and other employee benefits for our employees, such as pension insurance, medical insurance, work injury insurance, unemployment insurance, maternity insurance and housing fund in accordance with the applicable PRC laws, regulations and regulatory rules.

Directors, Supervisors, Senior Management Officers and Employees

In accordance with Regulatory Guidelines for the Stability of Remuneration in Commercial Banks of CBIRC, our Bank has formulated Remuneration Management Policy of Bank of Tianjin Co., Ltd. and Remuneration Management Measures of Bank of Tianjin to regulate our management of remuneration. Our Bank has successfully established a broadband salary management system with diversified composition, standardized management and systematic implementation and adopted a market-oriented and diversified management by region in order to scientifically and effectively motivate our employees and ensure the smooth implementation of our developmental strategies. During the Reporting Period, after using the balance of staff costs in previous years, the Bank recorded total staff costs of RMB2,278.5 million, and the actual expenditure was basically the same as that of the previous year.

(III) Balance of employees' remuneration and results, standard of risk adjustment

Remuneration policies of our Bank are in line with our risk management system and our employee compensation level also match our Bank performance. Based on the principle of combining incentives and restraints, prudent and careful attitude, and being coordinated and sustainable, according to requirements for risk management, the Bank implements a deferred payment and recourse and deduction system for performance remuneration of personnel in positions that have a significant impact on risks. We have strengthened the orientation of performance appraisal to match remuneration with performance contribution, ensure that remuneration incentives match risk-adjusted performance, and prevent aggressive business practices and violations of laws and regulations.

(IV) Training plans of the employees

The Bank formulates key points and training plans for staff education and training on a yearly basis and conducts hierarchically key talents cultivation programs including new employees, youth backbones, business professionals and management echelon. The head office organises exemplary training to key business personnel from branches and sub-branches on front-line business operations, promotion of new products and services, customer marketing management, case prevention of internal control and compliance by professions and levels, guiding branches and sub-branches to carry out secondary training in accordance with the actual situation. The Bank has launched the system of job-related post certificates for the staff throughout the Bank. The Bank has also regularly organised various types of vocational qualifications and selection competitive examinations, promoted employee vocational qualification management and encouraged employees to attend external professional qualification courses. As of the date of this annual report, more than 14,832 people passed the tests and obtained various kinds of vocational qualification certificates.

Corporate Governance Report

CORPORATE GOVERNANCE OVERVIEW

During the Reporting Period, our Bank continued to improve the transparency of its corporate governance to protect the interests of shareholders and enhance the corporate value.

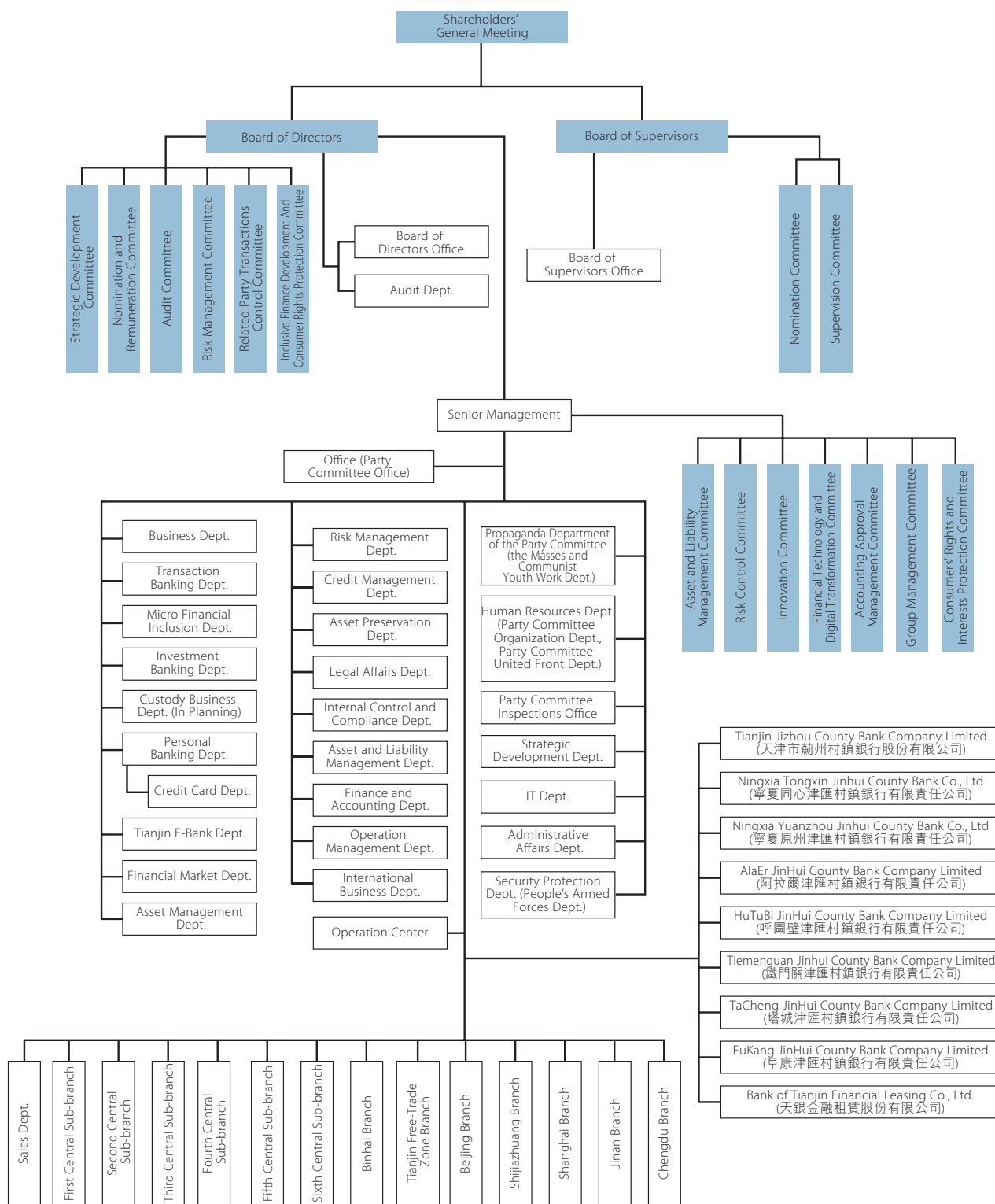
Our Bank has established a relatively comprehensive corporate governance structure in accordance with the requirements of the Hong Kong Listing Rules. The composition of the Board and the special committees of the Board is in compliance with the requirements of the Hong Kong Listing Rules. Our Bank clearly defines the responsibilities of the Shareholders' general meeting, the Board of Directors, the Board of Supervisors and senior management. The Shareholders' general meeting is the supreme authority of the Bank. The Board of Directors is accountable to the Shareholders' general meeting. The Board of Directors has established six special committees which operate under the leadership of the Board and provide opinions for the Board's decisions. The Board of Supervisors supervises the stable and sound operations of the Bank and the performance of duties of the Board and senior management. Senior management under the leadership of the Board is responsible for implementing resolutions of the Board and taking charge of the daily business and management of the Bank and reporting regularly to the Board of Directors and the Board of Supervisors. The President of the Bank is appointed by the Board and is responsible for the overall business and management of the Bank.

Our Bank has adopted the Corporate Governance Code (the "Code") in Appendix 14 to the Hong Kong Listing Rules, and has met the requirements of the PRC commercial bank administrative measures and corporate governance and has established a sound corporate governance system. The Board believes that our Bank has always complied with the requirements of the code provisions set out in the Code in Part II of Appendix 14 to the Hong Kong Listing Rules during the Reporting Period.

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

Corporate Governance Report

ORGANISATION CHART



Corporate Governance Report

SHAREHOLDERS' GENERAL MEETINGS

Information of Shareholders' General Meetings

In 2022, the Bank held two Shareholders' general meetings, details of which are set out below:

At the 2022 first extraordinary general meeting, the 2022 First Domestic Share Class Meeting and the 2022 First H Share Class Meeting of the Bank held at the Astor Hotel Tianjin on 28 February 2022, Shareholders and proxies attending the 2022 First Extraordinary General Meeting represented an aggregate of 3,636,723,342 Shares of the Bank carrying voting rights on the resolutions proposed, being approximately 66.79% of the total number of Shares carrying voting rights on the resolution proposed of the Bank as at the date of the 2022 first extraordinary general meeting, and several proposals were considered and approved, including the Articles of Association of Bank of Tianjin Co., Ltd., the Administrative Measures on the Authorization, the Rules of Procedure of the Shareholders' general meeting, the Rules of Procedures of the Board of Directors, the Rules of Procedures of the Board of Supervisors and the appointment of Directors and Supervisors. Shareholders and proxies attending the 2022 First Domestic Share Class Meeting represented an aggregate of 2,558,686,279 Shares of the Bank carrying voting rights on the resolutions proposed, being approximately 67.56% of the total number of Domestic Shares carrying voting rights on the resolution proposed of the Bank as at the date of the 2022 First Domestic Share Class Meeting, and the Articles of Association of Bank of Tianjin Co., Ltd. and the Rules of Procedure of the Shareholders' general meeting were considered and approved. Shareholders and proxies attending the 2022 First H Share Class Meeting represented an aggregate of 1,078,037,063 Shares of the Bank carrying voting rights on the resolutions proposed, being approximately 65.04% of the total number of H Shares carrying voting rights on the resolution proposed of the Bank as at the date of the 2022 First H Share Class Meeting, and the Articles of Association of Bank of Tianjin Co., Ltd. and the Rules of Procedure of the Shareholders' general meeting were considered and approved.

At the 2021 annual general meeting of the Bank held at Astor Hotel Tianjin on 18 May 2022, Shareholders and proxies attending the 2021 annual general meeting represented an aggregate of 3,727,098,199 Shares of the Bank carrying voting rights, being approximately 67.84% of the total number of Shares carrying voting rights of the Bank as at the date of the 2021 annual general meeting. Eight proposals were considered and approved, including the Work Report of the Board of Directors for 2021, Work Report of the Board of Supervisors for 2021, the Report for Final Financial Accounts for 2021, the Profit Distribution Plan for 2021, the Report for Financial Budget for 2022, the engagement of external auditors to review and audit the financial statements for 2022, the Report of the Investment Plan for 2022 and the Issuance Plan of Financial Bonds. The Shareholders also listened to the Appraisal Report on the Performance of Duties by the Board, the Directors, Board of Supervisors, Supervisors, senior management and its members for 2021, the Work Report of Independent Non-executive Directors for 2021 and the Report of Related Party Transactions and Management of Related Party Transactions of the Bank for 2021.

The notices and convening and voting procedures of the 2022 first extraordinary general meeting, the 2022 First Domestic Share Class Meeting, the 2022 First H Share Class Meeting and the 2021 annual general meeting were all in compliance with the relevant requirements of the Company Law of the People's Republic of China, the Articles of Association and the Hong Kong Listing Rules. Please refer to the poll results announcements published on the websites of the Bank and the Hong Kong Stock Exchange on the date of convening the meetings for details.

Corporate Governance Report

BOARD

The Operation of the Board of Directors

The Board of Directors shall hold at least 4 regular meetings each year and convene other meetings when necessary. The meetings of the Board of Directors may be convened by on-site meetings or by way of resolution in writing. The Board shall inform all Directors in advance of the meetings and provide sufficient information to all Directors in a timely manner prior to the meetings, including relevant background information on meeting issues, and information and data that help Directors to make decisions. For a regular Board meeting, a notice of at least 14 days shall be given to all Directors before the meetings and for provisional Board meetings, a notice of 5 days shall be given to all Directors before the meetings. A good communication and report mechanism has been established among the Directors, the Board of Directors and senior management. All Directors can seek independent professional advice at the Bank's expense. The President reports regularly to the Board and is supervised by the Board. At the Board meetings, all Directors express their opinions freely, and detailed discussion is required before decisions on important matters are made.

As the daily administrative body of the Board of Directors, the Board of Directors Office assists the Secretary of the Board in charge of theoretical research on corporate governance policies and related affairs of the Bank, meeting organization, meeting arrangements, meeting notices, collating of meeting resolutions, meeting minutes and meeting records, storage and reporting of meeting materials for general meetings, Board of Directors and its special committees' meetings, daily affairs of the Board of Directors and its special committees, the Bank's information disclosure, keeping the register of shareholders, the seal of the Board of Directors and related materials, as well as the collecting, collating and reporting of the Bank's equity pledge information. The Board of Directors and the senior management exercise their respective powers in accordance with their responsibilities as set out in the Articles of Association. A Director who has material interest in the proposal must abstain from discussion and voting on such proposal and must not be counted as the quorum for such proposal. The Board of Directors has conducted review of the effectiveness of the risk management and internal control system of the Bank, covering financial, operational and compliance controls. The risk management and internal control systems are reviewed four times per year. The Bank considers such review effective and adequate. The Board of Directors is of the view that, the risk management and internal control system established and implemented by the Bank are sufficient and effective.

For more details on our internal audit, please refer to the section "Risk Management and Internal Control – Internal Audit".

Composition of the Board of Directors

As of the date of this annual report, the Board of the Bank comprised a total of fifteen Directors, including four executive Directors, namely Mr. SUN Liguu, Mr. WU Hongtao, Mr. ZHENG Ke and Ms. DONG Xiaodong; six non-executive Directors, namely Ms. SUN Jingyu, Ms. DONG Guangpei, Mr. Alistair Marshall BULLOCH, Mr. ZHAO Wei, Mr. WANG Shunlong and Ms. LI Jun; and five independent non-executive Directors, namely Mr. JIN Qingjun, Mr. HUA Yaogang, Mr. HE Jia, Mr. ZENG Jianhua and Mr. LU Jianzhong. Mr. SUN Liguu is the Chairman of the Board of Directors. The number and composition of the Board of Directors of the Bank conform to applicable laws and regulations.

For biographical information and the term of office of the Directors, please refer to the section under "Directors, Supervisors, Senior Management Officers and Employees" of this annual report. None of the members of the Board is related to one another.

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Change of Directors during the Reporting Period

Please refer to “Directors, Supervisors, Senior Management Officers and Employees—Changes of Directors, Supervisors and Senior Management Officers During the Reporting Period” for details of changes in Directors of the Bank.

Duties of the Board of Directors

The Board is accountable to the Shareholders’ general meeting and shall perform the following duties and powers:

- (a) to convene Shareholders’ general meetings and to report to Shareholders at such Shareholders’ general meetings;
- (b) to implement the resolutions of the Shareholders’ general meeting;
- (c) to decide on our operational plans and investment plans;
- (d) to formulate our annual financial budgets and accounts, venture capital distribution plans;
- (e) to formulate our profit distribution plans and plans for recovery of losses;
- (f) to formulate proposals on increases in or reductions of our registered share capital, issuance of bonds or other securities and other capital replenishment plan and listing plans as well as investment plan for funds raised, to supervise the implementation thereof, and to ensure that our Bank meets capital adequacy ratio requirements;
- (g) to formulate proposals for material acquisitions, the repurchase of our shares, merger, separation, dissolution of our Bank or change of the form of our Bank;
- (h) to consider and approve matters including external investments, assets acquisition, assets disposal and write-off, pledge of assets, related party transactions and data governance in accordance with laws, regulations, regulatory provisions, the Articles of Association of the Bank and the relevant authorization systems of the Bank;
- (i) to decide on the establishment of our internal management departments;
- (j) to appoint or remove our president and secretary to our Board based on the nominations by the chairman; to appoint or remove senior management officers, such as our vice presidents and assistants to the president, based on the nominations by the president and to decide on their emoluments and matters relating to the imposition of disciplinary measures;
- (k) to formulate the policies on the remuneration and allowance standard of our Directors;
- (l) to establish our basic management system;

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- (m) to review and approve the strategy of green credit, to monitor and evaluate the Bank's fulfillment of social responsibility and promote sustainable financial development;
- (n) to formulate the Bank's risk tolerance, risk management and internal control policies and assume ultimate responsibility for overall risk management;
- (o) to formulate proposals for any amendment to the Articles of Association of the Bank, to formulate rules of procedure of the shareholders' general meetings and rules of procedure of the Board of Directors, to consider and approve the terms of reference of special committees of the Board of Directors;
- (p) to approve our Bank's internal audit charter and audit planning and work plan;
- (q) to manage or authorise the related transaction management by Related Party Transactions Control Committee;
- (r) to determine mid-and long-term operation development strategies and major business development plans of the Bank, and to monitor the effective implementation of relevant plans;
- (s) to formulate the capital planning of the Bank, to assume ultimate responsibility for capital or solvency management;
- (t) to formulate our information disclosure system, to manage information disclosure matters, and take ultimate responsibility for the authenticity, completeness, accuracy and timeliness of the accounting and financial reporting system of our Bank;
- (u) to propose to the Shareholders' general meeting the engagement or dismissal of the accounting firm that conducts regular and statutory audit of the financial reports of the Bank;
- (v) to supervise and evaluate the performance of duties by Directors and senior management officers of our Bank, to review working reports of the president and to examine the president's performance;
- (w) to review any material capital expenses, contracts and commitments which beyond the expense limits set by the Board for the senior management;
- (x) to develop the shareholding incentive or repurchase scheme of the Bank;
- (y) to regularly evaluate and improve our Bank's corporate governance, and to make necessary adjustments for the existing problems;
- (z) to safeguard the legitimate rights and interests of financial consumers and other stakeholders;

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- (aa) to establish mechanisms to identify, review and manage conflicts of interests between the Bank and its shareholders, especially the substantial Shareholders;
- (ab) to assume management responsibility for the Shareholders' affairs; and
- (ac) other rights conferred by the laws, regulations, regulatory provisions or our Articles of Association and Shareholders' general meeting.

Director's Responsibility for the Preparation of the Financial Statements

The Directors acknowledge that they are responsible for the preparation of the financial statements of our Bank for the year of 2022, which give a true and fair view of the state of affairs and results of the Bank. In doing so, the Directors opted for suitable accounting policies and applied them consistently and used accounting estimates as appropriate in the circumstances. With the assistance of the accounting and finance staffs, the Directors ensured that the financial statements of the Bank are prepared in accordance with statutory requirements and applicable financial reporting standards. The statement of the external auditors in relation to their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 170 to 179.

Meetings of the Board of Directors and the Directors' Attendance

During the Reporting Period, our Bank held 8 meetings of the Board of Directors, considering and approving 69 proposals on matters mainly including adoption and/or amendments to various corporate governance measures, profit distribution plans and business operations. The details of the Board meetings held during the Reporting Period are set out below:

Meeting	Meeting Date	Meeting Form
The 30th meeting of the 6th Board of Directors	6 January 2022	On-site
The 1st meeting of the 7th Board of Directors	28 February 2022	On-site
The 2nd meeting of the 7th Board of Directors	30 March 2022	On-site
The 3rd meeting of the 7th Board of Directors	25 April 2022	On-site
The 4th meeting of the 7th Board of Directors	6 June 2022	On-site
The 5th meeting of the 7th Board of Directors	31 August 2022	On-site
The 6th meeting of the 7th Board of Directors	31 October 2022	On-site
The 7th meeting of the 7th Board of Directors	13 December 2022	On-site

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The attendance of each Director in the meetings of the Board of Directors and general meetings during the Reporting Period is set out below:

Members of the Board	Number of meetings of the Board of Directors requiring attendance	Number of meetings of the Board of Directors attended in person	Number of meetings of the Board of Directors attended by proxy	Number of Shareholders' general meeting attended/Number of Shareholders' general meetings requiring attendance⁽⁷⁾
Mr. SUN Liguo	8	8	0	4/4
Mr. WU Hongtao	8	8	0	1/4
Mr. ZHENG Ke ⁽¹⁾	3	3	0	0/0
Ms. DONG Xiaodong ⁽²⁾	3	3	0	0/0
Ms. SUN Jingyu	8	7	1	0/4
Ms. DONG Guangpei	8	8	0	0/4
Mr. Alistair Marshall BULLOCH	8	8	0	0/4
Mr. ZHAO Wei	8	6	2	0/4
Mr. WANG Shunlong	8	7	1	4/4
Ms. LI Jun	8	8	0	0/4
Mr. JIN Qingjun	8	6	2	0/4
Mr. HUA Yaogang	8	8	0	4/4
Mr. HE Jia	8	8	0	1/4
Mr. ZENG Jianhua ⁽³⁾	3	3	0	0/0
Mr. LU Jianzhong ⁽⁴⁾	3	2	1	0/0
Mr. FENG Heping ⁽⁵⁾	5	2	3	0/4
Mr. LAW Yee Kwan, Quinn ⁽⁶⁾	5	5	0	0/4

Notes: (1) Appointed as member of the Board on 18 August 2022.

(2) Appointed as member of the Board on 18 August 2022.

(3) Appointed as member of the Board on 18 August 2022.

(4) Appointed as member of the Board on 18 August 2022.

(5) Resigned as member of the Board on 18 August 2022.

(6) Resigned as member of the Board on 18 August 2022.

(7) The number of such shareholders' meetings and class meetings are counted separately.

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Independent Non-executive Directors

The Board of our Bank currently has five independent non-executive Directors, which is in compliance with the requirements of the Hong Kong Listing Rules regarding the appointment of at least three independent non-executive Directors representing at least one-third of the Board, with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Articles of Association of the Bank stipulated the qualifications, engagement procedures, rights and obligations of the independent non-executive directors to ensure that the independent non-executive directors maintain independence to a certain extent, and stipulated the conditions that the Bank shall guarantee for the independent directors to perform their duties and responsibilities effectively. During the Reporting Period, independent non-executive Directors fulfilled their fiduciary duties and duty of diligence as well as the responsibilities as provided by the Articles of Association and protected the interests of our Bank and its Shareholders as a whole. Our Bank's independent non-executive Directors duly attended the meetings of the Board of Directors and the special committees thereof, provided objective and independent advice on various matters discussed by the Board and the special committees and played an active role in the decision-making of the Board.

The Bank has received the annual confirmation letters from each independent non-executive Directors confirming in writing his independence as required by the Hong Kong Listing Rules. Therefore, we confirm that all independent non-executive Directors complied with the requirements of the Hong Kong Listing Rules in respect of their independence. The implementation of the Bank's independent opinion mechanism is fully effective.

Special Committees of the Board

As of the date of this annual report, the Board has six special committees, including the Strategic Development Committee, Audit Committee, Related Party Transactions Control Committee, Risk Management Committee, Nomination and Remuneration Committee and Inclusive Finance Development and Consumer Rights Protection Committee.

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Strategic Development Committee

As of the date of this annual report, the Strategic Development Committee consists of five Directors, being Mr. SUN Liguu, Mr. WU Hongtao, Ms. SUN Jingyu, Mr. Alistair Marshall BULLOCH and Mr. HE Jia. The chairman of the Strategic Development Committee is Mr. SUN Liguu. Mr. SUN Liguu and Mr. WU Hongtao are executive Directors. Ms. SUN Jingyu and Mr. Alistair Marshall BULLOCH are non-executive Directors, whereas Mr. HE Jia is an independent non-executive Director. The primary duties of the Strategic Development Committee include:

- studying and providing advice on our mid-and long-term development strategies;
- supervising and inspecting the implementation of annual operation plans and investment plans;
- studying and formulating our capital supplement plans and channels;
- studying and providing advice on our material investment plans and other material matters which have effect on our development;
- reviewing modification proposals of articles of association;
- reviewing the ESG strategies and hearing ESG reports; and
- inspecting the implementation of the above items.

Corporate Governance Report

During the Reporting Period, the Strategic Development Committee held 7 meetings, considering and approving 21 proposals on matters mainly including Final Financial Accounts for 2021, 2021 Social Responsibility Report, Annual Operation Plan for 2022, Financial Budget for 2022, Investment Plan for 2022 and Strategy for Financial Technology and Digital Transformation. The attendance of each member in the meetings of the Strategic Development Committee in 2022 is set out below:

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
Mr. SUN Liguó	7	7	0
Mr. WU Hongtao	7	7	0
Ms. SUN Jingyu	7	7	0
Mr. Alistair Marshall BULLOCH	7	7	0
Mr. HE Jia	7	7	0

Audit Committee

Our Bank has established the Audit Committee with written terms of reference in compliance with the requirements under the Hong Kong Listing Rules. The terms of reference of the Audit Committee can be found on the website of the Hong Kong Stock Exchange and website of our Bank. As of the date of this annual report, the Audit Committee consists of five Directors, being Mr. LU Jianzhong, Mr. WANG Shunlong, Ms. LI Jun, Mr. ZENG Jianhua and Mr. HUA Yaogang. The chairman of the Audit Committee is Mr. LU Jianzhong. Mr. WANG Shunlong and Ms. LI Jun are non-executive Directors, whereas Mr. LU Jianzhong, Mr. ZENG Jianhua and Mr. HUA Yaogang are independent non-executive Directors. Independent non-executive Directors represent the majority of the Bank's Audit Committee. An independent non-executive Director serves as chairman of the Audit Committee. The primary duties of the Audit Committee include the following:

- reviewing our accounting policies, financial position and financial reporting procedures, and inspecting our risk and compliance;
- considering our financial statements, annual report, half-year report and (if prepared for publication) quarterly reports as issued by the external auditor on our operating results in the previous year, and to review significant financial information views contained in such statements and reports; to make judgements on the truthfulness, accuracy, completeness and timeliness of the information of the audited financial reports, and to submit the deliberations to the Board of Directors;

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- engaging, re-engaging and dismissing accounting firms that perform audit work for the Bank, approving their remuneration and terms of employment, and dealing with issues related to the aforementioned matters;
- monitoring and evaluating the external auditor's independence and objectivity and the effectiveness of the audit process;
- being responsible for the communication between internal auditors and external auditors, and ensuring coordination between the internal auditors and external auditors;
- organising and leading our internal audit work pursuant to the authority of the Board, to approve our audit policies and procedures and our annual audit work plan, and to supervise the implementation;
- considering the internal control reports, supervising and inspecting the effectiveness of the implementation, and submitting comments and suggestions to the Board of Directors; and
- listening to the audit report of the internal audit department regularly, and submitting it to the Board of Directors.

During the Reporting Period, the Audit Committee held 5 meetings, considering and approving 22 proposals on matters mainly including 2021 Annual Report of Bank of Tianjin Co., Ltd., 2022 Interim Report of Bank of Tianjin Co., Ltd., Evaluation Report on 2021 Internal Control of Bank of Tianjin Co., Ltd., The Report on 2021 Internal Audit Work of Bank of Tianjin Co., Ltd. and 2022 Internal Audit Work Plan of Bank of Tianjin Co., Ltd.

The Audit Committee also organised the preparation and review of the 2021 Annual Report and 2022 Interim Report according to relevant disclosure requirements on the annual financial report. During the Reporting Period, the Audit Committee had several meetings and communications with the external auditors in the absence of executive Directors and senior management. On 30 March 2023, the Audit Committee reviewed the audited consolidated financial statements for the year of 2022 prepared in accordance with the accounting principles and policies of the Bank. It also reviewed the internal control system and the effectiveness of the Bank's internal audit function by periodically listening to the internal audit work report of our internal audit department.

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The attendance of each member in the meetings of the Audit Committee during the Reporting Period is set out below:

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
Mr. LU Jianzhong ⁽¹⁾	2	2	0
Mr. WANG Shunlong	5	4	1
Ms. LI Jun	5	5	0
Mr. HUA Yaogang	5	5	0
Mr. ZENG Jianhua ⁽²⁾	2	2	0
Mr. FENG Heping ⁽³⁾	3	0	3
Mr. LAW Yee Kwan, Quinn ⁽⁴⁾	3	3	0

Notes: (1) Appointed as chairman of the Audit Committee on 18 August 2022.

(2) Appointed as member of the Audit Committee on 18 August 2022.

(3) Resigned as member of the Audit Committee on 18 August 2022.

(4) Resigned as member of the Audit Committee on 18 August 2022.

Related Party Transactions Control Committee

Our Bank has established a Related Party Transactions Control Committee with written terms of reference. As of the date of this annual report, the Related Party Transactions Control Committee consists of five Directors, being Mr. JIN Qingjun, Mr. LU Jianzhong, Mr. HUA Yaogang, Mr. ZHENG Ke and Ms. DONG Xiaodong. The chairman of the Related Party Transactions Control Committee is Mr. JIN Qingjun. Mr. ZHENG Ke and Ms. DONG Xiaodong are executive Directors, Mr. JIN Qingjun, Mr. LU Jianzhong and Mr. HUA Yaogang are independent non-executive Directors. The primary duties of the Related Party Transactions Control Committee include the following:

- assisting the Board of Directors in performing the duties in the management of related party transactions of the Bank;
- being responsible for researching, formulating and revising the policies, rules and regulations of the Bank's related party transactions;
- being responsible for supervising the senior management's implementation of relevant regulations, systems and policies on related party transaction management;
- reviewing the related party transactions of the Bank in accordance with the provisions of Chinese laws and the business principles of fair and equitable;

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- being responsible for putting forward review opinions on major related party transactions of the Bank and reporting to the Board of Directors for approval, and accepting the filing of general related party transactions of the Bank;
- formulating the working rules of the Related Party Transactions Control Committee.

During the Reporting Period, the Related Party Transactions Control Committee held 6 meetings, considering and approving 7 proposals on matters mainly including the Report on Related Party Transactions and the Management of Related Party Transactions of Bank of Tianjin Co., Ltd. for 2021 and the Measures for the Management of Related Party Transactions of Bank of Tianjin Co. Ltd..

The attendance of each member in the meeting of the Related Party Transactions Control Committee during the Reporting Period is set out below:

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
Mr. JIN Qingjun	6	4	2
Mr. ZHENG Ke ⁽¹⁾	3	3	0
Ms. DONG Xiaodong ⁽²⁾	3	3	0
Mr. HUA Yaogang	6	6	0
Mr. LU Jianzhong ⁽³⁾	3	2	1
Mr. FENG Heping ⁽⁴⁾	3	0	3

Notes: (1) Appointed as member of the Related Party Transactions Control Committee on 18 August 2022.

(2) Appointed as member of the Related Party Transactions Control Committee on 18 August 2022.

(3) Appointed as member of the Related Party Transactions Control Committee on 18 August 2022.

(4) Resigned as member of the Related Party Transactions Control Committee on 18 August 2022.

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Risk Management Committee

Our Bank has established a Risk Management Committee with written terms of reference. As of the date of this annual report, the Risk Management Committee consists of five Directors, being Mr. WU Hongtao, Ms. DONG Guangpei, Mr. ZHAO Wei, Mr. JIN Qingjun and Mr. ZENG Jianhua. The chairman of the Risk Management Committee is Mr. WU Hongtao. Mr. WU Hongtao is an executive Director of our Bank. Ms. DONG Guangpei and Mr. ZHAO Wei are non-executive Directors of our Bank. Mr. JIN Qingjun and Mr. ZENG Jianhua are independent non-executive Directors of our Bank. The primary duties of the Risk Management Committee include the following:

- supervising the risk control condition conducted by the senior management in respect of credit risks, market risks, liquidity risks, operational risks, compliance risks, information technology risks and reputation risks, and conducting regular reviews of the risk reports;
- assessing our risk policies, management, tolerance and capacity;
- supervising our risk management and internal control systems, and making proposals on the improvement plans of our risk management and internal control systems;
- discussing our risk management and internal control system with senior management to ensure the effectiveness of our risk management systems; and
- conducting regular review of and supervising the effectiveness of our risk management systems.

During the Reporting Period, the Risk Management Committee held 7 meetings, considering and approving 16 proposals on matters mainly including the Working Rules of the Risk Management Committee of the Board of Directors, the Authorization Plan of the Board of Directors for Senior Management, the Implementation Management Policy of the Expected Credit Loss, the 2021 Risk and Risk Management Status Report and the 2022 Risk Appetite Statement. The Risk Management Committee regularly reviewed the risk management systems of our Bank by hearing on a quarterly basis, the report by our senior management on the risk management of our Bank, including credit risk, market risk, operational risk, compliance risk, liquidity risk and information technology risk, reputation risk, etc. Based on the economic development trends, the changes in macro-economic regulation and control and our Bank's actual operational development, the Risk Management Committee will put forward opinions and suggestions to improve our Bank's risk management and urge the senior management to improve the workflow of risk management.

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The attendance of each member in the meetings of the Risk Management Committee during the Reporting Period is set out below:

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
Mr. WU Hongtao	7	7	0
Ms. DONG Guangpei	7	7	0
Mr. ZHAO Wei	7	5	2
Mr. JIN Qingjun	7	5	2
Mr. ZENG Jianhua ⁽¹⁾	3	3	0

Note: (1) Appointed as member of the Risk Management Committee on 18 August 2022.

Nomination and Remuneration Committee

Our Bank has established the Nomination and Remuneration Committee with written terms of reference in compliance with the requirements under the Hong Kong Listing Rules. The terms of reference of the Nomination and Remuneration Committee can be found on the website of the Hong Kong Stock Exchange and the website of our Bank. As of the date of this annual report, the Nomination and Remuneration Committee consists of five Directors, being Mr. HE Jia, Mr. SUN Ligu, Ms. DONG Xiaodong, Mr. ZENG Jianhua and Mr. LU Jianzhong. The chairman of the Nomination and Remuneration Committee is Mr. HE Jia. Mr. SUN Ligu and Ms. DONG Xiaodong are executive Directors of our Bank. Mr. HE Jia, Mr. ZENG Jianhua and Mr. LU Jianzhong are independent non-executive Directors of our Bank. Independent non-executive Directors represent the majority of the Bank's Nomination and Remuneration Committee. An independent non-executive Director serves as the chairman of the Nomination and Remuneration Committee. The primary duties of the Nomination and Remuneration Committee include the following:

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Nomination duties

- reviewing the structure, size and composition of the Board, and making recommendations on any proposed changes to the Board to complement our strategy;
- formulating the criteria and procedures for selecting directors and senior management members and succession planning for directors, and making recommendations to the Board;
- extensively identifying qualified candidates for directors and senior management members, and making recommendations to the Board;
- conducting the preliminary examination of qualifications of candidates for directorships and senior managements, and making recommendations to the Board on the selection; and assessing the independence of independent non-executive directors.

Remuneration and appraisal duties

- studying the criteria for appraising Directors and senior management members, conducting the appraisal, and submitting the appraisal reports to the Board;
- reviewing our policy and structure of remuneration management, formulating the policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, and making recommendations to the Board and overseeing the execution of the proposal;
- reviewing and approving compensations payable to directors and senior management members for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- reviewing compensation arrangements relating to dismissal or removal of any director for his misconduct to ensure that such arrangements are consistent with contractual terms and are otherwise reasonable and appropriate; and
- reviewing and approving the long-term employee incentive plans and retirement benefit plans, and making comments or suggestions to the Board of Directors.

During the Reporting Period, the Nomination and Remuneration Committee held 6 meetings, considering and approving 13 proposals on matters mainly including the method for the evaluation of the performance of the Board of Directors and the performance of Directors, the senior management and its member, candidates for the seventh session of the Board of Directors, opinions for the evaluation of the performance of the Directors and the members of senior management in 2021 and performance indicators for the Company in 2022.

Corporate Governance Report

The attendance of each member in the meetings of the Nomination and Remuneration Committee during the Reporting Period is set out below:

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
Mr. HE Jia	6	6	0
Mr. SUN Liguo	6	6	0
Ms. DONG Xiaodong ⁽¹⁾	3	3	0
Mr. ZENG Jianhua ⁽²⁾	3	3	0
Mr. LU Jianzhong ⁽³⁾	3	2	1
Mr. FENG Heping ⁽⁴⁾	3	0	3
Mr. LAW Yee Kwan, Quinn ⁽⁵⁾	3	3	0

Note: (1) Appointed as member of the Nomination and Remuneration Committee on 18 August 2022.

(2) Appointed as member of the Nomination and Remuneration Committee on 18 August 2022.

(3) Appointed as member of the Nomination and Remuneration Committee on 18 August 2022.

(4) Resigned as member of the Nomination and Remuneration Committee on 18 August 2022.

(5) Resigned as member of the Nomination and Remuneration Committee on 18 August 2022.

The Board believes that a Board of Directors with a diverse composition will enable the Bank to improve its performance. It is of significant importance for the Bank to have a diversified Board of Directors so as to achieve sustainable development, implement its strategies and maintain good corporate governance.

In selecting the Board members, the Board and the Nomination and Remuneration Committee consider various factors, including but not limited to skills, gender, age, cultural and educational background, professional experience and years of service, in order to achieve the Board diversity. Our Nomination and Remuneration Committee is responsible for reviewing the structure, size and composition of the Board annually, determining the policy for the remuneration of Directors, assessing performance of executive Directors and approving the terms of executive Directors' service contracts and making recommendations on the remuneration packages of individual executive Directors and senior management to the Board.

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In 2022, the Bank conducted re-election of the members of the Board of Directors. In accordance with the Articles of Association of the Bank, the decision-making processes such as the approvals from the Nomination and Remuneration Committee, the Board and the general meeting had been made in order to ensure the smooth re-election of the Board of Directors. In the process of the re-election, the Board of Directors and the Nomination and Remuneration Committee always insisted on the concept of diversified board composition. In the selection and appointment of the candidates for the Board, the career experience, professional expertise and gender of the directors were fully considered to ensure the diversity of the Board. As at the end of the Reporting Period, the Board is comprised of 15 Directors, among which 4 are female, 4 are within the age group of 40 to 49, 5 are within the age group of 50 to 59, 6 are aged 60 and above; 7 with professional financial background, 4 with professional accounting and audit background, 2 with professional economic and management background, 1 with professional legal background and 1 with educational background. Accordingly, the Board of Directors considers the Bank's diversity policy to be feasible and effective.

Inclusive Finance Development and Consumer Rights Protection Committee

Our Bank has established an Inclusive Finance Development and Consumer Rights Protection Committee with written terms of reference. As of the date of this annual report, the Inclusive Finance Development and Consumer Rights Protection Committee consists of five Directors, being Mr. HUA Yaogang, Mr. SUN Liguu, Mr. WU Hongtao, Mr. ZHENG Ke and Ms. DONG Xiaodong. The chairman of the Inclusive Finance Development and Consumer Rights Protection Committee is Mr. HUA Yaogang. The primary duties of the Inclusive Finance Development and Consumer Rights Protection Committee include the following:

- studying material issues and important policies of consumer rights protection, guiding and supervising the establishment and improvement of the management system for consumer rights protection;
- receiving and reviewing special reports regularly submitted by the senior management regarding the implementation of consumer rights protection, and reporting to the Board in this regard;
- reviewing the implementation of the Company's consumer rights protection work, supervising and assessing the comprehensiveness, timeliness, and effectiveness of the Company's consumer rights protection work;
- reviewing the small and micro business/inclusive financial business development plan, basic management system and other material matters of the Company, listening and reviewing work reports regularly submitted by the senior management regarding SME/inclusive financial business development, and reporting to the Board in this regard;
- supervising the implementation of the Company's SME/inclusive financial business development plans, policies and basic management systems and making recommendations to the Board; and
- information disclosure work for SME/inclusive financial business and consumer rights protection.

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During the Reporting Period, the Inclusive Finance Development and Consumer Rights Protection Committee held 3 meetings, considering and approving 3 proposals on matters mainly including the Terms of Reference of Inclusive Finance Development and Consumer Rights Protection Committee of the Board, Report on the protection of the rights and interests of financial consumers in 2021, and work plan for the inclusive small and micro businesses in 2022, etc.

The attendance of each member in the meetings of the Inclusive Finance Development and Consumer Rights Protection Committee during the Reporting Period is set out below:

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
Mr. HUA Yaogang	3	3	0
Mr. SUN Liguo	3	3	0
Mr. WU Hongtao	3	3	0
Mr. ZHENG Ke ⁽¹⁾	0	0	0
Ms. DONG Xiaodong ⁽²⁾	0	0	0

Note: (1) Appointed as member of the Inclusive Finance Development and Consumer Rights Protection Committee on 18 August 2022.

(2) Appointed as member of the Inclusive Finance Development and Consumer Rights Protection Committee on 18 August 2022.

Corporate Governance Functions

No corporate governance committee has been established. The Board is responsible for performing the corporate governance functions such as developing and reviewing the Bank's policies, practices on corporate governance, reviewing and monitoring the training and continuous professional development of Directors, Supervisors and senior management, reviewing and monitoring the Bank's policies and practices on compliance with legal and regulatory requirements, reviewing the Bank's compliance with the Code and disclosure in the Corporate Governance Report.

BOARD OF SUPERVISORS

Composition of the Board of Supervisors

As of the date of this annual report, our Board of Supervisors consists of five Supervisors, including two Employee Representative Supervisors, namely Ms. FENG Xia and Mr. JIANG Zhengjun, one Shareholder Representative Supervisor, namely Mr. YU Yang, and two External Supervisors, namely Mr. LIU Baorui and Mr. LAW Yee Kwan, Quinn. The number and composition of our Board of Supervisors are in compliance with the applicable laws and regulations.

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Change of Supervisors during the Reporting Period

During the Reporting Period, other than disclosed in the section headed “Directors, Supervisors, Senior Management Officers and Employees – Changes of Directors, Supervisors and Senior Management Officers During the Reporting Period”, there was no change in the Supervisors.

Meetings of the Board of Supervisors and the Supervisor’ Attendance

During the Reporting Period, our Bank held 8 meetings of the Board of Supervisors, considering and approving 83 proposals on matters mainly including the Report of the Implementation of 2021 Strategic Planning of the Bank of Tianjin Co., Ltd., the Report of the Evaluation of the Board of Supervisors on the Performance of the Board of Directors and directors of the Bank of Tianjin Co., Ltd. for the Year of 2021, the Report of Performance Evaluation of the Board of Supervisors and Supervisors of the Bank of Tianjin Co., Ltd for the Year of 2021., and the Report of the Evaluation of the Board of Supervisors on the Performance of the Senior Management and Its Members of the Bank of Tianjin Co., Ltd. for the Year of 2021.

The attendance of each Supervisor in the meetings of the Board of Supervisors during the Reporting Period is set out below:

Members of the Board of Supervisors	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
Ms. FENG Xia	8	8	0
Mr. JIANG Zhengjun ⁽¹⁾	7	7	0
Mr. YU Yang	8	6	2
Mr. LIU Baorui	8	8	0
Mr. LAW Yee Kwan, Quinn ⁽²⁾	3	2	1
Mr. YAO Tao ⁽³⁾	1	1	0
Mr. ZHANG Lianming ⁽⁴⁾	5	5	0

Note: (1) Appointed as member of the Board of Supervisors on 28 February 2022.

(2) Appointed as member of the Board of Supervisors on 18 August 2022.

(3) Retired as member of the Board of Supervisors on 28 February 2022.

(4) Retired as member of the Board of Supervisors on 18 August 2022.

Corporate Governance Report

Committees under the Board of Supervisors

Our Bank has established two committees under the Board of Supervisors: A Supervision Committee and a Nomination Committee. The committees operate in accordance with the terms of reference established by our Board of Supervisors.

Supervision Committee

As of the date of this annual report, the Supervision Committee consists of three Supervisors, being Mr. LIU Baorui, Ms. FENG Xia and Mr. YU Yang. The chairman of the Supervision Committee is Mr. LIU Baorui. The primary duties of the Supervision Committee include the following:

- drafting the plans on supervising our Bank's financial activities, and implementing such supervisions;
- supervising the Board for the establishment of stable operation principle, value criterion, and formulating the development strategy appropriate for our current situation; and
- supervising and examining our Bank's operation decisions, risk management and internal control.

During the Reporting Period, the Supervision Committee held 8 meetings, considering and approving 81 proposals on matters mainly including Proposal on Economic Responsibility Audit of Proposed Directors of the Bank of Tianjin Co., Ltd., 2021 Annual Report of the Bank of Tianjin Co., Ltd., 2021 Annual Corporate Governance Evaluation Report of the Bank of Tianjin Co., Ltd. The attendance of each member in the meetings of the Supervision Committee during the Reporting Period is set out below:

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
Mr. LIU Baorui	8	8	0
Ms. FENG Xia	8	8	0
Mr. YU Yang	8	6	2

Corporate Governance Report

Nomination Committee

As of the date of this annual report, the Nomination Committee consists of three Supervisors, being Mr. LAW Yee Kwan, Quinn, Ms. FENG Xia and Mr. JIANG Zhengjun. The chairman of the Nomination Committee is Mr. LAW Yee Kwan, Quinn. The primary duties of the Nomination Committee include the following:

- formulating the criteria and procedures for the selection of supervisors;
- conducting preliminary review on the qualifications of supervisor candidates, and providing advice to the Board of Supervisors;
- supervising the procedures for the selection and appointment of Directors; and
- conducting comprehensive evaluation on the performance of duty of Directors, Supervisors and members of senior management and reporting to the Board of Supervisors.

During the Reporting Period, the Nomination Committee held 6 meetings, considering and approving 21 proposals on matters mainly including 2021 Salary Distribution Plan for Professional Managers of the Bank of Tianjin Co., Ltd. and 2022 Performance Appraisal Indicators System for Professional Managers of the Bank of Tianjin Co., Ltd.. The attendance of each member in the meetings of the Nomination Committee during the Reporting Period is set out below:

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
Mr. LAW Yee Kwan, Quinn ⁽¹⁾	1	1	0
Ms. FENG Xia	6	6	0
Mr. Jiang Zhengjun ⁽²⁾	5	5	0
Mr. ZHANG Lianming ⁽³⁾	5	5	0
Mr. YAO Tao ⁽⁴⁾	1	1	0

Note: (1) Appointed as member of the Nomination Committee on 18 August 2022.

(2) Appointed as chairman of the Nomination Committee on 28 February 2022.

(3) Resigned as member of the Nomination Committee on 18 August 2022.

(4) Resigned as member of the Nomination Committee 28 February 2022.

Corporate Governance Report

Attendance at Shareholders' general meetings during the Reporting Period

During the Reporting Period, the Bank held two Shareholders' general meetings. The Board of Supervisors has designated representatives to attend such meetings to carry out on-site supervision over the legal compliance of the matters transacted at the meetings, procedures of the meetings and the voting process.

Attendance at Board meetings during the Reporting Period

During the Reporting Period, to strengthen the fundamental work of duty performance evaluation, our Supervisors attended Board meetings throughout the year as daily monitoring methods, which effectively enhanced the objectivity of the evaluation.

Trainings to the Directors and Supervisors during the Reporting Period

During the Reporting Period, all the Directors and Supervisors of the Bank accepted or participated in relevant trainings. The main contents of the trainings included the 2022 External Director Special Training conducted by Tianjin State-owned Assets Supervision and Administration Commission, Audit Committee Special Training, Board of Directors Standard Construction Special Training, How to Become a Net Zero Financial Institution Special Training and Anti-corruption Special Training, etc..

CHAIRMAN AND PRESIDENT

As at the date of this annual report, Mr. SUN Liguu, as the secretary of the Party Committee and the Chairman, is responsible for any duties related to the Party Committee of the Bank and the Board. Mr. WU Hongtao, as the deputy secretary of the Party Committee and our President, was responsible for the overall work of operation and management of the Bank.

COMPANY SECRETARIES

Ms. DONG Xiaodong and Dr. NGAI Wai Fung have been acting as our joint company secretaries since January 2021 and September 2015, respectively. Dr. NGAI Wai Fung is a director and group chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited. Ms. DONG Xiaodong is the primary contact person for Dr. NGAI at the Bank. During the Reporting Period, Ms. DONG Xiaodong and Dr. NGAI Wai Fung had attended relevant professional trainings as required under Rule 3.29 of the Hong Kong Listing Rules.

RELATIONSHIPS BETWEEN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OFFICERS

There are no financial, business or family relationships among the Directors, Supervisors and senior management of the Bank.

Corporate Governance Report

SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

The Bank adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Hong Kong Listing Rules as its codes of conduct regulating securities transactions by the Directors and Supervisors.

After the Bank having made specific enquiries to all Directors and Supervisors, each of the Directors and Supervisors has confirmed that they complied with the Model Code during the Reporting Period.

SENIOR MANAGEMENT OFFICERS

The senior management officers have the powers vested by our Board of Directors to manage our daily operations. Our President is primarily responsible for carrying out the decisions made by our Board and shall report to our Board of Directors. We have also appointed two vice Presidents and other senior management officers to work with our President and perform their respective management responsibilities.

The Board of Directors of the Bank and the management led by the President exercise their respective powers in accordance with their responsibilities as set out in the Articles of Association. Under the Articles of Association, senior management of the Bank shall, in accordance with the needs of the Bank’s operations, establish a well-developed internal control mechanism with the internal rules and regulations, the operational risk control system, the credit approval system, etc. as its key parts, and identify, measure, monitor and control various risk effectively that the Bank faces.

REMUNERATION OF SENIOR MANAGEMENT OFFICERS

Details of the remuneration of the members of the senior management officers for 2022 are set out in “Directors, Supervisors, Senior Management officers and Employees – Information on Remuneration paid to Directors, Supervisors and Senior Management officers”.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

At the 2022 first extraordinary general meeting, the 2022 first class meeting of domestic shareholders and the 2022 first class meeting of H shareholders held on 28 February 2022, the Shareholders of the Bank reviewed and approved the amendments to the Articles of Association; the amendments to the Articles of Association was approved by the CBIRC Tianjin Office on 15 July 2022. A copy of the Articles of Association is available on the websites of the Bank and the Hong Kong Stock Exchange.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS

The Bank values comments and recommendations of Shareholders, and has been strengthening communication and exchanges with Shareholders through the establishment of a dedicated service position, a service hotline, a customer service platform, stakeholder surveys and general meetings so as to maintain a good relationship, and satisfy the reasonable requests of Shareholders in a timely manner. During the Reporting Period, the Bank held 2 general meetings, 1 special stakeholder communication, and received more than 1,000 calls from Shareholders and handled over 50 cases for various Shareholders, achieving a good communication with Shareholders as a result.

Shareholders may direct their enquiries to the Board of Directors through the office of the Board. Contact details of the office of the Board are as follows:

Registered Address: No. 15 Youyi Road, Hexi District, Tianjin, the PRC

Postal Code: 300201

Tel: +86 2228405536

Fax: +86 2228405518

E-mail: ir@bankoftianjin.com

SHAREHOLDERS' RIGHTS

Procedures of Convening an Extraordinary General Meeting of the Shareholders

The Bank effectively protects the rights of Shareholders in strict compliance with applicable laws, regulations, the Hong Kong Listing Rules, the Articles of Association and its corporate governance system.

Pursuant to the Articles of Association and the Rules of Procedure for Shareholders' General Meeting:

Shareholders individually or in aggregate holding 10% or more of the Bank's voting shares have the right to request that the Board of Directors convene an extraordinary Shareholders' general meeting or a class shareholder meeting, and such requests should be made in writing and state the topics of meeting. The Board of Directors shall, within ten days after receipt of such request, make feedback whether to convene an extraordinary general meeting or a separate class Shareholders' meeting in writing in accordance with provisions of the laws, regulations, regulatory requirements and the Articles of Association of the Bank. The shareholding of the above Shareholders is based on their shareholdings on the date of such request is proposed to the Board of Directors in writing.

If the Board of Directors agrees to convene an extraordinary general meeting or a separate class Shareholders' meeting, it shall issue a notice of convening a Shareholders' general meeting or a separate class Shareholders' meeting within five days from the adoption of the resolution of the Board. Any change to the original request in the notice shall be made with the consent of relevant shareholders.

Corporate Governance Report

Where the Board of Directors disagrees to convene an extraordinary general meeting or a separate class Shareholders' meeting or fails to give any feedback within ten days after the receipt of such request, shareholders individually or jointly holding 10% or more of the Bank's voting shares are entitled to propose to the Board of Supervisors to convene an extraordinary general meeting or a separate class Shareholders' meeting by submitting a request in writing.

Where the Board of Supervisors agrees to convene an extraordinary general meeting or a separate class Shareholders' meeting, it shall, within five days after the receipt of such request, deliver a notice of convening a Shareholders' general meeting or a separate class Shareholders' meeting. Any change to the original request in the notice shall be made with the consent of relevant shareholders.

In the event that the Board of Supervisors fails to deliver such notice to convene a Shareholders' general meeting or a separate class Shareholders' meeting within the specified period, the Board of Supervisors shall be deemed not to convene or preside over the Shareholders' general meeting or a separate class Shareholders' meeting. Such shareholders individually or in aggregate holding 10% or more of the Bank's voting shares for at least 90 consecutive days may at their discretion convene and preside over the meeting.

Shareholders may refer to the Articles of Association published on the websites of the Hong Kong Stock Exchange and the Bank for further details.

Procedures for Submitting a Proposal to the Shareholders' General Meeting

Shareholders individually or in aggregate holding 3% or more of the Bank's voting shares may submit provisional proposals to the convener in writing ten days prior to the date of the shareholders' general meeting. The convener shall issue a supplementary notice of the shareholders' general meeting with the content of such provisional proposals, upon review and satisfaction that such provisional proposals comply with the provisions in the Articles of Association, within two days after receipt thereof. Requirements otherwise provided in the listing rules of the stock exchange where the Bank's shares are listed shall also be met.

Except as provided in the precedent paragraph, the convener shall not alter the proposals in the notice of the Shareholders' general meeting or add new proposals after the issuance of the notice of the Shareholders' general meeting.

Shareholders may refer to the Articles of Association published on the websites of the Hong Kong Stock Exchange and the Bank for further details.

Corporate Governance Report

EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The Bank engaged PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers in Hong Kong (collectively, referred to as "PricewaterhouseCoopers") to act as domestic auditor and international auditor, respectively, for the 2022 annual financial statements of the Bank. The remuneration paid by the Bank to PricewaterhouseCoopers for the audit of the 2022 annual financial statements was RMB2.89 million, and the service fee for reviewing the interim financial statements was RMB2.09 million. The remuneration paid by the Bank to PricewaterhouseCoopers for non-audit and review services during the reporting period was RMB2.87 million.

The term of office of Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu as the auditors of the Bank for 2020 expired on the date of the 2020 annual general meeting and PricewaterhouseCoopers served as the external auditor of the Bank. This was the second year that PricewaterhouseCoopers served as the auditor of the Bank.

RISK MANAGEMENT AND INTERNAL CONTROL

Our Board of Directors is responsible for ensuring the establishment and implementation of an adequate and effective risk management and internal control system, and the prudent operation of the commercial bank under the framework of laws and policies. The Board of Supervisors is responsible for supervising the Board of Directors and the senior management of the Bank to enhance the risk management and internal control system, and the fulfilment of risk management and internal control duties of the Board of Directors, the senior management and their members. The senior management is responsible for the execution of the decisions made by the Board of Directors, and ensuring the effective performance of risk management and internal control duties. Currently, the Bank has formulated the Internal Control Policy of Bank of Tianjin Co., Ltd. and the Administrative Methods of Internal Controls of Bank of Tianjin according to the Basic Rules on Enterprise Internal Control and the Internal Control Guidelines for Commercial Banks, covering five major aspects of internal control, namely internal environment, risk assessment, control activities, information and communication, and internal supervision.

Our well-developed Comprehensive Risk Management System covers major risks facing our Bank, including credit risks, market risks, operating risks, liquidity risks, information technology risks, etc. To counter these risks, our Bank gradually developed and improved a comprehensive risk management structure with clear and definite terms of reference, checks and balances, and highly efficient operations, further strengthening the independence and professionalism of risk management. To ensure effective operation of our risk management system, our Bank established and improved our risk management procedures. By exercising prudence, our Bank identified, assessed, and managed risks arising from our Bank as a whole and various products, business lines, business processes, and departments at all levels. For more details of the risk management system of our Bank, please refer to "Management Discussion and Analysis – Risk Management".

Corporate Governance Report

During the Reporting Period, our Bank has further strengthened the existing corporate governance framework and internal control measures, standardised the implementation and evaluation procedures of the internal control system, and formulated comprehensive, systematic and standardised operation system and management system for operational and management activities, and established an audit mechanism regarding the compliance of such system. During the Reporting Period, relevant systems were amended and supplemented, which further regulated the operational management and business development. Besides, the Bank also provided regular compliance training, special examination and risk warning, so as to improve the compliance awareness of all the staff.

Our Bank has formulated systems including the Personnel Conduct Management Policy of Bank of Tianjin Co., Ltd., the Work Ethics and Code of Conduct of Bank of Tianjin and Interim Measures for Grid-based Management of Personnel Conduct in Bank of Tianjin, which further regulate the management of conducts of all employees at our Bank and improve our employees' awareness of compliance and self-discipline. At the same time, we have formulated the Administrative Measures on Reporting of Compliance and Honesty in Bank of Tianjin to further clarify the establishment of a reporting mechanism for compliance and honesty, increase the management responsibilities of relevant departments and smooth the reporting channels for compliance and honesty.

The Measures to Manage Disclosure of Information about Bank of Tianjin Co., Ltd., which was formulated by the Board of our Bank, expressly prescribes that our Board will be responsible for managing information disclosure. Our Board and the president will ensure the truthfulness, accuracy, and completeness of the information disclosed, for which they shall assume the corresponding legal responsibilities. Our Bank shall make timely disclosure upon occurrence of "inside information" as defined under Part XIVA of the Securities and Futures Ordinance of Hong Kong or in case of timely disclosure of other matters as required under the relevant laws and regulations and the regulatory rules governing the listing of securities in the jurisdiction where our Bank is listed, unless exemptions are granted under the same. In 2022, the Bank improved and revised relevant systems based on external regulatory requirements and practical work needs to further enhance the normative level of information disclosure management.

Our Bank further improved the accounting and audit system and accounting working procedures according to the relevant requirements under the China Accounting Standards for Business Enterprises and Basis Norms of Internal Audit Control, further specified the duties of different positions and comprehensively managed risks. By means of position set-up, granting level-based authorisations, position rotation, reviewing accounts and supervision and inspection, our Bank was able to effectively control the audit operation process, and ensured the truthfulness and fairness of the preparation of financial statements for our Bank. During the Reporting Period, our Bank was not aware of any significant deficiencies regarding the internal control in the financial report.

Corporate Governance Report

Our Bank highly values effective information management, and has established a comprehensive set of guidance regarding internal communication and reporting duties, which specifies the requirements of internal communication and reporting duties and procedures, in view of ensuring the effective communication internally and externally. The Bank has formulated many systems including Operational Risk Management Policies of Bank of Tianjin Co., Ltd., Management Measures for cases which may trigger criminal proceedings of Bank of Tianjin (Provisional), Information Technology Risk Management Policies of Bank of Tianjin Co., Ltd., Business Continuity Management Policies of Bank of Tianjin and Management Measures for Business System of Bank of Tianjin to facilitate orderly division of work responsibilities amongst different working levels throughout our Bank for implementing effective precautions against various risks. By clarifying the responsibility boundaries of departments and identifying the responsible departments for reporting and the reporting paths, our Bank has strengthened the existing internal system for internal information exchange and communication, ensuring that various departments and entities at all levels of our Bank can relay information on any updates in our Bank's strategies, policies, systems and relevant requirements to our working level in a timely manner, and simultaneously provide support across our working level for report of potential internal control issues to the management in real time.

Our Bank established a set of risk management framework and policies, which promotes adequate compliance culture and professional ethics, and enhanced the awareness to comply with the rules and regulations when carrying out business activities, and optimised the environment for controlling compliance and risk management. The Bank has formulated Compliance Risk Management Policies of Bank of Tianjin Co., Ltd. and Administrative Methods for Compliance Risk Management of Bank of Tianjin, which further enhanced the objectives of compliance risk management, clarified the responsibilities of compliance risk management and optimised the process of compliance risk management.

Our Bank has paid great attention to the Basic Rules on Enterprise Internal Control and its supporting guidelines. First, our Bank has established a sound risk management system which covers various aspects of business operations, including corporate governance, loan extension business, treasury business, billing business, anti-money laundering, legal and compliance, internal audit and information technology management. Second, our Bank has separated the responsibilities of the front, middle and back offices of head-quarters and branches as well as sub-branches, targeting effective check and balance mechanism and clear reporting lines. Third, our Bank timely supervised and monitored the progress of tackling the internal control issues identified during the internal audit and business review, continuously improving the internal control management capabilities and standards. Fourth, our Bank carried out evaluation of the internal control involving different departments at our headquarters, branches and sub-branches to ensure the internal control system of our Bank has been effectively implemented.

The risk management and internal control system of our Bank is, however, designed to manage and mitigate rather than eliminate risks, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Corporate Governance Report

INTERNAL AUDIT

The Bank further improved an independent internal audit organisational structure and the Board of Directors is ultimately responsible for the independence and effectiveness of the internal audit. The Audit Committee under the Board of Directors is responsible for consideration of and approving important internal audit systems, listening to audit work reports, approving annual audit plans and offering guidance and assessment of the internal audit work. The internal audit department of the Bank uniformly organises, manages and reports the audit work of the Bank and takes charge of reviewing, assessing and supervising the improvement of the business operations, risk management, internal control compliance and corporate governance effects of the Bank. The Bank adheres to the principles of independence, objectivity, solemnity, confidentiality, prudence and abstention throughout the internal audit work.

During the Reporting Period, the internal audit department enhanced the capabilities of internal audit with systematic and standardised methods, improved the various systems and processes of internal audit, conducted various audit assessments by on-site and off-site audit and expanded gradually the functions of internal audit.

Report of the Board of Directors

I. PRINCIPAL BUSINESS

The Bank is primarily engaged in banking businesses and related financial services, including corporate banking, retail banking, treasury business and other business.

II. BUSINESS REVIEW

(I) Review of the Bank's results and business

A review of the Bank's business during the Reporting Period is set out in the "Management Discussion and Analysis – Business Review". Results of the Bank for the year of 2022 are set out in the "Financial Statements - Consolidated Statement of Profit or Loss and Other Comprehensive Income" in this annual report.

(II) Analysis of key financial performance indicators during the year

Please refer to the sections headed "Summary of Accounting Data and Financial Indicators" and "Management Discussion and Analysis" of this annual report for details.

(III) Exposure to major risks

Please refer to "Management Discussion and Analysis – Risk Management" for the major risks the Bank had been exposed to during the Reporting Period.

(IV) Future development

A review of certain aspects of future development affecting the Bank is set out in "Management Discussion and Analysis – Environment and Prospects".

III. DIVIDEND

(I) Dividend policy and plan

The Bank considers stable and sustainable returns to Shareholders to be our goal and endeavours to maintain its stable Dividend Policy. Under the Dividend Policy, when deciding whether to propose a dividend and in determining the dividend amount, the Board takes into account the Group's operating result, financial position, distributable profit for the year, liquidity sufficiency, capital requirements, future prospects and any other factors the Board may deem appropriate.

The profit distribution plan for 2021 of the Bank was considered and approved by the Shareholders of the Bank at the 2021 annual general meeting of the Bank held on 18 May 2022. The Bank has not distributed any final dividend for the year of 2021.

Report of the Board of Directors

To continuously meet regulatory requirements while strengthening the Bank's capital foundation, coping with uncertainties in economic development and facilitating the sustainable and steady corporate development, it is proposed that no final dividend for 2022 be distributed to the Shareholders, and the undistributed profits are reserved for distribution in subsequent years as approved at the Board meeting held on 30 March 2023. Such profit distribution plans will be proposed at the 2022 annual general meeting for consideration. The independent non-executive Directors of the Bank have also expressed their independent opinions on the profit distribution plan.

(II) TAX RELIEF

Withholding and payment of foreign non-resident enterprises' enterprise income tax

Pursuant to the applicable provisions and the implementing regulations of the Enterprise Income Tax Law of the PRC, the Bank shall withhold and pay the enterprise income tax at the rate of 10% for non-resident enterprise holders of H Shares (including the H shares registered in the name of HKSCC Nominees Limited).

Withholding and payment of foreign non-resident individual shareholder's individual income tax

Pursuant to the applicable provisions and the implementing regulations of the Individual Income Tax Law of the PRC and Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 issued by State Administration of Taxation, the Bank shall withhold and pay individual income tax from the holders of H Shares according to the following arrangement:

For an individual holder of H Shares who is a resident of Hong Kong, Macau or a country/region that has signed a tax treaty with the PRC stipulating a dividend rate of 10%, the Bank shall withhold and pay individual income tax at the rate of 10% on behalf of such H Shareholders when distributing the final dividend;

For an individual holder of H Shares who is a resident of a country/region which has signed a tax treaty with the PRC stipulating a dividend rate of lower than 10%, the Bank shall temporarily withhold and pay individual income tax at the rate of 10% on behalf of such holders of H Shares while distributing the final dividend. In case the relevant holders of H Shares are to apply for refund of the tax over-withheld, the Bank will follow the Notice of Tax to handle the application of the relevant tax benefits on their behalf. The qualified holders of H Shares are required to timely submit the written authorisation and all application materials to the H Share Registrar of the Bank, Computershare Hong Kong Investor Services Limited; the Bank will forward the received documents to the competent tax authorities for review, and if approved, the Bank will assist in handling the refund of the over-withheld tax;

For an individual holder of H Shares who is a resident of a country/region that has signed a tax treaty with the PRC stipulating a dividend rate higher than 10% but lower than 20%, the Bank shall withhold and pay individual income tax at the applicable rate stipulated in the relevant tax treaty while distributing the final dividend; and

For an individual holder of H Shares who is a resident of a country/region which has signed a tax treaty with the PRC stipulating a dividend rate of 20% or has no tax treaty with China or otherwise, the Bank shall withhold and pay individual income tax at the rate of 20% while distributing the final dividend.

Report of the Board of Directors

IV. ENVIRONMENTAL POLICY AND PERFORMANCE

During recent years, our Bank has proactively borne social responsibility in relation to environmental policies.

The Bank actively implemented the green development strategy. We attached great importance to and took the initiative to fulfil ESG responsibilities by strategically advancing green finance business, further increasing financial support to green and low-carbon fields, and continuously enhancing the comprehensive capability of green finance services. The Bank continued to empower green finance with main focus on determining strategic plans, optimising the credit orientation, enriching product systems and enhancing technological support. The Bank actively contributed to high-quality economic and social development and comprehensive green and low-carbon transformation.

The Bank took “creating a green bank” as the major development direction in the Bank’s Strategic Planning of “14th Five-Year Plan” so as to provide the effective guarantee for green finance development in terms of organisational structure, resource allocation and evaluation system. By improving the green finance development system, the Bank has coordinated the promotion of green and low-carbon transformation, product innovation and risk management. The Bank set up a professional team of green finance at the head office level and allocated special credit lines for green loans, implemented a differentiated internal capital transfer pricing policy, continued to improve the green finance performance assessment and evaluation system, and strived to enhance the professional service capability of practitioners. During the Reporting Period, the Bank prepared the first environmental information disclosure report and implemented climate and environmental risk stress tests for key industries, while it continued to strengthen the innovation and supply of green financial products and services, and successfully issued the first “carbon performance linked” loan in Tianjin. As of the end of the Reporting Period, the green loan balance of the Bank reached RMB16,417 million, representing a year-on-year increase of 36.0%.

Report of the Board of Directors

The Bank formulated the “Bank of Tianjin Credit Business Environmental and Social Risk Management Measures (Trial)”, which fully embedded environmental and social risk requirements into the management of loan process, and implemented classified management of credit customers to effectively enhance the Bank’s environmental and social risk management capacity. During the year, the Bank organised and carried out special training in relation to environmental, social and governance risk management and invited external experts to provide professional explanations on the connotation of environmental, social and governance risks, development trends, environmental, social and governance risk management systems and case studies of peers, which facilitated stronger cultivation of environmental, social and governance risk-related concept while providing advice for better implementation of green finance. At the same time, the Bank was committed to integrating climate considerations into development. We added the special topic of climate risk management to the 2022 Credit Policy Guidelines of Bank of Tianjin, to assess the risks and opportunities brought to the Bank by climate change and clarify the relevant management initiatives. The Bank also launched a climate risk stress test project during the year and selected four major industries with high energy consumption and high carbon emissions, that was power, steel, petrochemical and chemical industries, as pilot industries for the climate risk stress test and designed climate scenarios, climate metrics, risk transfer models and financial quantification to forecast asset impairment under stress scenarios. The test results show that under the NGFS deferred transformation scenario, the impact of impairment losses on the four industries by 2050 is relatively small and the overall risk-weighted assets and capital adequacy impacts are manageable.

In line with the national policies to save energy costs, we have implemented a series of measures, including: (i) renovation projects of bank outlet halls and buildings, achieving energy saving goal by adopting LED lighting system, optimising design and using highly efficient equipment; posting electricity-saving signs in the office area near lighting and air-conditioning switches, and calling for employees to turn off lights and air-conditioning in order to form employees’ electricity-saving habits; (ii) in accordance with the Administrative Measures for Motor Vehicles of Bank of Tianjin 《天津銀行機動車輛管理辦法》, allocating vehicles on the principles of economical application, energy conservation and business-need first, strengthening fuel control with each motor vehicle registered with one account for use of gasoline, and establishing a “Record of Vehicle Fuel Usage” to regularly analyze fuel usage; encouraging video conferences instead of on-site conferences so as to reduce carbon emission generated from transportation; (iii) continuing to strengthen the maintenance and management of our facilities and equipment, and conducting regular maintenance and timely repair of our lighting, office and water supply equipment to avoid abnormal consumption and waste of energy; (iv) advocating water conservation, and posting up water conservation signs in canteens, toilets, and water purifiers, in an effort to call on our employees to save water; (v) practicing waste sorting and reducing resource wastage; Tianjin region identified qualified recycling organizations through tender and issued relevant notices to further strengthen the management of recycling of waste consumables, effectively avoiding the random disposal of hazardous waste; purchasing sorting garbage cans and implementing waste sorting and recycling by head office. (vi) in accordance with the Administrative Measures for Real Estate and Land of Bank of Tianjin 《天津銀行房產土地管理辦法》, the Bank adheres to the principles of “safety, practicality, energy saving and conciseness” in acquiring real estate

Report of the Board of Directors

and land; users of real estate and land shall conduct regular inspections, formulate maintenance plans and organise their implementation. To ensure scientific organization, strict control of standards, and attention to maintenance and improvement of use functions under the premise of safety, hygiene, energy saving and environmental protection, achieving economical, simple and applicable goal.

For details of the Bank's environmental policies and performance, please refer to the "2022 Social Responsibility Report of Bank of Tianjin Co., Ltd."

V. RELATIONSHIP BETWEEN THE BANK AND ITS STAKEHOLDERS INCLUDING EMPLOYEES AND CUSTOMERS

(I) Relationship between the Bank and its Employees

Our Bank adheres to the strategic philosophy that prosperous businesses driven by talents. We promote a market-oriented human resources system and continually strengthen our incentive assessments, training, and other complementary mechanisms. We have adopted a distinctive training system that could serve different needs of various groups of employees, which is characterised with a multiple-level training structure, systematic training programs and comprehensive training subjects. As a result, we managed to cultivate an innovative, pragmatic, studious, motivated and business-minded workforce. We also believe career planning of individual employees to be of great importance and have developed a clear career development path for different roles in our Bank, including management and professional sectors, which we believe could further encourage our employees to attempt to maximise his or her value.

We believe that our sustainable growth depends on the capability and dedication of our employees. We have developed an appraisal and training system, and aligned our development strategy with the career development of our employees. We are gradually building a scientific incentive and restraint mechanism which implements segmental assessment to align our compensation payment with the overall performance of our Bank and individual performance. We contribute to our employees' social insurance and other employee benefits, such as pension insurance, medical insurance, work injury insurance, unemployment insurance, maternity insurance and housing fund in accordance with the applicable PRC laws, rules and regulations.

Our labour union represents the interests of the employees and works closely with our management on labour related issues. During the Reporting Period, we have not experienced any strike or other material labour disputes that have affected our operation and we believe that the relationship between our management and the labour union has been satisfactory.

Report of the Board of Directors

(II) Relationship between the Bank and its Customers

We are the only City Commercial Bank headquartered in Tianjin. With our roots in Tianjin, we have developed an in-depth understanding of Tianjin's economic structure and industry layout over the last 20 years. We have established long-term strategic cooperative relationships with a number of local enterprises with a strong business portfolio, particularly those operating in infrastructures, energy conservation, environmental protection, medical and health care, high-end equipment manufacturing, education, tourism, and public-service, as well as technology-based SMEs. We are currently the only bank in Tianjin to provide agency services for the housing maintenance fund.

For many years, the Bank has been vigorously promoting the development of our inclusive SME financial business as a starting point for business transformations, the adjustment and optimisation of the business structure, to create quality and rapid development, thereby constantly shaping us to be the quality brand as the "Partner Bank for SMEs". We deepen our effort and focus on businesses in key areas such as inclusive SMEs, technology-oriented and agriculture-related businesses to deepen our customer base of customer services, continue to implement central financial policies such as refinancing, and actively adapted to market changes and transformed the client acquisition mode and business model of the SME business. Using big data technologies and electronic channels, with customers' needs as our focus, we launched online loan products such as "e-Loan for taxpayers", "e-Loan for supermarkets", "Tianhangyongbei – business loans for small and micro enterprises and proprietors", "e-Loan for residential mortgage" and "e-Loan for enterprise taxpayers (銀稅 e 企貸)" to quickly and efficiently release credit funds. At the same time, seizing the favorable opportunities brought by Tianjin City's active "smart city" construction, we concentrated on the support for small and micro business clients and fully utilized our technical ability, finance ability, product ability and operation ability, creating the service platform of "Smart Xiao Er" in local Tianjin dialect and building the ecosystem of "payment + scenario + finance". We are actively connected to government-built information platforms such as "JinXinRong" and "Xinyidai", to increase the utilization of multi-dimension data, and provide more finance products and financial services to small and micro enterprises through platform channels, thus achieving full access to long-tail, first loan and inclusive customer groups, providing small and micro customer groups with "precise dripping and irrigation" of financial running water, and putting efforts into breaking the limit of the difficulty of financing of SMEs.

Report of the Board of Directors

The Bank adhered to strategy of “ultra-unconventional development approach for retail business” and fully implemented “boundless connections” strategy in a more pertinent manner and deployed accordingly. The Bank efficiently pushed forward various work measures. Its major operating indicators showed high-quality and ultra-unconventional development. In respect of customer development, the Bank highly focused on the “3-kilometer radius” of its business outlets and instructed its branches to create scenarios to facilitate inter-branch exchanges and acquire a large number of customers for retail business. Scenario-based payment covering education, medical care, travel, fitness, foods, supermarket and trading centres were created. In respect of channel services, the Bank insisted on focusing on customers, continued to streamline business processing procedures to offer more convenient financial service experience for its wide range of customers. The Bank significantly improved its financial technologies and comprehensively raised the intelligent levels of its business outlets. Meanwhile, the Bank deeply explored the financial and non-financial needs of consumers in various scenarios, actively sought financial innovations that serve and are closely relevant to the lives of the general public, offering comprehensive and all-rounded services to individual financial customers.

As of the end of the Reporting Period, we have had 152 outlets in Tianjin in total, covering all administrative districts of the city.

The Bank has been granted “AAA” credit rating and stable outlook by China Lianhe Credit Rating Co., Ltd. We have obtained the highest corporate credit rating for domestic commercial banks for 6 consecutive years.

(III) Protection of Consumer Rights

During the Reporting Period, the Bank attached great importance to the protection of financial consumers’ rights and interests, established and improved the management and system of consumer rights protection, strengthened presales review on the protection of consumer rights, protected consumers’ legitimate rights and interests from the source, promoted compliant sales management, and treated consumers in a fair manner. Product information was properly disclosed, and risks were effectively reminded. We continued to improve our inspection and supervision mechanism, and carried out overt and secret internal inspections of consumer protection services; we intensified the training on consumer protection to increase our performance in this area. During the Reporting Period, the Bank strengthened its customer complaint management and exercised rigorous control over consumer financial information protection to improve our service quality. We undertook the responsibility to educate our consumers, and vigorously carried out financial education activities to guide and cultivate the financial awareness and risk awareness of the public.

Report of the Board of Directors

To safeguard the consumer rights, our Bank was principally engaged in the following activities during the Reporting Period: (1) we further improved the system for consumer rights protection. The Bank revised 2 consumer rights protection systems and continued to set up a sound consumer rights protection system framework, to provide a strong guarantee for smooth implementation of consumer rights protection work. (2) We carried out financial knowledge publicity and education campaigns. Based on its business outlets, the Bank conducted more than 10 financial knowledge publicity and education activities on a continuous basis by bringing financial knowledge into the campus, into the community, into enterprises, and into the township by various media such as LED display, video player facilities, WeChat, and SMS. According to statistics, during the Reporting Period, the Bank held 3,700 indoor and outdoor publicity and education activities, and a total of more than 210 thousand sets of promotional materials were distributed. Financial knowledge was promoted by official WeChat for more than 390 times, and more than 4.2 million SMS were sent for publicity, benefiting over 4.5 million people times.

In terms of handling consumer complaints, according to the standard statistical method of Statistical Classification of Complaints Filed by Financial Customers of People's Bank of China, the Bank received a total of 1,422 complaints during the Reporting Period. The types of complaints included RMB deposit, loans, bank cards, etc., and the geographical distribution of complaints were mainly Tianjin, Beijing, Hebei, Shanghai, Shandong and Sichuan. Upon receiving consumer complaints, the Bank actively communicates with consumers, patiently explain to consumers and fully utilize diverse solutions to solve the complaints through negotiation; therefore, there were no continuous disturbing visits, group visits or major complaints involving public opinion and litigation.

For details of our relationship with stakeholders including employees and customers, please refer to the "2022 Social Responsibility Report of Bank of Tianjin Co., Ltd."

VI. COMPLIANCE WITH LAWS AND REGULATIONS

We have implemented an effective risk management system to control our exposure to (i) legal risks, which include risk of legal liability arising from violation of laws and regulations, breach of contracts, infringement on legal rights of others or otherwise in connection with any contract or business activity in which we are involved; and (ii) compliance risk, such as the risk of being subject to legal sanctions, regulatory penalties and significant financial and reputational losses as a result of a failure to comply with applicable laws, rules, and standards.

Report of the Board of Directors

We have established a series of systems and measures to manage and control our exposure to legal risk. We have set up a legal document review and approval system where no legal document may be issued without the review and approval of the relevant functional departments at our head office as to the authenticity, validity, and completeness of such legal documents. We have put in place a legal enquiry mechanism where a legal enquiry hotline is set up at our head office which provides enquiry service for legal issues encountered by our various operational units in their daily operation and management work. We have engaged permanent legal advisor to provide group and professional legal support for our daily operation and management. We have also engaged external professional lawyers to provide professional legal services and support for our material business disputes and legal proceedings.

Our branches and sub-branches are responsible for their relevant legal proceedings and legal risk. To control and manage our exposure to compliance risk, we proactively promote our business departments to identify and assess compliance risk associated with our business operation, while coordinating them to organise and revise business related regulations and operation procedures so as to ensure the compliance of our various business workflows. We have established a compliance management reporting system, according to which we report the relevant compliance management status to senior management in a timely manner and establish operational risk warning mechanism to issue warnings on relevant risks in a timely manner and promote the operation of institutions at all levels in compliance with the laws and regulations. Meanwhile, we provide periodic compliance training to our staff, covering warning education on compliance and helping them better understand how to carry out business operations in compliance with the laws and regulations. Our comprehensive accountability administrative measures set up the method, level, principles, rules, organizational framework and responsibilities, procedures, and reporting system so as to determine the accountability of our relevant staff for their non-compliance and misconduct.

In line with the PRC Anti-Money Laundering Law and other applicable rules and regulations promulgated by the PBoC, we have managed our anti-money laundering through the establishment of a bank-wide and professional anti-money laundering team, an anti-money laundering internal control system, an anti-money laundering data monitoring and reporting system, an anti-money laundering internal audit, as well as relevant staff training.

We have set up an anti-money laundering lead group office within our Internal Control and Compliance Department. Our anti-money laundering lead group presides over the bank-wide anti-money laundering work and takes charge of calling the meeting of the head office's anti-money laundering lead team, organising and promoting punishment on actions that breach relevant laws and regulations and undutiful behaviour, and improving the control over relevant risks through strengthening management. The Board of Directors is ultimately responsible for anti-money laundering risk management. The anti-money laundering lead group leads the bank-wide implementation of anti-money laundering policies and procedures. The head office, branches, and sub-branches have respective teams to execute anti-money laundering activities and operations on a day-to-day basis.

Report of the Board of Directors

We have developed many internal policies and procedures with respect to anti-money laundering which are primarily related to customer due diligence and identification sanction screening, transaction record keeping, suspected terrorism financing and drug transaction related money monitoring, and large and suspicious transaction reporting. We have also developed and have continuously updated our anti-money data supervision and reporting system which features modules with respect to basic management, data reporting, review analysis, statistics reporting, maintenance and management as well as classification of risks.

VII. OTHER REPORTING MATTERS

DIRECTORS

Please see the “Directors, Supervisors, Senior Management officers and Employees” section for biographies of incumbent Directors, as well as information on changes of Directors during the Reporting Period.

DONATIONS

The charitable and other donations made by the Bank amounted to RMB7.88 million for the year of 2022.

PERMITTED INDEMNITY PROVISION

At no time during the Reporting Period and as of the date of this annual report, there was no permitted indemnity provision being in force for the benefit of any of the Directors or Supervisors (whether made by the Bank or otherwise) or the Directors or Supervisors of an associated corporation of the Bank (if made by the Bank).

MANAGEMENT CONTRACTS

Save for the service contracts entered into with the management of the Bank, the Bank has not entered into any other contract with any individual, company or body corporate in relation to the management or administration of the whole or any substantial part of any business of the Bank.

EQUITY-LINKED AGREEMENT

During the Reporting Period, the Bank did not enter into or renew any other equity-linked agreement.

Major Events Subsequent to the end of the Reporting Period

For major events of the Bank subsequent to the end of the Reporting Period, please refer to “Important Events – Major Events Subsequent to the End of the Reporting Period”.

On Behalf of the Board of Directors

SUN Ligu

Chairman

Report of the Board of Supervisors

In 2022, the Board of Supervisors of the Bank conscientiously implemented the Company Law of the People's Republic of China, the Work Guidelines on Supervisory Boards of Commercial Banks, the Corporate Governance Guidelines for Banking and Insurance Institutions and other laws, regulations and regulatory requirements. On the basis of the Bank's operation and management situations, the Board of Supervisors of the Bank actively performed duties and functions of the Board of Supervisors conferred by the Articles of Association, so as to ensure the legitimate rights and interests of the Bank, shareholders, employees, creditors and other stakeholders. The major work of the Board of Supervisors in 2022 is set forth hereunder:

I. MAJOR WORK OF THE BOARD OF SUPERVISORS

In 2022, the Bank's Board of Supervisors continued to strengthen the supervision on the Bank's Board of Directors, senior management and their members' performance of duties, financial activities, business decisions, risk management, and internal control by convening meetings of the Board of Supervisors, attending general meetings, supervisors attending the Board meetings, and organizing special supervision, etc., and urged rectification.

(I) Continuously strengthen self-construction and lay a solid foundation for duty performance

The first was the re-election of the Board of Supervisors. In 2022, the Bank effected earnest re-election of the Board of Supervisors in accordance with laws, regulations, regulatory requirements and the Articles of Association. During the period, the Bank organized and convened the meetings of Board of Supervisors in a timely manner to review and approve the Proposal on Determining Candidates for the Supervisors of the Seventh Session of Board of Supervisors of Bank of Tianjin Co., Ltd., Proposal on Election of the Chairman of the Seventh Session of Board of Supervisors of Bank of Tianjin Co., Ltd., and Proposal on Election of the Members of the Special Committee of the Seventh Session of Board of Supervisors of Bank of Tianjin Co., Ltd., which was deliberated and approved by the Bank's first extraordinary general meeting in 2022 to form the seventh session of Board of Supervisors. The election procedure and composition of the Board of Supervisors met regulatory requirements. After the re-election, the Bank's seventh session of Board of Supervisors has a total of 5 supervisors, including 1 shareholder representative supervisor, 2 employee representative supervisors and 2 external supervisors.

Report of the Board of Supervisors

The second was the revision and improvement of the Board of Supervisors system. In 2022, the Board of Supervisors of the Bank organized and completed the revision of the rules of procedure of the Board of Supervisors, the work rules of the Nomination Committee of the Board of Supervisors, and the work rules of the Supervision Committee of the Board of Supervisors, in combination with regulatory regulations such as the Corporate Governance Guidelines for Banking and Insurance Institutions, Measures for Performance Evaluation of Directors and Supervisors of Banking and Insurance Institutions and the revision of the Bank's Articles of Association. Such revision promoted the efficient performance of duties of the Board of Supervisors and its special committees. At the same time, the revision of the performance evaluation methods for the Board of Directors and directors, the performance evaluation methods for supervisors, and the performance evaluation methods for senior management and their members was completed to ensure that the Bank's performance evaluation complied with the latest regulatory requirements.

The third was the organization of trainings for supervisors. In 2022, the Bank's Board of Supervisors organized supervisors to participate in two special training sessions based on the needs of supervisors to perform their duties, covering anti-bribery, anti-corruption, net-zero financial institutions, etc., to further expand supervisors' professional knowledge and improve supervisors' performance.

(II) Conscientiously implement supervision duties and strengthen special supervision

In 2022, the Bank organized 8 meetings of Board of Supervisors, reviewed 83 proposals in total, and reviewed 27 reports, earnestly performing its supervisory duties.

The first was performance of duties supervision. In 2022, the Board of Supervisors reviewed and approved the Bank's 2022 business operation plan, 2022 company performance appraisal indicators, financial technology and digital transformation strategic plan (2022-2025), 2022 annual investment plan report, and 2022 inclusive small and micro business work plan, the 2022 annual performance appraisal index system for professional managers, the performance appraisal method for professional managers, the authorization plan for the senior management by the seventh session of the Board of Directors and other related proposals, regularly reviewed the business reports submitted by the senior management and other related work reports to further strengthen the supervision on the performance of duties of the Board of Directors, senior management and their members, and strengthened the supervision on the scientificity and rationality of the salary plan of professional managers.

The second was financial supervision. In 2022, the Bank's Board of Supervisors reviewed and approved the Bank's 2021 annual report, 2021 annual results announcement, 2022 interim report, 2022 interim results announcement, 2021 annual financial final account report, 2021 annual profit distribution, and 2022 annual financial budget, reviewed the audit opinion of the external audit institution carefully, effectively strengthened the supervision on the Bank's operating results, financial execution, profit distribution, etc., put forward written audit opinions on the regular reports prepared by the Bank, and expressed opinions on the compliance and rationality of the Bank's profit distribution plan.

Report of the Board of Supervisors

The third was risk management and supervision. In 2022, the Board of Supervisors of the Bank effectively assumed the supervisory responsibility for comprehensive risk management, regularly reviewed comprehensive risk and risk management reports including major risks such as operational risk, liquidity risk, market risk, and reputation risk, reviewed and approved the 2022 risk preference statement, information technology outsourcing risk management policy, information technology outsourcing strategy and other proposals, carefully reviewed the 2021 annual information technology risk management report, etc., and continuously strengthened the supervision on the performance of duties and responsibilities of the Board of Directors and senior management in terms of risk management. In December 2022, the Bank's Board of Supervisors strictly implemented the requirements of the Notice of the China Banking and Insurance Regulatory Commission on Printing and Distributing the Measures for the Implementation of the Expected Credit Loss of Commercial Banks, reviewed and approved the Policy for the Implementation and Management of the Expected Credit Loss Law of Bank of Tianjin Co., Ltd., and attended the Board meetings to supervise the deliberation of this system in the Board, so as to strengthen the construction of the Bank's expected credit loss management system. At present, the Board of Directors and senior management of the Bank have performed their duties and responsibilities in accordance with the provisions of this system, and the Board of Supervisors will further strengthen supervision on the implementation.

The fourth was internal control and supervision. In 2022, the Bank's Board of Supervisors reviewed and approved the 2021 internal control evaluation report and the 2021 operational independence evaluation report of internal control mechanism, continuously strengthened the supervision on the Bank's internal control, and actively paid attention to the aspects that still need to be improved in internal control; reviewed and approved the 2021 internal audit work report submitted by the internal audit department of the Bank, regularly reviewed the quarterly internal audit work report, special audit conclusions and opinions, etc., and played the role of internal audit supervision and improved the quality and efficiency of internal audit work; regularly reviewed the work report of senior management, focused on the fulfillment of the duties of the Board of Directors and senior management in crime prevention work, and regularly supervised the implementation of the crime prevention and control work management system, etc.; reviewed and approved reports on major related party transactions, regularly reviewed reports on related party transactions and related party transaction management, and supervised the performance of related party transaction management duties by the Board of Directors and senior management to ensure that related party transactions complied with regulatory requirements and the Bank's system requirements.

The fifth was the situation of special supervision. In 2022, in conjunction with the development of key work of the Bank, the Board of Supervisors of the Bank reviewed and approved the 2022 special supervision and inspection plan for non-performing asset collection work of the Bank and the research plan for the implementation of the 2021 strategic plan, and determined the annual special supervision work of the Board of Supervisors. During the period, the Board of Supervisors completed two supervisory and research tasks based on the written reports submitted by the senior management, as well as research on the implementation of relevant departments and branches, and formulated a special report.

Report of the Board of Supervisors

The sixth was the supervision on the rectification work and the implementation of the evaluation work. In 2022, the Board of Supervisors of the Bank carefully reviewed the results of the corporate governance supervision assessment and the report on rectification, and strengthened the supervision on the implementation of supervisory opinions and requirements by the Board of Directors and senior management of the Bank. During the period, the Board of Supervisors strictly implemented the requirements for evaluating the Bank's development strategy, formulated the evaluation report on the implementation of the "13th Five-Year Plan" strategic plan, and further supervised the Board of Directors to comply with sound business philosophy and value criteria. At the same time, the Board of Supervisors carefully reviewed the report on the operation and management of rural banks, the 2021 annual report on the recovery and deduction of performance compensation, the 2021 report on the protection of financial consumption rights and interests, and the 2021 green credit work report, etc., attached high importance to the problems pointed out in the relevant reports, and effected earnest supervision and implementation.

(III) Strictly implement regulatory requirements and complete performance evaluation on schedule

The first was the performance interview. In April 2022, the Board of Supervisors selected some directors to conduct performance interviews, and listened to directors' opinions and suggestions on the Bank's corporate governance, business development, strategic planning, etc. in light of the directors' annual performance of duties, and reviewed and approved the 2021 Report of the Board of Supervisors of Bank of Tianjin Co., Ltd. on the Performance Interviews with Directors.

The second was the performance of evaluation work. In 2022, the Bank's Board of Supervisors closely combined the revised performance evaluation system to organize and complete the 2021 annual performance evaluation of the Board of Directors and directors, the Board of Supervisors and supervisors, senior management and its members, and formulated a special report, which was reviewed and approved by the Board of Supervisors for submission to the Bank's 2021 annual general meeting. This evaluation of the performance of directors, supervisors, and senior management members was the first time that strengthening the integration of party leadership and corporate governance had been included as one of the important contents of the performance evaluation, which was in line with the latest regulatory requirements. The 13 directors, 5 supervisors and 5 senior management members who participated in the performance evaluation work in 2021 were all competent.

Report of the Board of Supervisors

II. MAIN WORK OF SPECIAL COMMITTEES OF THE BOARD OF SUPERVISORS

Under the Board of Supervisors of the Bank, there are two special committees, the Supervision Committee and the Nomination Committee. Each special committee strictly follows the division of functions, earnestly performs its duties, and provides professional opinions on relevant matters to the Board of Supervisors.

(I) Work of the Supervision Committee

In 2022, the Bank held a total of 8 meetings of the Supervision Committee of the Board of Supervisors, deliberating 81 proposals. The Supervision Committee deliberated and approved the report on the implementation of the Bank's 2021 strategic plan, supervised the senior management to implement the development strategy in line with the actual situation of the Bank; regularly reviewed reports on risk and risk management status, related party transactions and related party transaction management reports, and special internal audit conclusions and opinions to strengthen the supervision on the Bank's business decision-making, risk management and internal control; deliberated and approved related-party transaction management measures, directors and senior management members' economic responsibility audit management measures and other systems to promote the construction of the Bank's business system.

(II) Work of the Nomination Committee

In 2022, the Bank held a total of 6 meetings of the Nomination Committee and reviewed 21 proposals. The Nomination Committee deliberated and approved the Bank's 2021 performance evaluation opinions of directors and senior management officers, the 2021 Board of Supervisors' evaluation report on the performance of the Board of Directors and directors, the 2021 Board of Supervisors' evaluation report on the performance of senior management and its members, the 2021 Board of Supervisors and supervisors' performance evaluation report, etc., and continuously strengthened the supervision on the performance of directors, supervisors and senior management officers; deliberated and approved the Bank's professional managers' performance appraisal methods, professional managers' 2021 annual salary distribution plan and other proposals, and continuously strengthened the supervision on the scientificity and rationality of the Bank's professional managers' remuneration plan.

Report of the Board of Supervisors

III. INDEPENDENT OPINIONS ISSUED BY THE BOARD OF SUPERVISORS ON RELEVANT MATTERS

The first was legal operation. In 2022, the Bank adhered to operating in accordance with laws and regulations, and constantly improved the internal control system. The operating decision-making procedures complied with laws, regulations, regulatory requirements and the relevant provisions of the Articles of Association. Members of the Board of Directors and members of the senior management performed their duties conscientiously, and no behaviors that violated laws, regulations, regulatory requirements or damaged the interests of the Bank and its Shareholders were found in the performance of their duties.

The second was the preparation of regular reports. In 2022, the preparation and review procedures of the Bank's regular reports complied with laws, regulations and regulatory requirements, and the contents of the reports truly, accurately and completely reflected the actual situation of the Bank.

The third was related party transactions. In 2022, the Board of Supervisors supervised the management of related party transactions of the Bank, and found no behavior that harmed the interests of the Bank and its Shareholders.

The fourth was the implementation of the resolutions of the general meetings. In 2022, the Bank held two general meetings. The Board of Supervisors had no objection to the various reports and proposals submitted by the Board of Directors for consideration at the general meetings, supervised the implementation of the resolutions of the general meetings, and believed that the Board of Directors of the Bank could conscientiously implement the relevant resolutions of the general meetings.

On Behalf of the Board of Supervisors

FENG Xia

Chairwoman

Tianjin, China
30 March 2023

Important Events

CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

In the ordinary and usual course of business of the Bank, it provides commercial banking services and products to the public in China, which includes substantial Shareholders, certain Directors and Supervisors, the President and/or each of their respective associates. Each of the above is a connected person of the Bank under the Hong Kong Listing Rules. As these transactions are entered into on normal commercial terms in the ordinary and usual course of the business of the Bank, such transactions are exempt from the reporting, annual review, disclosure and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The details of the related party transactions conducted by the Bank in the ordinary and usual course of business during the Reporting Period are set out in note 49 to the financial statements. The definition of connected persons under Chapter 14A of the Hong Kong Listing Rules is different from the definition of related parties under the International Accounting Standard 24, "Related Party Disclosures", and its interpretations by the International Accounting Standards Board. Certain related party transactions set out in the notes to the financial statements also constitute connected transactions as defined under the Hong Kong Listing Rules, but none constitute a discloseable connected transaction as required under the Hong Kong Listing Rules.

The Bank confirms that it has complied with disclosure requirements in accordance with Chapter 14A of the Hong Kong Listing Rules.

USE OF PROCEEDS

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

ISSUANCE OF BONDS

Previous Financial Bonds Issuance

On 20 January 2020, the Bank issued the first tranche of financial bonds for 2020 of Bank of Tianjin Co., Ltd. in the national inter-bank bond market and the payment was completed on 22 January 2020. This tranche of bonds issued were 3-year fixed rate bonds, with a total amount of RMB5 billion and a nominal interest rate of 3.73%.

On 18 January 2018, the Bank issued the 10-year tier-two capital bonds at a total face value of RMB10 billion with a fixed nominal interest rate of 4.80% per annum. Interests are payable annually. The Bank completed the exercise of the redemption right on 28 January 2023 and redeemed all the bonds at their face value.

Important Events

MATERIAL LITIGATIONS AND ARBITRATIONS

As of the date of this annual report, our Bank does not expect any of our current and pending legal or arbitration proceedings to have, individually or in aggregate, a material adverse effect on our business, financial condition and result of operations after provision for impairment.

Litigation against our Tianbao Sub-branch in relation to customers' deposits

From December 2018 to April 2019, the Secondary Intermediate People's Court of Tianjin and the Tianjin High People's Court successively issued the final rulings on the litigation against our Tianbao Sub-branch in relation to customers' deposits that occurred in January 2014. The final rulings ruled that, as 9 companies, including Tianjin Sangzidi Enterprise Co., Ltd. (renamed Wuzhou Glory (Tianjin) Group Co. Ltd. afterwards) and 5 individuals, including Qi Fengcheng (changed to Wang Weiqiang afterwards) and Zhang Li received principal and interest through the "circulation outside of the system" method, they were suspected of committing economic crimes. As those actions involved same legal relationships in civil litigations, the courts dismissed the prosecution against Bank of Tianjin initiated by all the above-mentioned companies and individuals and referred the case materials to the public security authorities.

Since May 2019, 9 companies, including Wuzhou Glory (Tianjin) Group Co. Ltd. and 4 individuals, including Wang Weiqiang and Zhang Li successively submitted an application for civil retrial to Tianjin High People's Court and the Supreme People's Court. Tianjin High People's Court and the Supreme People's Court issued a civil ruling rejecting the retrial submission to 5 companies and 1 individual and approving the withdrawal of retrial submissions of 4 companies and 3 individuals.

Under the circumstances that the final rulings have taken effect and there has been no change to the basis of the rulings, the Bank received a notice of response to action in April 2020, as 5 companies, including Wuzhou Glory (Tianjin) Group Co. Ltd. and 4 individuals, including Wang Weiqiang and Zhang Li have, based on the same facts and reasons as the aforementioned cases, filed lawsuits against us again in relation to savings deposit contract dispute to the Secondary Intermediate People's Court of Tianjin, which is currently under trial.

Litigation against Zhejiang Chouzhou Commercial Bank Raised by Our Shanghai Branch in Relation to the Bills Held under a Resale Agreement

In April 2016, our Shanghai Branch filed a lawsuit against Zhejiang Chouzhou Commercial Bank with Shanghai High People's Court. The litigation involves the bank acceptances held under a resale agreement entered into between our Bank and Zhejiang Chouzhou Commercial Bank. On 13 January 2016, the Bank transferred an amount of RMB986 million to Zhejiang Chouzhou Commercial Bank. Upon maturity on 6 April 2016, our Bank failed to receive the payment of RMB786 million.

Important Events

In May 2018, Shanghai High People's Court issued a civil ruling on the suspension of the case. In October 2020, the Bank filed a civil lawsuit against Zhejiang Chouzhou Commercial Bank with the Shanghai Financial Court. On 30 December 2021, the Shanghai Financial Court delivered the first instance court verdict, stating that Chouzhou Bank shall undertake the supplementary liability for the loss that Shanghai Branch was unable to recover through the lawful asset recovery process, within the range of RMB40 million. The Bank have filed an appeal to the Shanghai High People's Court on the day of the first instance judgement. On 19 October 2022, the Shanghai High People's Court delivered the second instance court verdict, stating that the appeal of the Shanghai Branch and Chouzhou Bank was rejected and the original judgment was affirmed. The Bank has filed an application for retrial with the Supreme People's Court and is currently awaiting hearing.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF ASSETS AND BUSINESS MERGER

There was no significant investment of the Bank during the reporting year. During the Reporting Period, the Bank was not engaged in any material acquisition or disposal of assets or business merger.

PROPERTY AND EQUIPMENT

Details of the changes in property and equipment of the Bank during the Reporting Period are set out in Note 29 to the financial statements in this annual report.

CHANGES IN THE RESERVES

Details of changes in the reserves of the Bank during the Reporting Period are set out in the Consolidated Statement of Changes in Equity in the financial statements of the Bank.

DISTRIBUTABLE RESERVES

The distributable reserves of the Bank as of the end of the Reporting Period were RMB30,906.6 million.

RETIREMENT BENEFITS

Please refer to Note 11 and Note 37 to the financial statements in this annual report for details of the retirement benefits provided to the employees of the Bank.

MAJOR CUSTOMERS AND MAJOR SUPPLIERS

Our five largest depositors accounted for less than 30% of the total deposits and the five largest borrowers accounted for less than 30% of the gross loans and advances to customers as of the end of the Reporting Period.

MAJOR EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

No significant events occurred to the Bank and its subsidiaries after the Reporting Period.

Independent Auditor's Report



To the Shareholders of Bank of Tianjin Co., Ltd.

(incorporated in the People's Republic of China with limited liability)

OPINION

What we have audited

The consolidated financial statements of Bank of Tianjin Co., Ltd. (the "Bank") and its subsidiaries (the "Group"), which are set out on pages 180 to 331, comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

OUR OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Independent Auditor's Report

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Measurement of expected credit losses for loans and advances to customers and other debt instruments measured at amortized cost
- Consolidation of structured entities
- Valuation of financial instruments measured at Level 3 fair value

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Measurement of expected credit losses for loans and advances to customers and debt instruments measured at amortized cost</p> <p><i>Refer to Note 2.11, 3.1, 12, 24, 25 and 53.1</i></p> <p>As at 31 December 2022, gross loans and advances to customers as presented in the Group's consolidated statement of financial position, amounted to RMB347,429 million, for which the management recognized an impairment allowance of RMB10,077 million; total debt instruments measured at amortized cost amounted to RMB181,776 million, for which management recognized an impairment allowance of RMB1,642 million.</p> <p>Management recognized an impairment allowance of RMB7,149 million for the purpose of expected credit losses for loans and advances to customers and debt instruments measured at amortized cost in the consolidated statement of comprehensive income for the year ended 31 December 2022.</p> <p>The balances of loss allowances for loans and advances to customers and debt instruments measured at amortized cost represent management's best estimates at the balance sheet date of expected credit losses ("ECL") under International Financial Reporting Standard 9: Financial Instruments.</p>	<p>We obtained an understanding of the management's internal control and assessment process of ECL for loans and advances to customers and debt instruments measured at amortized cost, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors.</p> <p>We evaluated and tested the design and operating effectiveness of the internal controls relating to ECL for loans advances to customers and other debt instruments measured at amortized cost, primarily including:</p> <ol style="list-style-type: none"> (1) Governance over ECL models, including the selection, approval and application of modelling methodology; and the internal controls relating to the on-going monitoring and optimization of the models; (2) Internal controls relating to significant management judgments and assumptions, including the assessment and approval of portfolio segmentation, model selections, parameters estimation, identification of significant increase in credit risk, defaults or credit-impaired loans, forward-looking measurement; (3) Internal controls over the accuracy and completeness of key inputs used by the models; (4) Evaluation and approval of the measurement result of ECL for loans and advances to customers and other debt instruments measured at amortized cost.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter

How our audit addressed the Key Audit Matter

Measurement of expected credit losses for loans and advances to customers and debt instruments measured at amortized cost *(Continued)*

Management assesses whether the credit risk of loans and advances to customers and debt instruments measured at amortized cost have increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their ECL. For stages 1 and 2 loans and advances to customers and debt instruments measured at amortized cost and the stage 3 retail loans and advances, management assesses impairment allowance using risk parameter model that incorporates key parameters, including probability of default, loss given default, exposure at default and discount rates. For stages 3 loans and advances to corporate customers and debt instruments measured at amortized cost, management assesses impairment allowance using both risk parameter model and discounted cash flows model.

The substantive procedures we performed primarily included:

According to the risk characteristics of assets, we evaluated the segmentation of business operations. We assessed the appropriateness of the modelling methodologies adopted for ECL measurement by comparing with the industry practice. We also examined the model measurement on a sample basis, to tested whether or not the models reflect the modelling methodologies documented by the management.

We have selected samples and examined the accuracy and completeness of key data used by the models including the historical and reporting date on a sample basis.

We selected samples, in consideration of the financial information and non-financial information of the borrowers, relevant external evidence and other factors, to assess the appropriateness of the management's identification of significant increase in credit risk, defaults and credit-impaired loans.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Measurement of expected credit losses for loans and advances to customers and debt instruments measured at amortized cost <i>(Continued)</i></p> <p>The models of ECL involve significant management judgments and assumptions, primarily including:</p> <ol style="list-style-type: none"> (1) Segmentation of business operations sharing similar credit risk characteristics, selection of appropriate models and determination of relevant key measurement parameters; (2) Criteria for determining whether or not there was a significant increase in credit risk, or a default or credit-impaired; (3) Economic indicators for forward-looking measurement, and the application of economic scenarios and weightings; (4) The estimated future cash flows for loans and advances to corporate customers and other debt instruments measured at amortized cost in stage 3. 	<p>For forward-looking measurements, we assessed management's selection and of economic indicators and management's analysis of economic scenarios and weightings. We further tested the reasonableness of the prediction of economic. In addition, we performed sensitivity analysis of economic scenarios and weightings.</p> <p>For stages 1 and 2 loans and advances to customers and debt instruments measured at amortized cost and the stage 3 retail loans and advances, we examined, on a sample basis, the accuracy of the relevant modelling calculations.</p> <p>For loans and advances to corporate customers and other debt instruments measured at amortized cost in stage 3, we examined, on a sample basis, forecasted future cash flows prepared by the Group based on financial information of borrowers and guarantors, latest collateral valuations and other available information together with discount rates in supporting the computation of loss allowance.</p> <p>Based on our procedures performed, the models, key parameters and data, significant judgements and assumptions adopted in the ECL measurement together with the measurement results were considered acceptable.</p>

The amount of impairment of the loans and advances to customers and other debt instruments measured at amortized cost is significant, and the measurement has a high degree of estimation uncertainty. For measuring ECL, management adopted complex models, employed numerous parameters and data inputs, and applied significant management judgments and assumptions, and involved significant inherent risks. In view of these reasons, we identified this as a key audit matter.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter

How our audit addressed the Key Audit Matter

Consolidation of structured entities

Refer to Note 2.3, 3.6, 48

Structured entities primarily included asset management plans, asset-backed securities, trust plans and funds, managed or invested by the Group. As at 31 December 2022, the carrying amount of unconsolidated structured entities sponsored by third party institutions invested by the Group amounted to RMB98,726 million. In addition, as at 31 December 2022, the amount of assets of non-principal guaranteed WMPs sponsored and/or managed by the Group which were not included in the consolidated statement of financial position were RMB79,600 million.

Management had determined whether the Group had control of certain structured entities based on the assessment of the Group's power over, its exposure to variable returns from its involvement with, and its ability to use its power to affect the amount of its returns from these structured entities.

The significant judgement exercised by management in assessing whether the Group had control of structured entities and the significant amount of such structured entities resulted in this matter being identified as a key area of audit focus.

We understood, evaluated the Group's relevant business process and internal controls over consolidation assessment of structured entities. We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the degree of other inherent risk factors, and further tested consolidation of structured entities on a sample basis, including the following procedures.

- (1) reviewed contracts and other supporting documents, analysed the Group's contractual rights and obligations in light of the transaction structures, and evaluated the Group's power over the structured entities.
- (2) performed independent analysis and tests on the variable returns from the structured entities, including but not limited to investment return, commission income, asset management fees, the retention of residual income, and, if any, the liquidity and other support provided to the structured entities.
- (3) evaluated whether the Group acted as a principal or an agent, through analysis and assessment of the scope of the Group's decision-making authority over the structured entities, the remuneration to which the Group was entitled for asset management services to the Group's exposure to variability of returns from other interests in the structured entities, and the rights held by other parties in the structured entities.

Based on the procedures performed, we found management's consolidation judgement of these structured entities acceptable.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of financial instruments measured at Level 3 fair value</p> <p><i>Refer to Note 2.11, 3.3, 54</i></p> <p>As at 31 December 2022, the amount of fair value of financial instruments measured at Level 3 is RMB87,258 million. The financial instruments measured at Level 3 are asset management plans, trust plans, other debt financing products and unlisted equity.</p> <p>The main valuation technique used by the Group is discounted cash flow model for financial instruments in level 3, based on significant unobserved inputs. The assumption of the valuation technique and the input data needs reasonable estimation and adjustment by management.</p> <p>Considering the measurement of fair value of Level 3 financial instruments has a high degree of estimation uncertainty, using important unobservable input data and involving significant management judgements and assumptions, we identified this as a key audit matter.</p>	<p>We understood, evaluated and tested the Group's relevant controls over valuation of financial instruments measured at Level 3 fair value and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors.</p> <p>Our procedures in relation to valuation of financial instruments measured at Level 3 fair value included:</p> <ol style="list-style-type: none"> (1) Understood design and testing operating effectiveness of the controls in relation to financial instrument valuation process; (2) Assessed the valuation methodology and assumptions used as well as the unobservable input in valuation; (3) Recalculated the fair value of financial instruments, on a sample basis, and comparing to the results of the Group's. <p>Based on the procedures performed, we found management's valuation of financial instruments measured at Level 3 fair value acceptable.</p>

Independent Auditor's Report

OTHER INFORMATION

The directors of the Bank are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Bank are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yip Siu Foon, Linda.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 30 March 2023

Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Year ended 31 December	
		2022	2021
Interest income		30,385,697	30,371,879
Interest expense		(18,912,719)	(17,446,541)
Net interest income	5	11,472,978	12,925,338
Investment income	6	1,585,354	2,339,241
Fee and commission income		2,134,760	2,082,280
Fee and commission expense		(448,261)	(298,654)
Net fee and commission income	7	1,686,499	1,783,626
Net trading gains/(losses)	8	795,672	649,678
Net gain arising from derecognition of financial assets measured at amortised cost	9	101,044	40,212
Other income, gains or losses	10	117,204	(44,106)
Operating income		15,758,751	17,693,989
Operating expenses	11	(4,448,622)	(4,424,654)
Impairment losses under expected credit loss model, net of reversals	12	(7,524,819)	(9,852,127)
Share of results of associates		24,249	24,535
Profit before tax		3,809,559	3,441,743
Income tax expense	13	(246,490)	(227,436)
Profit for the year		3,563,069	3,214,307

Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022
(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Year ended 31 December	
		2022	2021
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Fair value gains/(losses) on:			
– financial assets measured at fair value through other comprehensive income	43	(185,476)	781,211
Amount reclassified to profit or loss upon disposal of:			
– financial assets measured at fair value through other comprehensive income	43	(463,697)	(304,076)
Impairment loss for financial assets measured at fair value through other comprehensive income included in profit or loss	43	2,806	27,587
Income tax relating to items that may be reclassified subsequently	43	161,592	(126,181)
Other comprehensive income/(expense) for the year, net of income tax		(484,775)	378,541
Total comprehensive income for the year		3,078,294	3,592,848
Profit for the year attributable to:			
Equity holders of the Bank		3,564,965	3,196,026
Non-controlling interests		(1,896)	18,281
		3,563,069	3,214,307
Total comprehensive income for the year attributable to:			
Equity holders of the Bank		3,080,190	3,574,567
Non-controlling interests		(1,896)	18,281
		3,078,294	3,592,848
Total comprehensive income for the year:			
– from continuing operations		3,078,294	3,592,848
Earnings per share attributable to equity holders of the Bank (Expressed in RMB Yuan per share)			
From continuing operations			
– Basic and diluted	14	0.59	0.53

The accompanying notes are an integral part of these consolidated financial statements.

Financial Statements

Consolidated Statement of Financial Position

As at 31 December 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	31 December 2022	31 December 2021
ASSETS			
Cash and balances with central bank	17	42,912,719	39,831,551
Deposits with banks and other financial institutions	18	6,338,690	5,286,491
Placements with banks and other financial institutions	19	26,347,825	19,063,025
Derivative financial assets	20	58,811	16,776
Financial assets held under resale agreements	21	11,053,540	600,197
Financial assets at fair value through profit or loss	22	76,140,375	73,740,567
Debt instruments at fair value through other comprehensive income	23	65,492,044	50,154,686
Loans and advances to customers	24	337,397,157	324,607,358
Debt instruments at amortised cost	25	180,133,899	190,702,029
Equity instruments at fair value through other comprehensive income	26	1,642,224	1,642,224
Deferred tax assets	27	4,475,513	4,514,145
Other assets	28	5,235,255	5,942,697
Property and equipment	29	2,455,711	2,555,066
Right-of-use assets	30	1,120,158	990,057
Interests in associates	31	278,930	257,063
Total assets		761,082,851	719,903,932
LIABILITIES			
Borrowings from central bank	32	61,798,955	53,070,305
Deposits from banks and other financial institutions	33	42,073,862	41,412,833
Placements from banks and other financial institutions	34	23,312,180	21,409,841
Financial liabilities held for trading	35	–	519,111
Financial assets sold under repurchase agreements	36	76,259,825	59,110,735
Derivative financial liabilities	20	60,220	156,724
Income tax payable		5,339	15,553
Other liabilities	37	4,560,627	4,662,187
Lease liabilities	38	1,154,111	1,015,819
Due to customers	39	397,765,271	382,478,890
Debt securities issued	40	93,473,329	98,511,096
Total liabilities		700,463,719	662,363,094

Financial Statements

Consolidated Statement of Financial Position

As at 31 December 2022
(Amounts in thousands of Renminbi, unless otherwise stated)

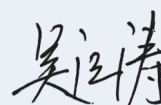
	Notes	31 December 2022	31 December 2021
EQUITY			
Share capital	41	6,070,552	6,070,552
Capital reserve	42	10,731,130	10,731,130
Investment revaluation reserve	43	(497,110)	(12,335)
Surplus reserve	44	3,352,480	3,352,480
General reserve	45	9,221,377	9,216,746
Retained earnings		30,906,552	27,346,218
Equity attributable to equity holders of the Bank		59,784,981	56,704,791
Non-controlling interests		834,151	836,047
Total equity		60,619,132	57,540,838
Total equity and liabilities		761,082,851	719,903,932

The accompanying notes are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 180 to 331 were approved and authorised for issue by the Board of Directors on 30 March 2023 and are signed on its behalf by:



EXECUTIVE DIRECTOR



EXECUTIVE DIRECTOR

Financial Statements

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Attributable to equity holders of the Bank							Non – controlling interests	Total
		Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Subtotal		
As at 1 January 2022		6,070,552	10,731,130	(12,335)	3,352,480	9,216,746	27,346,218	56,704,791	836,047	57,540,838
Profit for the year		-	-	-	-	-	3,564,965	3,564,965	(1,896)	3,563,069
Other comprehensive income for the year		-	-	(484,775)	-	-	-	(484,775)	-	(484,775)
Total comprehensive income for the year		-	-	(484,775)	-	-	3,564,965	3,080,190	(1,896)	3,078,294
Appropriation to general reserve	45	-	-	-	-	4,631	(4,631)	-	-	-
As at 31 December 2022		6,070,552	10,731,130	(497,110)	3,352,480	9,221,377	30,906,552	59,784,981	834,151	60,619,132
As at 1 January 2021		6,070,552	10,731,130	(390,876)	3,352,480	9,213,596	24,153,342	53,130,224	817,766	53,947,990
Profit for the year		-	-	-	-	-	3,196,026	3,196,026	18,281	3,214,307
Other comprehensive income for the year		-	-	378,541	-	-	-	378,541	-	378,541
Total comprehensive income for the year		-	-	378,541	-	-	3,196,026	3,574,567	18,281	3,592,848
Appropriation to general reserve	45	-	-	-	-	3,150	(3,150)	-	-	-
As at 31 December 2021		6,070,552	10,731,130	(12,335)	3,352,480	9,216,746	27,346,218	56,704,791	836,047	57,540,838

The accompanying notes are an integral part of these consolidated financial statements.

Financial Statements

Consolidated Statement of Cash Flows

For the year ended 31 December 2022
(Amounts in thousands of Renminbi, unless otherwise stated)

	Year ended 31 December	
	2022	2021
OPERATING ACTIVITIES		
Profit before tax	3,809,559	3,441,743
Adjustments for:		
Depreciation and amortisation	813,022	794,039
Impairment losses under expected credit loss model, net of reversal	7,524,819	9,852,127
Share of results of associates	(24,249)	(24,535)
Interest income arising from debt instruments at FVOCI and at amortised costs	8,858,185	(9,115,228)
Interest expense arising from lease liabilities	41,246	41,941
Interest expense arising from debt securities issued	2,983,130	3,588,642
Investment income	(1,585,354)	(2,339,241)
Net trading (gains)/losses	(795,672)	(649,678)
Net gains arising from derecognition of financial assets measured at amortised cost	(101,044)	(40,212)
Dividend income from investment securities	(73,043)	(68,096)
Other income, gains or losses	(129,901)	(139,876)
Operating cash flows before movements in working capital	3,604,328	5,341,626
Decrease/(Increase) in balances with central bank and deposits with banks and other financial institutions	3,334,842	(344,278)
Increase in placements with banks and other financial institutions	(7,819,189)	(6,716,430)
Decrease/(Increase) in financial assets held for trading and derivative financial assets	2,324,198	(4,007,924)
Increase in loans and advances to customers	(16,292,905)	(39,456,427)
Increase in borrowings from central bank	8,517,012	27,700,729
Increase/(Decrease) in deposits from banks and other financial institutions	641,892	(6,048,136)
Increase/(Decrease) in placements from banks and other financial institutions	1,918,195	(4,347,872)
Decrease in financial liabilities held for trading and derivative financial liabilities	(606,372)	(424,820)
Increase/(Decrease) in financial assets sold under repurchase agreements	17,141,193	(1,358,915)
Increase in due to customers	13,533,927	26,184,521
Increase in other operating assets	(10,669,514)	(625,050)
Increase/(Decrease) in other operating liabilities	1,609,846	(2,890,811)
Cash generated by operating activities	17,237,453	(6,993,787)
Income tax paid	(61,819)	(478,491)
Net cash generated by operating activities	17,175,634	(7,472,278)

Financial Statements

Consolidated Statement of Cash Flows

For the year ended 31 December 2022
(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Year ended 31 December	
		2022	2021
INVESTING ACTIVITIES			
Cash received from disposal and redemption of investment securities		224,139,701	252,002,160
Cash received from disposal of property and equipment and other assets		183,542	9,656
Cash paid for purchases of investment securities		(237,234,541)	(249,593,482)
Cash paid for purchase of property and equipment and other assets		(665,751)	(708,097)
Interest income received from investment securities		11,491,002	10,444,570
Dividend income received from investment securities		73,043	68,096
Net cash generated/(used in) by investing activities		(2,013,004)	12,222,903
FINANCING ACTIVITIES			
Cash received from debt securities issued	46	123,659,982	162,978,918
Repayment of debt securities issued	46	(130,660,000)	(174,820,000)
Repayment of lease liabilities	46	(308,667)	(321,603)
Interest paid on financing activities	46	(1,020,880)	(1,948,080)
Dividends paid		(541)	(29,623)
Net cash used in financing activities		(8,330,106)	(14,140,388)
Net increase/(decrease) in cash and cash equivalents		6,832,524	(9,389,763)
Cash and cash equivalents at beginning of the year		15,157,013	24,604,025
Effect of foreign exchange rate changes		68,620	(57,249)
Cash and cash equivalents at end of the year	47	22,058,157	15,157,013
Net cash generated by operating activities include:			
Interest received		23,766,243	24,512,182
Interest paid		(14,362,732)	(13,859,919)
Net interest received from operating activities		9,403,511	10,652,263

The accompanying notes are an integral part of these consolidated financial statements.

Financial Statements

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022
(Amounts in thousands of Renminbi, unless otherwise stated)

1. GENERAL INFORMATION

Bank of Tianjin Co., Ltd. (the “Bank”) is formerly known as Tianjin City Cooperative Bank Co., Ltd., a stock limited commercial bank established in Tianjin Municipality of the People’s Republic of China (the “PRC”) in November 1996 with the approval of the People’s Bank of China (“PBOC”). The Bank changed its name to Tianjin City Commercial Bank Co., Ltd. in August 1998 and then to Bank of Tianjin Co., Ltd. in February 2007.

The Bank is licensed as a financial institution by the China Banking and Insurance Regulatory Commission (the “CBIRC”) Tianjin Bureau (No. B0108H212000001) and is registered as a business enterprise with the approval of Tianjin Market and Quality Supervision Administration (Unified Credit Record No. 911200001030702984). The Bank was listed on The Stock Exchange of Hong Kong Limited on 30 March 2016.

As at 31 December 2022 the Bank had a total of 14 tier-one branches, 9 of them are in Tianjin Municipality and 5 of them are located outside the Tianjin Municipality. In 2022, the Bank was approved to open 1 new branch. Information on the subsidiaries of the Bank is presented in Note 55.

The approved business scope of the Bank and its subsidiaries (collectively referred to as the “Group”) consists of deposit taking; granting of short-term, medium-term and long-term loans; handling domestic and overseas settlement; handling bill acceptance and discounting; issuing financial bonds; acting as agent to issue, settle and underwrite government bonds; trading of government bonds; engaging in inter-bank placement; bank cards business; providing letter of credit services and guarantee; acting as agent on inward and outward payments, acting as insurance agent; providing safe-box service; securities investment fund sales business; client transaction settlement funds custody business as a legal person bank; foreign currency deposit taking, granting of loans; foreign currency remittance, currency exchange; international settlement; foreign currency sale and settlement; inter-bank foreign currency placement; foreign currency guarantee; foreign currency borrowing; foreign currency bill acceptance and discount; credit investigation, consulting and business witness; proprietary and broker trading of foreign currency marketable securities other than stocks; proprietary and broker trading of foreign exchange; financial leasing; transfer of assets under finance lease; securities investment with fixed income, lease guarantee deposits from lessees; time deposit taking from non-bank shareholders with over 3 months (inclusive) maturity; inter-bank placements, borrowings from financial institutions, overseas borrowings; sales and disposal of leased properties; economic consulting, and other businesses as approved by the banking regulatory authorities under the State Council and other regulatory authorities. (certain projects are subject to additional approval of authorities).

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Bank and its subsidiaries.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Principle accounting policies

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 New standards, amendments and Interpretations

Application of amendments to international financial reporting standards ("IFRSs") Effective date on 1 January 2022

On 1 January 2022, the Group adopted the following new standards, amendments and interpretations. The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

Amendments on IFRS 16	COVID-19 Related Rent Concessions
Amendments on IAS 16	Property, Plant and Equipment: Proceeds before intended use
Amendments on IFRS 3	Reference to the Conceptual Framework
Amendments on IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 (issued in May 2020)	Minor Amendments to IFRS 1, IFRS 9, IAS 41 and IFRS 16

The adoption of the above standards and amendments does not have significant impact on the operating results, financial position and comprehensive income of the Group for the year ended 31 December 2022.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 New standards, amendments and Interpretations *(Continued)*

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

		Effective for annual periods beginning on or after
IAS 1 Amendments	Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17 and Amendments	Insurance Contracts	1 January 2023
IAS 1 and IFRS Practice Statement 2 Amendments	Disclosure of Accounting Policies	1 January 2023
IAS 8 Amendments	Definition of Accounting Estimates	1 January 2023
IAS 12 Amendments	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 16 Amendments	Leases on Sale and Leaseback	1 January 2024
IAS 1 Amendments	Non Current Liabilities with Covenants	1 January 2024
IFRS 10 and IAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date has been deferred indefinitely

The Group is assessing the impact of adopting the above standards and amendments. The adoption of the above standards and amendments is not expected to have material impact on the Group's consolidated financial statements.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Basis of preparation of consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Bank, the subsidiaries and the structural entities controlled by the Group. Control is achieved when the Bank:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expense of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the equity holders of the Bank and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the equity holders of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expense and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Basis of preparation of consolidated financial statements *(Continued)*

Changes in the Group's interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to the equity holders of the Bank.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of fair value of the consideration received and fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the equity holders of the Bank. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments ("IFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2022
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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those entities.

The results and assets and liabilities of associates are incorporated in consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associates other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Revenue

Specific recognition criteria for different nature of revenue are disclosed below.

Interest income and expense

Interest income and expense of financial instruments are calculated using the effective interest method and included in the current profit and loss.

The Group uses the effective interest method to calculate the interest income and expense of financial assets and liabilities measured at amortized cost, presented as “interest income” and “interest expense” respectively. For specific accounting policies, please refer to the Note 2.11 financial instruments.

Fee and commission income

Fee and commission income is recognized when the Group fulfills its performance obligation, either over time or at a point in time when a customer obtains control of the service.

For the performance obligations satisfied at a point in time, the Group recognizes revenue when control is passed to the customer at a certain point in time, including insurance agency fee, merchant acquiring service fee, settlement & clearing services and bond underwriting fee, etc. For the performance obligations satisfied over time, the Group recognizes revenue according to the progress toward satisfaction of the obligation over the time, including consultancy and advisory fee and custodian fee, etc.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Leases

Lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration.

The Group as lessee

The Group recognizes the right-of-use assets at the commencement date, and recognizes the lease liabilities at the present value of the outstanding lease payments. Lease payments include fixed payments, the amounts expected to be payable by the Group if the Group is reasonably certain to exercise a purchase option or an option to terminate the lease. Variable lease payments that are based on an index or a rate are recognized as an expense in profit or loss when incurred.

The right-of-use assets are measured at costs, which include the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date, any initial direct costs and less any lease incentives received. If the Group could reasonably determine the ownership of the leased asset when the lease term expires, the right-of-use assets are depreciated over the asset's remaining useful life. Otherwise, the right-of-use assets are depreciated over the shorter period of the asset's useful life and the lease term on a straight-line basis. When the recoverable costs of right-of-use assets are lower than the carrying amount, the value of right-of-use assets will be decreased down to the recoverable costs.

Short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Leases of low value assets are the underlying assets are of low value when new.

The Group as lessor

When the Group is the lessor in a finance lease, a finance lease receivable as an amount equal to the net lease investment is recognized and the finance lease asset is derecognized at the commencement date. The finance lease receivables are recorded in the consolidated statement of financial position as Loans and advances to customers.

When the Group is the lessor in an operating lease, rental income from operating leases is recognized as other operating income in the consolidated income statement on a straight-line basis over the term of the related lease. The initial direct costs are included in the carrying amount of the underlying assets and is recognized as expense over the lease term on the same basis as the lease income.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Foreign currencies

In preparing the financial statements of each involved group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the year in which they arise.

2.8 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expense the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expense or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the year in which they become receivable.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Employee compensation

Employee benefits are all forms of consideration given and compensations incurred by the Group in exchange for services rendered by employees or the termination of the employment relationship, including short-term employee benefits, post-employment benefits, and early retirement benefits.

(1) *Short-term employee benefits*

Short-term employee benefits include employee wages or salaries, bonus, allowance and subsidies, staff welfare, medical insurance, maternity insurance, housing funds, union running costs, employee education costs, and so forth. Actual short-term employee benefits are recognised as a liability in the period in which the associated services are rendered by its employees, with a corresponding increase in the expense in profit or loss.

(2) *Post-employment benefits*

The Group divides post-employment benefit plans into defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans. For defined contribution plans, the Group pays contributions to basic retirement insurance, annuity scheme and unemployment insurance for the employees during the reporting period, while defined benefit plans are mainly supplementary retirement benefits.

Defined contribution retirement schemes

The Group has joined defined contribution retirement schemes for the employees arranged by local government labour and security authorities. The Group makes contributions to the retirement schemes monthly at the applicable rates based on the amounts stipulated by the local government organisations. When employees retire, the local government labour and security authorities are responsible for the payment of the basic retirement benefits to the retired employees. During the accounting period in which the employees provide services, the amount payable in accordance with the above regulations are recognised as a liability and charged to the profit or loss.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Employee compensation *(Continued)*

(2) *Post-employment benefits (Continued)*

Annuity plan

In addition to the statutory pension schemes, the Group's employees also participate in the annuity scheme set up in accordance with the state's corporate annuity regulations. The annuity contributions are paid by the Group in proportion to its employees' gross salaries, and are expensed in the consolidated statement of comprehensive income of the current period. The Group has no further obligation if the Annuity Scheme does not have sufficient assets for the payment of any retirement benefits to employees funded by the Annuity Scheme.

(3) *Early retirement benefits*

Early retirement benefits have been paid to those employees who accept voluntary retirement before the normal retirement date, as approved by management. The related benefit payments are made from the date of early retirement to the normal retirement date.

2.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Taxation *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the way the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to the leasing transactions. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

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Notes to the Consolidated Financial Statements

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Classification of financial instruments

Financial assets and liabilities are classified into the following three types on the basis of the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets or the purpose of assuming liabilities:

- Amortized cost;
- Fair value through other comprehensive income ("FVOCI");
- Fair value through profit or loss ("FVTPL").

The business model reflects how the Group manages the financial assets in order to generate cash flows. The business model determines whether the cash flows of financial assets managed by the Group solely come from collecting the contractual cash flows from the assets, selling the financial assets, or both. Factors considered by the Group in determining the business model of a set of financial assets include how the cash flows of the Group were collected in the past, how the Group's performance was assessed and reported to key management personnel, how the risks were assessed and managed, and the way the business managers are paid.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cashflows represent solely payments of principal and interest ("SPPI"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets are classified as financial assets measured at fair value through profit or loss.

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For the year ended 31 December 2022
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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments *(Continued)*

Classification of financial instruments (Continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

(i) Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- the business model for managing the financial assets is to collect contractual cash flows;
- the contractual terms of the financial assets specify that cash flows arising on specified dates are solely payments of principal and interest on the outstanding principal.

(ii) Financial assets measured at FVOCI

Financial assets measured at FVOCI include debt instruments measured at FVOCI and equity instruments designated at FVOCI.

Financial assets are classified as debt instruments measured at FVOCI when they are not designated at FVTPL and both of the following conditions are met:

- the assets are managed within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets;
- the contractual terms of the financial assets specify that cash flows arising on specified dates are solely payments of principal and interest on the outstanding principal.

At inception, the Group may designate non-trading equity instruments as financial assets measured at FVOCI. Once the designation is made, it cannot be revoked.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments *(Continued)*

Classification of financial instruments (Continued)

(iii) Financial assets and liabilities measured at FVTPL

The Group classifies the financial assets other than those measured at amortized cost and measured at FVOCI as financial assets measured at FVTPL. The Group classifies the financial liabilities other than those measured at amortized cost as financial liabilities measured at FVTPL.

Financial assets and liabilities measured at FVTPL include those mandatory, and those designated at FVTPL.

The Group classifies the following financial assets at fair value through profit or loss:

- debt instruments that do not qualify for measurement at either amortized cost or FVOCI; and
- it has no control, joint control and significant impact on the equity instrument and equity instruments for which the entity has not designated at FVOCI.

At initial recognition, the Group may designate financial assets as financial assets measured at FVTPL if the designation can eliminate or significantly reduce accounting mismatch. Once the designation is made, it cannot be revoked.

Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g., short positions in the trading booking) and other financial liabilities designated as such at initial recognition.

Financial liabilities are designated at FVTPL upon initial recognition when one of the following conditions is met:

- the designation can eliminate or significantly reduce accounting mismatch; or
- the formal written file of the Group's risk management or investment strategy have clearly stated that the financial liability portfolio, or the portfolio of financial assets and financial liabilities, are managed, evaluated and reported to key management personnel on the basis of fair value. Once the designation is made, it cannot be revoked.

(iv) Financial liabilities measured at amortized cost

Financial liabilities which other than those measured at FVTPL, are measured at amortized cost, using the effective interest method. Financial liabilities measured at amortized cost comprise deposits and placements from banks and other financial institutions, financial assets sold under repurchase agreements, deposits from customers, debt securities issued and other financial liabilities.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments *(Continued)*

Measurement of financial instruments

Initial recognition

Financial assets purchased or sold in regular ways are recognized on the trading day, the date on which the Group commits to purchasing or selling the assets.

At initial recognition, the Group measures a financial asset or financial liability at its fair value. For financial assets or financial liabilities that are not measured at FVTPL, the transaction costs directly attributable to the acquisition or issuance of such financial assets or financial liabilities should also be added or deducted. Transaction costs of financial assets and financial liabilities carried at FVTPL are recognized in profit or loss. After initial recognition, an expected credit loss ("ECL") allowance is immediately recognized in profit or loss for financial assets measured at amortized cost and investments in debt instruments measured at FVOCI.

Subsequent measurement

Subsequent measurement of financial instruments depends on the categories:

(i) Financial assets and liabilities measured at amortized cost

The amortized cost is determined at the financial assets or financial liabilities at initial recognition after being adjusted as follow:

- deducting the principal repaid;
- adding or deducting the cumulative amortization of any difference between the amount at initial recognition and the amount at the maturity date using the effective interest method;
- deducting any loss allowance (solely for financial assets).

The effective interest rate is the interest rate used to discount the estimated future cash flows of financial assets or financial liabilities over the estimated duration to the carrying amount (i.e., the amortized cost before any impairment allowance) of the financial assets or to the amortized cost of the financial liabilities. The expected credit losses are not considered in calculation, while the transaction costs, premiums or discounts, and fees paid or received that are integral to the effective interest rate are covered.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments *(Continued)*

Measurement of financial instruments (Continued)

Subsequent measurement *(Continued)*

(i) Financial assets and liabilities measured at amortized cost (Continued)

The interest income is calculated by applying the effective interest rate to the carrying amount of a financial asset, with the following exceptions:

- a POCI financial asset, whose interest income is calculated since initial recognition by applying the credit-adjusted effective interest rate to its amortized cost;
- a financial asset that is not a POCI financial asset but has subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to its amortized cost. If, in a subsequent period, the financial asset improves its quality so that it is no longer credit-impaired and the improvement in credit quality can be related objectively to a certain event occurring after the application of the above-mentioned rule, then the interest income can again be calculated by applying the effective interest rate to its gross carrying amount.

(ii) Financial assets measured at FVOCI

Debt instruments

Movements in the carrying amount are recognized in other comprehensive income, except for the impairment gains or losses, interest income and foreign exchange gains and losses on the amortized cost of the financial assets which are recognized in profit or loss. Interest income from these financial assets is included in "interest income" using the effective interest rate method.

When the financial assets are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from other comprehensive income to profit or loss for the current period.

Equity instruments

Where an investment in an equity investment not held for trading is designated as a financial asset measured at FVOCI, the changes in fair value of the financial asset are recognized in the other comprehensive income. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from other comprehensive income to retained earnings. The dividend income on the investment is recognized in profit or loss only when the Group's right to receive payment of the dividends is established.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments *(Continued)*

Measurement of financial instruments (Continued)

Subsequent measurement *(Continued)*

(iii) Financial assets measured at FVTPL

Financial assets measured at FVTPL are measured at fair value with all gains or losses recognized in the profit or loss of the current period.

(iv) Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL are measured at fair value with all gains or losses recognized in the profit or loss of the current period, unless in the case of financial liabilities designated at FVTPL, where gains or losses on the financial liabilities are treated as follows:

- (a) changes in the fair value of such financial liabilities due to changes in the Group's own credit risk shall be recognized in other comprehensive income;
- (b) other changes in fair value of such financial liabilities shall be recognized in profit or loss for the current period. If the accounting of changes in the credit risk of the financial liabilities in accordance with (a) will create or enlarge accounting mismatches in profit or loss, the Group shall recognize all gains or losses on such financial liabilities (including amounts arising from changes in its own credit risk) in the profit or loss of the current period.

When the liabilities designated at FVTPL is derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from other comprehensive income to retained earnings.

(v) Equity instruments

An equity instrument refers to a contract that can prove that a company has the remaining equity in the assets after deducting all liabilities. Equity instruments issued by the Bank are accounted for amounts (net of transaction costs) received.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments *(Continued)*

Measurement of financial instruments (Continued)

Subsequent measurement *(Continued)*

(vi) Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of the reporting period. The resulting gain or loss is recognised in the consolidated income statement.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including financial assets at amortised cost, debt instruments at FVOCI), and other items (loan commitments and financial guarantee contracts), which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group uses judgments, assumptions and estimates in measuring the expected credit losses in accordance with the accounting standards, including: grouping of risks, Classification of stages, Models and parameters, Forward-looking information."

For financial instruments whose impairment losses are measured using the ECL models, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognise their ECL, as follows:

- Stage 1: If the credit risk has not increased significantly since its initial recognition, the financial asset is included in stage 1.
- Stage 2: If the credit risk has increased significantly since its initial recognition but is not yet deemed to be credit-impaired, the financial instrument is moved to Stage 2.
- Stage 3: If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments *(Continued)*

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

Financial instruments in Stage I have their ECL measured at an amount equivalent to the ECL of the financial asset for the next 12 months ("12m ECL"). Financial instruments in Stage II or Stage III have their ECL measured at an amount equivalent to the ECL over the lifetime of the financial instruments ("Lifetime ECL"). Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For purpose of classification of stages, the Group fully assesses available information on the credit entity and its credit exposures. The related information includes but is not limited to internal credit rating of the credit entity in the Group; classification and overdue status of credit exposures, contract terms, etc.; changes of the Group's credit strategies on the credit entity or credit risk management method; credit, external rating, changes in price of debts and equity, credit default swap prices, credit spread, public opinion, etc., relating to the credit entity; operating and financial information of the credit entity and its shareholder(s) and associate(s); macro-economy, industry development, technology innovation, climate changes, natural disasters, social, economic and financial policies, government support or aid measures that may have potential influence on the ability of the credit entity to repay, and other related information.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments *(Continued)*

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk *(Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- Overdue principal or interests by more than 30 days but no more than 90 days; or
- Significant downgrade in internal rating compared with initial recognition, especially when the borrower is downgraded to grade 6 or below; or
- Significant downgrade in external rating compared with initial recognition, especially the borrower is downgraded to below A (domestic rating agency); or
- Credit situation deteriorate significantly without any overdue days; or
- The absolute or relative changes of default probability beyond a certain level; or.
- Other situations indicating significant changes in credit risk.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments *(Continued)*

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk *(Continued)*

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers that default has occurred when the financial instruments is more than 90 days past due or loan quality classification is secondary, doubt or loss.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments *(Continued)*

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking in account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For undrawn loan commitments, the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitments draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

For ECL on financial guarantee contracts or on loan commitments for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments *(Continued)*

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL *(Continued)*

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Type of product or business;
- Past-due status;
- Nature and industry distribution of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for investments in debt instruments that are measured at FVOCI, loan commitments and financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVOCI, the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the investment revaluation reserve in relation to accumulated loss allowance.

(vi) Forward-looking information

Both the assessment of significant increase in credit risk and the calculation of expected credit losses involve forward-looking information. The Group identifies key economic indicators that affect credit risks and expected credit losses of all asset portfolios based on historical data analysis. Please refer to 53.1(3) Credit risk – incorporation of forward-looking information.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments *(Continued)*

Derecognition/modification of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is more than 10% different from the discounted present value of the remaining cash flows of the original financial liability.

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortised over the remaining term. Any adjustment to the carrying amount of the financial asset is recognised in profit or loss at the date of modification.

Financial liabilities are derecognised when they are extinguished (i.e., when the obligation specified in the contract is discharged, cancelled or expires).

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Repurchase agreements and agreements to resell

Financial assets sold subject to repurchase agreements continue to be recognised, and are recorded in their respective balance sheet categories. The corresponding liability is included in “financial assets sold under repurchase agreements”. Financial assets held under agreements to resell at a specific future date at a fixed price are recorded as “financial assets held under resale agreements”.

The difference between purchase and sale price is recognised as interest expense or income in profit or loss over the life of the agreements using the effective interest method.

2.13 Precious metals

Precious metals that are not related to the Group’s trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realisable value. Precious metals that are related to the Group’s trading activities are initially and subsequently recognised at fair value, with changes in fair value arising from re-measurement recognised directly in profit or loss in the period in which they arise.

2.14 Property and equipment

Property and equipment including buildings held for use in the supply of services, or for administrative purpose (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any. When the costs attributable to the land use rights cannot be reliably measured and separated from that of the building at inception, the costs are included in the cost of buildings and recorded in property and equipment.

Subsequent expenditure incurred for the property and equipment (other than construction in progress) is included in the cost of the property and equipment (other than construction in progress) if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditure can be measured, and the carrying amount of the replaced part is derecognized. Other subsequent expenditure is recognized in the consolidated income statement in the period in which they are incurred.

Depreciation is recognized as a component of operating expenses in the consolidated income statement so as to recognize the consumption of the economic value of property and equipment (other than construction in progress), less their estimated residual values, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation rates are reviewed at the end of each reporting period.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Property and equipment *(Continued)*

The useful lives, estimated residual value rates and annual depreciation rates of each class of property and equipment are as follows:

Classes	Useful lives	Estimated residual value rates	Annual depreciation rates
Buildings	20-50 years	3%-5%	1.90%-4.85%
Electronic equipment	3-5 years	3%-5%	19.00%-32.33%
Motor vehicles	4-5 years	3%-5%	19.00%-24.25%
Furniture and fixtures	5-10 years	3%-5%	9.50%-19.40%

Properties in the course of construction for supply of services or administrative purposes are carried at cost, as construction in progress, less any impairment loss. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its continued use. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in other operating income or operating expenses in the consolidated income statement. The accounting policies of impairment of property and equipment are included in Note 2.17 Impairment on property and equipment, right-of-use assets and intangible assets.

2.15 Repossessed assets

Foreclosed assets in the type of financial assets are initially recognized at fair value; foreclosed assets other than financial assets are initially measured at the fair value of the waived creditors' rights and other costs such as taxes directly attributable to the asset, and subsequently measured at the lower of carrying amount and fair value less costs to sell at the end of the reporting period. When the fair value less costs to sell is lower than the repossessed asset's carrying amount, an impairment loss is recognised in profit or loss.

Any gain or loss arising from disposal of the repossessed asset is included in profit or loss in the year in which the item is disposed of.

A repossessed asset used by the Group is transferred to property and equipment at carrying amount.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss in the year when the asset is derecognised.

2.17 Impairment on property and equipment, right-of-use assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating units when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating units or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Impairment on property and equipment, right-of-use assets and intangible assets *(Continued)*

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.18 Dividend distribution

Dividend distribution to the Bank's ordinary equity holders is recognised as a liability in the Group's and the Bank's financial statements in the period in which the dividends are approved by the ordinary equity holders in the annual general meeting of the Bank.

2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Financial guarantee contracts and loan commitments

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of guarantee fees, and the best estimate of the expected credit loss provision required to settle the guarantee. Any increase in the liability relating to guarantees is taken to the consolidated statement of profit and loss.

The impairment allowance of loan commitments provided by the Group is measured by ECL. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the ECL on the undrawn commitment component from those on the loan component, the ECL on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined ECL exceed the gross carrying amount of the loan, the ECL are recognised as a provision.

2.21 Cash and cash equivalents

Cash and cash equivalents refer to short term highly liquid assets, which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

2.22 Fiduciary Activities

The Group acts in fiduciary activities as a manager, custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

The Group enters into entrusted loan agreements with customers, whereby the customers provide funding (the "entrusted funds") to the Group, and the Group grants loans to third parties (the "entrusted loans") under instructions of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amount. No provision for impairment loss is made for entrusted loans.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 Related parties

- (1) A person, or a close member of that person's family, is related to the Group if that person:
 - (a) has control or joint control over the Group;
 - (b) has significant influence over the Group; or
 - (c) is a member of the key management personnel of the Group.

- (2) An entity is related to the Group if any of the following conditions applies:
 - (a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (c) Both entities are joint ventures of the same third party;
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (e) The entity is controlled or jointly controlled by a person identified in (1);
 - (f) A person identified in (1)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, the directors of the Bank are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the critical judgements and key sources of estimation uncertainty that the directors of the Bank have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

3.1 Impairment under ECL model

- Significant increase of credit risk: ECL are measured as an allowance equal to 12 months("12m") ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition; and it comes to stage 3 when it is credit impaired (but it is not purchased or original credit impaired asset). In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.
- Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.
- Models and assumptions used: The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

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3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

3.1 Impairment under ECL model *(Continued)*

- Forward-looking information: When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.
- Probability of default ("PD"): PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.
- Loss Given Default ("LGD"): LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.
- The financial and economical uncertainty caused after the Covid-19 outbreak was taken into account in the ECL model when forecasted macroeconomic data were updated in the model. Details of these economic variables forecasted used were set out in Note 53.1 (3).

3.2 Classification of financial assets

The critical judgments the Group has in determining the classification of financial assets include analysis of business models and characteristics of contractual cash flows.

The Group determines the business model for managing financial assets at the level of financial asset portfolio. The factors considered include evaluation and reporting of financial asset performance to key management personnel, risks affecting the performance of financial assets and their management methods, and related business management personnel, the way to get paid, etc.

When assessing whether the contractual cash flow of financial assets is consistent with the basic lending arrangement, the Group has the following main judgments: whether the principal may be subject to change in the duration or amount of money due to prepayments during the duration; whether interest only includes currency time value, credit risk, other basic borrowing risks, and considerations for costs and profits. For example, whether the amount paid in advance reflects only the outstanding principal and interest on the outstanding principal, as well as reasonable compensation for early termination of the contract.

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3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

3.3 Fair value of financial instruments

Certain of the Group's financial assets, including primarily asset management plans, trust beneficiary rights, other debt financing instruments and unlisted equity instruments, with a carrying amount of RMB87,258 million as at 31 December 2022 (31 December 2021: RMB83,012 million) are measured at fair values with fair values being determined based on unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. See Note 54 for further disclosures.

3.4 De-recognition of financial assets

In its normal course of business, the Group transfers financial assets through various types of transactions including regular way sales and transfers, securitization, financial assets sold under repurchase agreements and etc. The Group applies significant judgement in assessing whether it has transferred these financial assets which qualify for a full or partial de-recognition.

Where the Group enters into structured transactions by which it transfers financial asset to structured entities, the Group analyses whether the substance of the relationship between the Group and these structured entities indicates that it controls these structured entities to determine whether the Group needs to consolidate these structured entities. This will determine whether the following de-recognition analysis should be conducted at the consolidated level or at the entity level from which the financial assets was transferred.

The Group analyses the contractual rights and obligations in connection with such transfers to determine whether the de-recognition criteria are met based on the following considerations:

- whether it has transferred the rights to receive contractual cash flows from the financial assets or the transfer qualified for the "pass through" of those cash flows to independent third parties;

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3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

3.4 De-recognition of financial assets *(Continued)*

- the extent to which the associated risks and rewards of ownership of the financial assets are transferred by using appropriate models. Significant judgment is applied in the Group's assessment with regard to the parameters and assumptions applied in the models, estimated cash flows before and after the transfers, the discount rates used based on current market interest rates, variability factors considered and the allocation of weightings in different scenarios;
- where the Group neither retained nor transferred substantially all of the risks and rewards associated with their ownership, the Group analyses whether the Group has relinquished its controls over these financial assets, and if the Group has continuing involvement in these transferred financial assets.

3.5 Taxes

There are certain transactions and activities in the ordinary course of the Group's business for which the ultimate tax effect is uncertain. The Group made certain estimation and judgement for items of uncertainty in the application of tax legislations, considering existing tax legislation and past practice of tax authorities. Where the final tax outcome of these matters is different from the amounts that were initially estimated, based on management's assessment, such differences will affect the current income tax and deferred income tax during the period in which such a determination is made.

3.6 Consolidation of structured entities

Where the Group acts as asset manager of or investor in structured entities, the Group makes significant judgement on whether the Group controls and should consolidate these structured entities. When performing this assessment, the Group assesses the Group's contractual rights and obligations in light of the transaction structures, and evaluates the Group's power over the structured entities, performs analysis and tests on the variable returns from the structured entities, including but not limited to commission income and asset management fees earned as the asset manager, the retention of residual income, and, if any, the liquidity and other support provided to the structured entities. The Group also assesses whether it acts as a principal or an agent through analysis of the scope of its decision-making authority over the structured entities, the remuneration to which it is entitled for asset management services, the Group's exposure to variability of returns from its other interests in the structured entities, and the rights held by other parties in the structured entities.

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4. SEGMENT ANALYSIS

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

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

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

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

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

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4. SEGMENT ANALYSIS *(Continued)*

Operating Segments

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

Corporate banking

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

Personal banking

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

Treasury operations

The Group's treasury operations conduct money market, foreign exchange, precious metal and derivatives transactions, and debt instruments investments for its own accounts or on behalf of customers.

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4. SEGMENT ANALYSIS (Continued)

Operating Segments (Continued)

Others

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

	Corporate banking	Personal banking	Treasury operations	Others	Total
Year ended 31 December 2022					
External interest income	10,151,025	8,996,774	11,237,898	–	30,385,697
External interest expense	(7,846,024)	(3,504,996)	(7,561,699)	–	(18,912,719)
Inter-segment interest income/(expense)	2,607,296	(88,110)	(2,519,186)	–	–
Net interest income	4,912,297	5,403,668	1,157,013	–	11,472,978
Investment income	–	–	1,585,354	–	1,585,354
Fee and commission income	605,404	646,644	882,712	–	2,134,760
Fee and commission expense	(77,958)	(341,524)	(28,779)	–	(448,261)
Net fee and commission income	527,446	305,120	853,933	–	1,686,499
Net trading gains	–	–	795,672	–	795,672
Net gains arising from the derecognition of financial assets measured at amortised cost	–	–	101,044	–	101,044
Other income, gains or losses	–	–	140,103	(22,899)	117,204
Operating income	5,439,743	5,708,788	4,633,119	(22,899)	15,758,751
Operating expenses	(1,521,130)	(1,868,120)	(1,059,372)	–	(4,448,622)
Impairment losses under expected credit loss model, net of reversals	(3,737,563)	(3,963,592)	176,336	–	(7,524,819)
Share of results of associates	–	–	–	24,249	24,249
Profit before tax	181,050	(122,924)	3,750,083	1,350	3,809,559
Income tax expense	–	–	–	–	(246,490)
Profit for the year	–	–	–	–	3,563,069
Depreciation and amortisation	(278,763)	(296,833)	(237,426)	–	(813,022)
Capital expenditure	(215,560)	(251,866)	(37,928)	(160,397)	(665,751)
As at 31 December 2022					
Segment assets	218,918,690	124,299,293	415,723,215	2,141,653	761,082,851
Segment liabilities	(260,002,570)	(142,868,230)	(297,532,346)	(60,573)	(700,463,719)
Supplementary information	–	–	–	–	–
Credit commitments	75,293,980	17,922,820	–	–	93,216,800

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4. SEGMENT ANALYSIS (Continued)

Operating Segments (Continued)

Others (Continued)

	Corporate banking	Personal banking	Treasury operations	Others	Total
Year ended 31 December 2021					
External interest income	9,382,779	9,726,056	11,263,044	-	30,371,879
External interest expense	(7,530,934)	(2,369,717)	(7,545,890)	-	(17,446,541)
Inter-segment interest income/(expense)	3,853,791	(1,374,342)	(2,479,449)	-	-
Net interest income	5,705,636	5,981,997	1,237,705	-	12,925,338
Investment income	-	-	2,339,241	-	2,339,241
Fee and commission income	576,733	808,834	696,713	-	2,082,280
Fee and commission expense	(124,875)	(143,394)	(30,385)	-	(298,654)
Net fee and commission income	451,858	665,440	666,328	-	1,783,626
Net trading gains	-	-	649,678	-	649,678
Net gains arising from the derecognition of financial assets measured at amortised cost	-	-	40,212	-	40,212
Other income, gains or losses	-	-	(31,393)	(12,713)	(44,106)
Operating income	6,157,494	6,647,437	4,901,771	(12,713)	17,693,989
Operating expenses	(1,504,322)	(1,921,620)	(998,712)	-	(4,424,654)
Impairment losses under expected credit loss model, net of reversals	(5,056,530)	(3,941,829)	(853,768)	-	(9,852,127)
Share of results of associates	-	-	-	24,535	24,535
Profit before tax	(403,358)	783,988	3,049,291	11,822	3,441,743
Income tax expense					(227,436)
Profit for the year					3,214,307
Depreciation and amortisation	(274,720)	(300,625)	(218,694)	-	(794,039)
Capital expenditure	(226,063)	(320,789)	(44,999)	(116,246)	(708,097)
As at 31 December 2021					
Segment assets	199,217,761	132,707,499	386,319,655	1,659,017	719,903,932
Segment liabilities	(277,493,905)	(110,031,811)	(274,759,981)	(77,397)	(662,363,094)
Supplementary information					
Credit commitments	65,608,219	14,811,994	-	-	80,420,213

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5. NET INTEREST INCOME

	Year ended 31 December	
	2022	2021
Interest income:		
Loans and advances to customers, including:		
Corporate loans and advances	10,009,663	9,145,050
Personal loans and advances	8,996,774	9,726,056
Discounted bills	708,709	795,681
Finance lease	49,127	128,569
Balances with central bank	512,460	562,384
Deposits with banks and other financial institutions	20,369	35,788
Placements with banks and other financial institutions	1,067,806	679,004
Financial assets held under resale agreements	162,604	184,119
Investments, including:		
Debt instruments at FVOCI	1,815,119	1,741,969
Debt instruments at amortised cost	7,043,066	7,373,259
Subtotal	30,385,697	30,371,879
Interest expense:		
Borrowings from central bank	(1,514,658)	(672,965)
Deposits from banks and other financial institutions	(1,010,807)	(1,210,797)
Placements from banks and other financial institutions	(677,466)	(439,922)
Financial assets sold under repurchase agreements	(1,373,468)	(1,620,480)
Due to customers	(11,311,944)	(9,871,794)
Debt securities issued	(2,983,130)	(3,588,642)
Lease liabilities	(41,246)	(41,941)
Subtotal	(18,912,719)	(17,446,541)
Net interest income	11,472,978	12,925,338

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6. INVESTMENT INCOME

	Year ended 31 December	
	2022	2021
Investment income from financial instruments at fair value through profit or loss	1,585,354	2,339,241

Investment income includes income from debt securities, wealth management products, asset management plans and trust beneficiary rights measured at FVTPL.

7. NET FEE AND COMMISSION INCOME

	Notes	Year ended 31 December	
		2022	2021
Fee and commission income	(1)		
Agency commissions and underwriting service fees		1,053,788	759,186
Wealth management service fees		547,839	887,220
Settlement and clearing fees		294,606	203,783
Consultancy fees		123,604	118,572
Acceptance and guarantee commitment fees		59,114	61,454
Bank card fees		53,486	49,548
Others		2,323	2,517
Subtotal		2,134,760	2,082,280
Fee and commission expense		(448,261)	(298,654)
Total		1,686,499	1,783,626

- (1) The Group provides asset management services in respect of wealth management products. The Group is entitled to residual values of wealth management products after distribution of returns to its customers for its services rendered. Performance obligation is satisfied over the term of respective wealth management products. Management fees of wealth management products are recognised to the extent that it is highly probable that such recognition will not result in a significant revenue reversal in the future when the uncertainty associated with the quantum of management fees is subsequently resolved. Therefore, in practice it can only be recognised when the residual values of relevant wealth management products can be almost ascertained.

Most contracts with customers have original expected duration of less than one year and therefore information about their remaining performance obligations is not disclosed.

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8. NET TRADING GAINS

	Year ended 31 December	
	2022	2021
Net gains arising from trading of financial assets		
at fair value through profit or loss	328,298	334,708
Net gains on disposal of debt instruments		
at fair value through other comprehensive income	463,697	304,076
Net gains arising from derivative financial instruments	3,677	10,894
Total	795,672	649,678

9. NET GAIN ARISING FROM DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST

	Year ended 31 December	
	2022	2021
Net gain on disposal of financial assets measured at amortised cost	101,044	40,212

During the year ended 31 December 2022, the Group sold some financial assets measured at amortised cost to meet the demand of liquidity.

10. OTHER INCOME, GAINS OR LOSSES

	Year ended 31 December	
	2022	2021
Dividend income	73,043	68,096
Rental income	50,565	50,455
Exchange differences	34,055	(111,254)
Government subsidies	33,893	23,222
Others	(74,352)	(74,625)
Total	117,204	(44,106)

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11. OPERATING EXPENSES

	Notes	Year ended 31 December	
		2022	2021
Staff costs	(1)	2,278,500	2,375,049
Depreciation of property and equipment		371,897	365,900
Office expenses		324,867	423,383
Depreciation of right-of-use assets		275,528	296,662
Sundry taxes		206,624	210,911
Amortisation		165,597	131,477
Rental and property management expenses		99,234	80,864
Other general and administrative expenses	(2)	726,375	540,408
Total		4,448,622	4,424,654

(1) Staff costs

	Year ended 31 December	
	2022	2021
Salaries, bonuses and allowances	1,552,709	1,678,665
Social insurance	320,134	300,640
Housing funds	141,419	134,042
Staff welfare	95,276	96,424
Labor union fees and staff education expenses	36,645	41,720
Contribution to annuity funds	132,317	123,558
Total	2,278,500	2,375,049

(2) Other general and administrative expenses included the Group's statutory audit fee for the year ended 31 December 2022 was RMB2.89 million (2021: RMB2.89 million).

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12. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended 31 December	
	2022	2021
Deposits with banks and other financial institutions	17,971	(2,214)
Placements with banks and other financial institutions	490	(63,252)
Financial assets held under resale agreements	353,303	–
Debt instruments at FVOCI	1,081	19,872
Loans and advances to customers at amortised cost	4,638,166	10,023,107
Loans and advances to customers at FVOCI	1,725	7,715
Debt instruments at amortised cost	2,509,385	(484,017)
Credit commitments	(934)	62,890
Others	3,632	288,026
Total	7,524,819	9,852,127

13. INCOME TAX EXPENSE

	Year ended 31 December	
	2022	2021
Income tax expense comprises:		
Current income tax		
– PRC Enterprise Income Tax	46,266	58,866
Deferred tax (Note 27)	200,224	168,570
Total	246,490	227,436

Except for Ningxia Yuanzhou Jinhui County Bank Co., Ltd. and Ningxia Tongxin Jinhui County Bank Co., Ltd. entitle to a preferential tax rate of 15%, the PRC enterprise income tax is calculated at 25% of the estimated taxable profits during the relevant period.

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13. INCOME TAX EXPENSE *(Continued)*

The reconciliation of income tax expense in the current period and profit before tax presented in the consolidated income statement is as follows:

	Notes	Year ended 31 December	
		2022	2021
Profit before tax		3,809,559	3,441,743
Tax calculated at applicable statutory tax rate of 25%		952,390	860,436
Income tax at concessionary rate		(182)	(4,144)
The impact of utilizing the deductible temporary differences arising from the deferred tax assets that had not been recognized in previous periods		(52,152)	–
Income tax adjustment for prior years		37,705	7,096
Tax effect of expense not deductible for tax purpose		55,108	59,453
Tax effect of income not subject to tax	(1)	(746,379)	(695,405)
Income tax expense		246,490	227,436

(1) Tax effect of income not subject to tax mainly represents interest income arising from government bonds and funds, which are income tax free in accordance with the PRC tax regulations.

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14. EARNINGS PER SHARE

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

	Year ended 31 December	
	2022	2021
Earnings:		
Profit for the year attributable to equity holders of the Bank for the purpose of basic earnings per share	3,564,965	3,196,026
Numbers of shares:		
Weighted average number of shares in issue for the purpose of basic earnings per share (in thousand)	6,070,552	6,070,552
Basic earnings per share (RMB Yuan)	0.59	0.53

For the year ended 31 December 2022, there are no potential dilutive ordinary shares in issue, so the diluted earnings per share is same as the basic earnings per share.

15. DIVIDENDS

The Bank did not declare any dividends for 2021 to distribute in 2022. (The Bank did not declare any dividends for 2020 to distribute in 2021).

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16. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(I) Directors' and supervisors' remunerations

Year ended 31 December 2022

Name	Fees	Paid remuneration and other benefits	Bonus	Contribution to pension schemes and other benefits	Total
Executive directors					
SUN Liguo	–	272	–	179	451
WU Hongtao ⁽²⁾	–	1,174	–	179	1,353
ZHENG Ke ⁽³⁾	–	950	–	205	1,155
DONG Xiaodong ⁽³⁾	–	571	432	180	1,183
Non-executive directors					
SUN Jingyu ⁽⁴⁾	–	–	–	–	–
DONG Guangpei ⁽⁴⁾	–	–	–	–	–
Alistair Marshall Bulloch ⁽⁴⁾	–	–	–	–	–
ZHAO Wei ⁽⁴⁾	–	–	–	–	–
WANG Shunlong ⁽⁴⁾	–	–	–	–	–
LI Jun ⁽⁴⁾	–	–	–	–	–
Independent non-executive directors					
FENG Heping ⁽⁵⁾	116	–	–	–	116
JIN Qingjun	201	–	–	–	201
HUA Yaogang	201	–	–	–	201
HE Jia	212	–	–	–	212
ZENG Jianhua ⁽⁶⁾	82	–	–	–	82
LU Jianzhong ⁽⁶⁾	82	–	–	–	82
Supervisors					
FENG Xia	–	249	–	179	428
YAO Tao ⁽⁷⁾	–	82	–	31	113
YU Yang ⁽⁴⁾	–	–	–	–	–
ZHANG Lianming ⁽⁸⁾	116	–	–	–	116
LIU Baorui	201	–	–	–	201
JIANG Zhengjun ⁽⁹⁾	–	369	–	142	511
LAW Yee Kwan, Quinn ⁽¹⁰⁾	212	–	–	–	212
Total	1,423	3,667	432	1,095	6,617

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16. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(Continued)

(I) Directors' and supervisors' remunerations (Continued)

Year ended 31 December 2021

Name	Fees	Paid remuneration and other benefits	Bonus	Contribution to pension schemes and other benefits	Total
Executive directors					
SUN Liguo	–	266	531	170	967
ZHANG Furong ⁽¹⁾	–	–	–	–	–
WU Hongtao ⁽²⁾	–	1,174	479	170	1,823
Non-executive directors					
SUN Jingyu ⁽⁴⁾	–	–	–	–	–
DONG Guangpei ⁽⁴⁾	–	–	–	–	–
Alistair Marshall Bulloch ⁽⁴⁾	–	–	–	–	–
ZHAO Wei ⁽⁴⁾	–	–	–	–	–
WANG Shunlong ⁽⁴⁾	–	–	–	–	–
LI Jun ⁽⁴⁾	–	–	–	–	–
Independent non-executive directors					
FENG Heping ⁽⁵⁾	202	–	–	–	202
LAW Yee Kwan, Quinn ⁽¹⁰⁾	214	–	–	–	214
JIN Qingjun	202	–	–	–	202
HUA Yaogang	202	–	–	–	202
HE Jia	214	–	–	–	214
Supervisors					
FENG Xia	–	244	473	170	887
YAO Tao ⁽⁷⁾	–	474	621	171	1,266
YU Yang ⁽⁴⁾	–	–	–	–	–
ZHANG Lianming ⁽⁸⁾	202	–	–	–	202
LIU Baorui	202	–	–	–	202
Total	1,438	2,158	2,104	681	6,381

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16. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(Continued)

(I) Directors' and supervisors' remunerations *(Continued)*

- (1) On 29 December 2020, Ms. Zhang Furong resigned from the position of executive director of the Bank with effect from 15 January 2021.
- (2) On 1 December 2020, Mr. Wu Hongtao was nominated as the executive director of the Bank. The appointment was approved by the CBIRC Tianjin Bureau on 15 January 2021.
- (3) On 28 February 2022, Mr. Zheng Ke and Ms. Dong Xiaodong were nominated as the executive directors of the Bank. Their appointments were approved by the CBIRC Tianjin Bureau on 18 August 2022.
- (4) All non-executive directors and the supervisor Mr. Yu Yang were not remunerated by the Bank.
- (5) On 18 August 2022, Mr. Feng Heping no longer assume the position of non-executive directors of the Bank.
- (6) On 28 February 2022, Mr. Zeng Jianhua and Mr. Lu Jianzhong were nominated as the non-executive directors of the Bank. Their appointments were approved by the CBIRC Tianjin Bureau on 18 August 2022.
- (7) On 28 February 2022, Mr. Yao Tao no longer assume the position of the supervisor of the Bank.
- (8) On 18 August 2022, Mr. Zhang Lianming no longer assume the position of the supervisor of the Bank.
- (9) On 28 February 2022, Mr. Jiang Zhengjun was nominated as the supervisor of the Bank.
- (10) On 28 February 2022, Mr. LAW Yee Kwan, Quinn was nominated as the supervisor of the Bank, he resigned as an independent non-executive director and began to perform the duty of a supervisor from 18 August 2022.

The bonus for executive directors and supervisors for the year ended 31 December 2022 have not yet been approved by the General Meeting and relevant PRC authorities. The bonus for executive directors and supervisors for the year ended 31 December 2021 were restated based on the approved amounts.

The executive directors' and supervisors' remunerations shown above were paid for their services in connection with the management of the affairs of the Bank and the Group.

The independent non-executive directors' remunerations shown above were paid for their services as directors of the Bank.

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16. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(Continued)

(II) Five highest paid individuals

For the year ended 31 December 2022, among the five highest paid individuals, none of them are directors or supervisors (2021: none).

The total remunerations payable to the five individuals whose remunerations were the highest in the Group for the year are as follows:

	Year ended 31 December	
	2022	2021
Salaries and other emoluments	1,929	1,417
Discretionary bonuses	6,259	11,113
Contribution to pension schemes and other benefits	723	586
Total	8,911	13,116

Remunerations of the five highest paid individuals were within the following bands:

	Year ended 31 December	
	2022	2021
HKD1,500,001 – HKD2,000,000	3	–
HKD2,000,001 – HKD3,000,000	2	3
HKD3,000,001 – HKD4,000,000	–	1
HKD4,000,001 – HKD5,000,000	–	1
Total	5	5

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17. CASH AND BALANCES WITH CENTRAL BANK

	Notes	As at 31 December 2022	As at 31 December 2021
Cash		718,850	677,709
Mandatory reserve deposits	(1)	28,469,283	31,798,326
Surplus reserve deposits	(2)	13,722,499	7,346,366
Other deposits	(3)	2,087	9,150
Total		42,912,719	39,831,551

- (1) The Group places mandatory reserve deposits with the PBOC. These reserves include RMB reserve deposits and foreign currency reserve deposits. They are not available for the Group's daily operations. The mandatory reserve deposits rates are as follow:

	As at 31 December 2022	As at 31 December 2021
RMB reserve deposits rates:		
The Bank	7.50%	8.00%
Bank of Tianjin Financial Leasing Co., Ltd.	5.00%	5.00%
Ningxia Yuanzhou Jinhui County Bank Co., Ltd.	5.00%	5.00%
Ningxia Tongxin Jinhui County Bank Co., Ltd.	5.00%	5.00%
Foreign currencies reserve deposits rates:		
The Bank	6.00%	9.00%

- (2) The surplus reserve deposits are maintained with the PBOC mainly for the purpose of clearing.
- (3) Other deposits mainly represent the required fiscal deposits placed with the PBOC, which are non-interest bearing.

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18. DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December 2022	As at 31 December 2021
Banks and other financial institutions in Mainland China	3,623,343	4,642,236
Overseas banks	2,740,655	651,592
Subtotal	6,363,998	5,293,828
Allowance for 12m ECL	(25,308)	(7,337)
Total	6,338,690	5,286,491

19. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December 2022	As at 31 December 2021
Other financial institutions in Mainland China	25,099,639	18,430,809
Banks in Mainland China	557,303	–
Overseas banks	696,807	637,650
Subtotal	26,353,749	19,068,459
Allowance for impairment losses Including: 12m ECL	(5,924)	(5,434)
Total	26,347,825	19,063,025

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20. DERIVATIVE FINANCIAL INSTRUMENTS

The derivatives held are primarily for risk management purposes.

	As at 31 December 2022			As at 31 December 2021		
	Contract/ Notional Principal	Assets	Liabilities	Contract/ Notional Principal	Assets	Liabilities
	Foreign exchange derivatives					
– Foreign exchange forward swap	4,974,715	36,731	(58,366)	7,158,695	822	(151,146)
Commodity derivatives and others	1,668,900	22,080	(1,854)	1,060,000	15,954	(124)
Precious metals forward swap	–	–	–	523,390	–	(5,454)
Total	6,643,615	58,811	(60,220)	8,742,085	16,776	(156,724)

21. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

Analysed by counterparties:

	As at 31 December 2022	As at 31 December 2021
Banks in Mainland China	5,661,499	993,500
Other financial institutions in Mainland China	6,138,647	–
Subtotal	11,800,146	993,500
Allowance for impairment losses of ECL	(746,606)	(393,303)
Total	11,053,540	600,197

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21. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS *(Continued)*

Analysed by collateral type:

	As at 31 December 2022	As at 31 December 2021
Bonds	10,806,646	–
Bills	993,500	993,500
Subtotal	11,800,146	993,500
Allowance for impairment losses of ECL	(746,606)	(393,303)
Total	11,053,540	600,197

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22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	As at 31 December 2022	As at 31 December 2021
Held for trading purposes:			
Asset management plans	(1)	29,402,706	29,989,680
Funds	(2)	21,054,178	18,973,950
Trust beneficiary rights	(3)	16,131,269	12,242,838
Corporate bonds		3,845,293	5,301,102
Asset-backed securities		2,100,401	2,396,181
Other debt financing products		1,054,215	1,050,714
Financial institution bonds		596,757	2,709,781
Wealth management products		496,568	–
Public entities and policy banks bonds		208,045	137,560
Unlisted equity		960,664	614,194
Listed equity		290,279	294,060
Government bonds		–	30,507
Total		76,140,375	73,740,567
Listed outside Hong Kong			
Unlisted		48,045,424	43,897,427
Total		76,140,375	73,740,567

(1) Asset management plans refer to designated asset management plans managed by securities companies and their subsidiaries for the Bank and mainly invested in money market instruments, bonds and other debt instruments.

(2) Funds include money-market funds and bond funds.

(3) Trust beneficiary rights refer to beneficial right of trust plans, which mainly invested in money market instruments, bonds and trust loans. These trust plans were initiated and managed by trust companies.

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23. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2022	As at 31 December 2021
Public entities and policy banks bonds	31,746,564	21,391,385
Government bonds	14,728,574	19,721,696
Corporate bonds	11,406,531	5,171,226
Financial institution bonds	5,697,354	3,012,495
Asset-backed securities	1,822,932	720,171
Other debt financing products	90,089	98,383
Asset management products	-	39,330
Total	65,492,044	50,154,686
	As at 31 December 2022	As at 31 December 2021
Listed in Hong Kong	3,172,661	540,885
Listed outside Hong Kong	61,552,381	48,882,180
Unlisted	767,002	731,621
Total	65,492,044	50,154,686

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24. LOANS AND ADVANCES TO CUSTOMERS

	Notes	As at 31 December 2022	As at 31 December 2021
Loans and advances to customers at amortised cost	(1)	309,948,673	299,684,702
Allowance for impairment losses		(10,031,651)	(12,412,416)
Subtotal		299,917,022	287,272,286
Loans and advances to customers at FVOCI	(2)	37,480,135	37,335,072
Total loans and advances to customers		337,397,157	324,607,358

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24. LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(1) Loans and advances to customers at amortised cost

	Notes	As at 31 December 2022	As at 31 December 2021
Corporate loans and advances			
– Loans		185,003,511	164,971,082
– Discounted bills		1,268,904	765,490
– Finance lease receivable	(i)	627,834	1,651,966
Subtotal		186,900,249	167,388,538
Retail loans and advances			
– Personal loans for consumption		61,789,405	69,939,515
– Personal loans for business purposes		33,489,226	32,952,977
– Residential mortgage loans		27,769,793	29,403,672
Subtotal		123,048,424	132,296,164
Gross loans and advances to customers		309,948,673	299,684,702
Allowance for impairment losses			
Including: 12m ECL		(3,092,948)	(3,888,787)
Lifetime ECL		(6,938,703)	(8,523,629)
Net loans and advances to customers		299,917,022	287,272,286

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24. LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(1) Loans and advances to customers at amortised cost *(Continued)*

(i) Finance lease receivable

	As at 31 December 2022	As at 31 December 2021
Minimum finance lease receivables:		
Within 1 year (inclusive)	330,060	953,691
1-2 years (inclusive)	296,159	542,394
2-3 years (inclusive)	21,150	222,559
Gross amount of finance lease receivables	647,369	1,718,644
Less: Unearned finance income	(19,535)	(66,678)
Net amount of finance lease receivables	627,834	1,651,966
Less: Allowance for impairment losses	(85,741)	(276,081)
Carrying amount of finance lease receivables	542,093	1,375,885
Present value of minimum finance lease receivables:		
Within 1 year (inclusive)	324,578	922,525
1-2 years (inclusive)	283,745	516,481
2-3 years (inclusive)	19,511	212,960
Total	627,834	1,651,966

- (2) Loss allowance of RMB45 million (31 December 2021: RMB43 million) was recorded for loan and advances to customers at FVOCI and was credited to other comprehensive income.

Movements of allowance on loans and advances to customers in 2022 and 2021 are disclosed in Note 53.1.

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25. DEBT INSTRUMENTS AT AMORTISED COST

	As at 31 December 2022	As at 31 December 2021
Government bonds	63,062,037	53,932,672
Public entities and policy banks bonds	40,709,615	41,665,017
Corporate bonds	28,701,896	30,448,197
Other debt financing products	21,027,497	17,030,949
Asset-backed securities	15,478,026	22,503,316
Asset management plans	11,127,183	18,218,313
Trust beneficiary rights	1,112,978	9,656,215
Financial institution bonds	556,439	794,752
Subtotal	181,775,671	194,249,431
Listed in Hong Kong	3,379,736	4,899,397
Listed outside Hong Kong	143,901,125	142,789,597
Unlisted	34,494,810	46,560,437
Subtotal	181,775,671	194,249,431
Allowance for impairment losses		
Including: 12m ECL	(139,546)	(163,882)
Lifetime ECL	(1,502,226)	(3,383,520)
Total	180,133,899	190,702,029

The balance of ECL of asset management plans, trust plans and asset-backed securities is RMB1,350.8 million (31 December 2021: RMB2,629.7 million).

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26. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2022	As at 31 December 2021
Unlisted equity	1,642,224	1,642,224

27. DEFERRED TAXATION

The followings are the major deferred tax assets and liabilities recognised and movements thereon:

	As at 31 December 2022		As at 31 December 2021	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Provision for impairment of assets	11,691,452	2,919,387	14,756,383	3,685,619
Deductible losses	2,443,265	610,816	431,792	107,948
Accrued salaries, bonuses and allowances	1,373,190	343,297	1,360,106	340,027
Fair value changes of FVTPL	982,064	245,516	1,105,613	276,403
Fair value changes and ECL of FVOCI	968,773	242,194	319,600	79,901
Provisions	403,059	100,765	403,993	100,998
Liabilities of early retirement benefits	76,007	19,002	70,581	17,645
Depreciation of property, plant and equipment	(367,085)	(91,772)	(447,255)	(111,814)
Interest adjustments and others	345,230	86,308	69,671	17,418
Total	17,915,955	4,475,513	18,070,484	4,514,145

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27. DEFERRED TAXATION *(Continued)*

	Provision for impairment of assets	Accrued salaries, bonuses and allowances	Provision related to credit commitments and litigation	Fair value changes and ECL of FVOCI	Fair value changes of FVTPL	Deductible losses	Others	Total
As at 1 January 2021	3,815,004	296,369	85,276	199,185	499,400	-	(86,338)	4,808,896
Credit/(Charge) to profit or loss (Note 13)	(129,385)	43,658	15,722	6,897	(222,997)	107,948	9,587	(168,570)
Charge to other comprehensive income	-	-	-	(126,181)	-	-	-	(126,181)
As at 31 December 2021	3,685,619	340,027	100,998	79,901	276,403	107,948	(76,751)	4,514,145
Credit/(Charge) to profit or loss (Note 13)	(766,232)	3,270	(233)	-	(30,887)	502,868	90,289	(200,925)
Charge to other comprehensive income	-	-	-	162,293	-	-	-	162,293
As at 31 December 2022	2,919,387	343,297	100,765	242,194	245,516	610,816	13,538	4,475,513

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28. OTHER ASSETS

	Notes	As at 31 December 2022	As at 31 December 2021
Other receivables	(1)	2,162,653	3,106,226
Repossessed assets	(2)	2,377,176	2,146,239
Intangible assets		423,545	386,616
Prepaid expense		271,881	303,616
Total		5,235,255	5,942,697

(1) Included in balances of other receivables were balances of RMB1,784 million (31 December 2021: RMB2,424 million) for balances to be settled with other financial institutions.

(2) The Group obtained the following assets during the year by taking possession of collateral held as security against loans and advances and held at the year end. The Group's policy is to realise collateral on a timely basis. The Group does not use non-cash collateral for its operations.

	As at 31 December 2022	As at 31 December 2021
Properties	2,377,176	2,146,239

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29. PROPERTY AND EQUIPMENT

	Buildings	Electronic equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
COST						
As at 1 January 2021	2,236,642	1,120,205	40,320	297,732	390,714	4,085,613
Additions	–	110,367	3,147	77,513	355,086	546,113
Transfers	263,552	43,141	–	2,692	(309,385)	–
Transfers out	–	–	–	–	(185,746)	(185,746)
Disposals	–	(32,860)	(2,361)	(43,268)	–	(78,489)
As at 31 December 2021	2,500,194	1,240,853	41,106	334,669	250,669	4,367,491
Additions	5,411	169,713	20	58,142	207,061	440,347
Transfers	209,826	–	–	3,024	(212,850)	–
Transfers out	–	–	–	–	(110,021)	(110,021)
Disposals	(36,876)	(26,556)	(25)	(74,760)	–	(138,217)
As at 31 December 2022	2,678,555	1,384,010	41,101	321,075	134,859	4,559,600
ACCUMULATED DEPRECIATION						
As at 1 January 2021	(725,636)	(586,811)	(38,566)	(164,774)	–	(1,515,787)
Provided for the year	(73,755)	(242,435)	(449)	(49,261)	–	(365,900)
Disposals	–	31,741	2,246	35,275	–	69,262
As at 31 December 2021	(799,391)	(797,505)	(36,769)	(178,760)	–	(1,812,425)
Provided for the year	(80,723)	(238,715)	(764)	(51,695)	–	(371,897)
Disposals	1,614	25,750	5	53,064	–	80,433
As at 31 December 2022	(878,500)	(1,010,470)	(37,528)	(177,391)	–	(2,103,889)
NET BOOK VALUE						
As at 31 December 2021	1,700,803	443,348	4,337	155,909	250,669	2,555,066
As at 31 December 2022	1,800,055	373,540	3,573	143,684	134,859	2,455,711

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29. PROPERTY AND EQUIPMENT *(Continued)*

The carrying amount of buildings of the Group which is still in the process with incomplete title deeds as at 31 December 2022 amounted to RMB76.63 million (31 December 2021: RMB79.75 million). The directors of the Bank are of the opinion that these incomplete title deeds would not cause any significant impact on the Group's operations.

As at 31 December 2022, buildings of the Group with net book value amounted to RMB12.69 million (31 December 2021: RMB13.14 million) were rented out to third parties as investment properties. Their fair values were estimated to be close to their net book value.

30. RIGHT-OF-USE ASSETS

	Buildings	Land use rights	Total
As at 31 December 2022			
Carrying amount	1,079,614	40,544	1,120,158
As at 31 December 2021			
Carrying amount	948,053	42,004	990,057
For the year ended 31 December 2022			
Depreciation charge	(274,153)	(1,375)	(275,528)
For the year ended 31 December 2021			
Depreciation charge	(293,683)	(2,979)	(296,662)
		As at	As at
		31 December	31 December
		2022	2021
Expense relating to short-term leases		12,737	25,863
Total cash outflow for leases		308,667	347,466
Additions to right-of-use assets		427,537	262,749

For both years, the Group leases various buildings for its operations. Lease contracts are entered into for fixed term of 1 to 10 years.

Details of the lease maturity analysis of lease liabilities are set out in Note 38 and 53.2.

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31. INTERESTS IN ASSOCIATES

The balance of interests in associates is as follows:

	As at 31 December 2022	As at 31 December 2021
Unlisted shares, at cost	223,000	223,000
Share of post-acquisition losses and other comprehensive income	55,930	34,063
Total	278,930	257,063

Details of the Bank's associates as at 31 December 2022 are set out below:

Name of entity	Type of legal entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Share capital/ registered capital as at	Proportion of ownership and voting rights held by the Group		Principal activities
				31 December 2022 (In RMB'000)	As at 31 December 2022 %	As at 31 December 2021 %	
Tianjin Jizhou County Bank Company Limited (天津市薊州村鎮銀行股份有限公司)	Limited company	Tianjin, PRC	August 2008	300,000	35	35	Banking
AlaEr JinHui County Bank Company Limited (阿拉爾津匯村鎮銀行有限責任公司)	Limited liability company	Xinjiang, PRC	August 2016	50,000	40	40	Banking
Tiemenguan Jinhui County Bank Company Limited (鐵門關津匯村鎮銀行有限責任公司)	Limited liability company	Xinjiang, PRC	September 2016	50,000	49	49	Banking
HuTuBi JinHui County Bank Company Limited (呼圖壁津匯村鎮銀行有限責任公司)	Limited liability company	Xinjiang, PRC	September 2016	50,000	49	49	Banking
TaCheng JinHui County Bank Company Limited (塔城津匯村鎮銀行有限責任公司)	Limited liability company	Xinjiang, PRC	June 2017	50,000	49	49	Banking
FuKang JinHui County Bank Company Limited (阜康津匯村鎮銀行有限責任公司)	Limited liability company	Xinjiang, PRC	August 2017	50,000	49	49	Banking

For the year ended 31 December 2022, the total amount of firm associates operating income was RMB139 million (2021: RMB144 million). Total assets and total equity of these associates as at 31 December 2022 were RMB4,952 million (31 December 2021: RMB4,846 million) and RMB708 million (31 December 2021: RMB649 million) respectively. The Group's share of these amounts represents 0.39%, 0.28% and 0.48% (31 December 2021: 0.28%, 0.29% and 0.46%) to the Group's operating income, total assets, and total equity respectively. Directors of the Bank consider that these associates are immaterial to the Group.

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32. BORROWINGS FROM CENTRAL BANK

	As at 31 December 2022	As at 31 December 2021
Medium-term lending facilities	47,878,995	36,867,390
Refinancing	9,827,037	7,097,071
Rediscounting	2,259,982	2,411,634
Credit support programs	1,832,941	6,694,210
Total	61,798,955	53,070,305

33. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December 2022	As at 31 December 2021
Banks in Mainland China	14,777,046	15,292,055
Other financial institutions in Mainland China	27,296,816	26,120,778
Total	42,073,862	41,412,833

34. PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December 2022	As at 31 December 2021
Banks in Mainland China	15,928,793	12,482,892
Other domestic financial institutions	771,639	2,690,603
Overseas banks	6,611,748	6,236,346
Total	23,312,180	21,409,841

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35. FINANCIAL LIABILITIES HELD FOR TRADING

	As at 31 December 2022	As at 31 December 2021
Financial liabilities related to precious metal	–	519,111

Financial liabilities held for trading arose from short-selling of claims on precious metals borrowed from other banking institutions.

36. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

Analysed by counterparties:

	As at 31 December 2022	As at 31 December 2021
Banks in Mainland China	74,562,061	59,110,735
Other domestic financial institutions	1,697,764	–
Total	76,259,825	59,110,735

Analysed by collateral type:

	As at 31 December 2022	As at 31 December 2021
Bonds	42,994,924	31,644,882
Bills	33,264,901	27,465,853
Total	76,259,825	59,110,735

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37. OTHER LIABILITIES

	Notes	As at 31 December 2022	As at 31 December 2021
Settlement payable		1,683,026	1,643,837
Salaries and benefits payable	(1)	1,478,246	1,460,107
Other payables		616,471	775,497
Provision related to credit commitments	(2)	403,059	403,993
Sundry taxes payable		342,556	340,943
Dividends payable		37,269	37,810
Total		4,560,627	4,662,187

(1) Salaries and benefits payable are listed below:

	Notes	As at 1 January 2022	Increase	Decrease	As at 31 December 2022
Salaries, bonuses, allowances and subsidies payable		1,388,428	1,552,709	(1,539,985)	1,401,152
Social insurance		-	135,530	(135,530)	-
Housing fund		-	141,419	(141,419)	-
Employee benefits		-	72,039	(72,039)	-
Early retirement benefits	(i)	70,581	23,237	(17,811)	76,007
Labor union expenditure and education costs		1,098	36,645	(36,656)	1,087
Defined contribution plans					
Basic endowment insurance		-	177,548	(177,548)	-
Unemployment insurance		-	7,056	(7,056)	-
Annuity schemes	(ii)	-	132,317	(132,317)	-
Total		1,460,107	2,278,500	(2,260,361)	1,478,246

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37. OTHER LIABILITIES (Continued)

(1) Salaries and benefits payable are listed below: (Continued)

	Notes	As at 1 January 2021	Increase	Decrease	As at 31 December 2021
Salaries, bonuses, allowances and subsidies payable		1,214,376	1,678,665	(1,504,613)	1,388,428
Social insurance		–	128,612	(128,612)	–
Housing fund		–	134,042	(134,042)	–
Employee benefits		–	76,274	(76,274)	–
Early retirement benefits	(i)	66,932	20,150	(16,501)	70,581
Labor union expenditure and education costs		1,113	41,720	(41,735)	1,098
Defined contribution plans					
Basic endowment insurance		–	165,579	(165,579)	–
Unemployment insurance		–	6,449	(6,449)	–
Annuity schemes	(ii)	–	123,558	(123,558)	–
Total		1,282,421	2,375,049	(2,197,363)	1,460,107

(i) Early retirement benefits contain cost of living, subsidies, social insurance and housing fund. The related benefit payments are made from the date of early retirement to the normal retirement date.

(ii) Employees who retire after year 2007 can voluntarily participate in an annuity plan set up by the Bank pursuant to related state corporate annuity regulations. The Bank contributes to the annuity plan based on certain percentage of the employees' gross salary of previous year and the contribution is recognised in other comprehensive income as incurred.

(2) Movement of provision related to credit commitments is disclosed in Note 53.1.

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38. LEASE LIABILITIES

	As at 31 December 2022	As at 31 December 2021
Lease liabilities payable:		
Within one year	243,628	284,643
Within a period of more than one year but not more than two years	203,132	212,554
Within a period of more than two year but not more than five years	325,018	442,533
Within a period of more than five years	382,333	76,089
Total	1,154,111	1,015,819

The weighted average incremental borrowing rates applied to lease liabilities range from 3.24% to 4.01% (31 December 2021: from 3.06% to 4.66%).

39. DUE TO CUSTOMERS

	As at 31 December 2022	As at 31 December 2021
	Notes	
Demand deposits		
Corporate customers	175,514,450	175,494,898
Individual customers	27,248,377	19,811,247
Time deposits		
Corporate customers	71,965,539	80,556,092
Individual customers	112,792,868	87,308,203
Pledged deposits	(1) 10,193,976	19,255,113
Others	50,061	53,337
Total	397,765,271	382,478,890

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39. DUE TO CUSTOMERS *(Continued)*

(1) Pledged deposits analysed by products for which deposits are required:

	As at 31 December 2022	As at 31 December 2021
Acceptances	6,340,275	9,118,583
Letters of credit	1,319,651	2,222,350
Guarantees	466,108	467,819
Letters of guarantee	375,785	280,782
Others	1,692,157	7,165,579
Total	10,193,976	19,255,113

40. DEBT SECURITIES ISSUED

	Notes	As at 31 December 2022	As at 31 December 2021
12 Tianjin Bank bonds 01	(1)	–	1,500,000
12 Tianjin Bank bonds 02	(2)	–	1,200,365
18 Tianjin Bank bonds	(3)	10,450,894	10,447,998
19 Tianjin Bank bonds	(4)	–	5,001,883
20 Tianjin Bank bonds 01	(5)	5,175,723	5,174,912
Tianjin Bank 1 – month negotiable certificates of deposit	(6)	49,998	209,804
Tianjin Bank 3 – month negotiable certificates of deposit	(7)	12,410,822	11,636,275
Tianjin Bank 6 – month negotiable certificates of deposit	(8)	16,865,850	6,612,235
Tianjin Bank 9 – month negotiable certificates of deposit	(9)	12,138,569	13,664,745
Tianjin Bank 1 – year negotiable certificates of deposit	(10)	36,381,473	43,062,879
Total		93,473,329	98,511,096

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40. DEBT SECURITIES ISSUED *(Continued)*

- (1) The 10-year fixed-rate subordinated bonds were issued on 27 December 2012 by the Bank at a face value of RMB1.5 billion with a fixed coupon rate of 5.90% per annum, payable annually. The Bank has an option to redeem all of the bonds at face value on the last day of the fifth year. The Bank did not exercise early redemption on 27 December 2017, and the interest rate remains unchanged at 5.90% per annum. These bonds matured on 28 December 2022.
- (2) The 15-year fixed-rate subordinated bonds were issued on 27 December 2012 by the Bank at a face value of RMB1.2 billion with a fixed coupon rate of 5.99% per annum, payable annually. The Bank has an option to redeem all of the bonds at face value on the last day of the tenth year. If no early redemption is exercised, the interest rate will remain at 5.99% per annum. The Bank exercised the option to early redeem all of the bonds at face value on 28 December 2022.
- (3) The 10-year fixed-rate tier-two capital bonds were issued on 18 January 2018 by the Bank at a face value of RMB10.0 billion with a fixed coupon rate of 4.80% per annum, payable annually. The Bank has an option to redeem part or all of the bonds at face value on the last day of the fifth year if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. The Bank exercised the option to early redeem all of the bonds at face value on 28 January 2023. These tier-two capital bonds are qualified as tier-two capital instruments in accordance with the CBIRC requirements.
- (4) The 3-year fixed-rate financial bonds were issued on 25 December 2019 by the Bank at a face value of RMB5.0 billion with a fixed coupon rate of 3.88% per annum, payable annually. These bonds matured on 27 December 2022.
- (5) The 3-year fixed-rate financial bonds were issued on 20 January 2020 by the Bank at a face value of RMB5.0 billion with a fixed coupon rate of 3.73% per annum, payable annually.
- (6) The Bank issued a series of 1-month negotiable certificates of deposit ("CD") at a discount. As at 31 December 2022, the face value of outstanding CD amounted to RMB0.05 billion, with a reference interest rate range of 2.05% (31 December 2021: 2.50%-2.85%) per annum, payable at maturity.
- (7) The Bank issued a series of 3-month CD at a discount. As at 31 December 2022, the face value of outstanding CD amounted to RMB12.47 billion, with a reference interest rate range of 1.82%-2.75% (31 December 2021: 2.50%-2.75%) per annum, payable at maturity.
- (8) The Bank issued a series of 6-month CD at a discount. As at 31 December 2022, the face value of outstanding CD amounted to RMB16.96 billion, with a reference interest rate range of 1.80%-2.72% (31 December 2021: 2.58%-2.82%) per annum, payable at maturity.

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40. DEBT SECURITIES ISSUED *(Continued)*

- (9) The Bank issued a series of 9-month CD at a discount. As at 31 December 2022, the face value of outstanding CD amounted to RMB12.24 billion, with a reference interest rate range of 1.95%-2.59% (31 December 2021: 2.72%-3.05%) per annum, payable at maturity.
- (10) The Bank issued a series of 1-year CD at a discount. As at 31 December 2022, the face value of outstanding CD amounted to RMB36.78 billion, with a reference interest rate range of 2.05%-2.82% (31 December 2021: 2.80%-3.30%) per annum, payable at maturity.

41. SHARE CAPITAL

	Year ended 31 December	
	2022	2021
Issued and fully paid at RMB1 per share	6,070,552	6,070,552

42. CAPITAL RESERVE

The balance of capital reserve mainly represents share premium arising from the Bank's initial public offering of H shares (net of listing expense) and other share issuances in prior years. It also included the difference between the carrying amount of net assets and the amount contributed by non-controlling shareholders during the capital injection of its subsidiary.

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43. INVESTMENT REVALUATION RESERVE

	Gross amount	Tax effect	Net amount
As at 1 January 2021	(521,168)	130,292	(390,876)
Fair value changes in financial assets at fair value through other comprehensive income	781,211	(195,303)	585,908
Amount reclassified to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	(304,076)	76,019	(228,057)
Impairment loss for financial assets at fair value through other comprehensive income	27,587	(6,897)	20,690
As at 31 December 2021	(16,446)	4,111	(12,335)
Fair value changes in financial assets at fair value through other comprehensive income	(185,476)	46,369	(139,107)
Amount reclassified to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	(463,697)	115,924	(347,773)
Impairment loss for financial assets at fair value through other comprehensive income	2,806	(701)	2,105
As at 31 December 2022	(662,813)	165,703	(497,110)

44. SURPLUS RESERVE

Under the relevant PRC Laws, corporation is required to transfer 10% of its net profit, determined under the PRC accounting standards, to a non-distributable statutory surplus reserve. Appropriation to the statutory surplus reserve has been ceased for year ended 31 December 2022 as the balance of this reserve has reached 50% of the share capital.

After making the appropriation to the statutory surplus reserve, the corporation may also appropriate its profit for the year to a discretionary surplus reserve upon approval by the shareholders in the shareholders' general meeting. Subject to the approval by the shareholders' general meeting, the discretionary surplus reserve may be used to offset accumulated losses of the corporation, if any, and may be converted into capital.

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45. GENERAL RESERVE

Pursuant to the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20) issued by the Ministry of Finance of the PRC, in addition to the individual and collective allowances for impairment losses, financial enterprise is required to establish and maintain a general reserve within equity to address potential unidentified impairment losses. The general reserve is not less than 1.5% of the aggregate amount of risk assets as defined by the above measures as at 31 December 2022 and 2021.

46. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2022							
	As at	Cash received	Repayment	Interest	Interest	New		As at
	1 January	from financing	of financing	accruals	payments	leases	Others	31 December
Lease liabilities (Note 38)	1,015,819	-	(308,667)	41,246	-	427,537	(21,824)	1,154,111
Debt securities issued (Note 40)	98,511,096	123,659,982	(130,660,000)	2,983,131	(1,020,880)	-	-	93,473,329

	2021							
	As at	Cash received	Repayment	Interest	Interest	New		As at
	1 January	from financing	of financing	accruals	payments	leases	Others	31 December
Lease liabilities (Note 38)	1,052,790	-	(321,603)	41,941	-	262,749	(20,058)	1,015,819
Debt securities issued (Note 40)	108,711,616	162,978,918	(174,820,000)	3,588,642	(1,948,080)	-	-	98,511,096

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47. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following balances with an original maturity of less than or equal to three months:

	As at 31 December 2022	As at 31 December 2021
Cash	718,850	677,709
Balances with central bank	13,722,499	7,346,366
Deposits with banks and other financial institutions	6,363,180	5,293,179
Placements with banks and other financial institutions	1,253,628	1,839,759
Total	22,058,157	15,157,013

48. STRUCTURED ENTITIES

As at 31 December 2022 and at 31 December 2021, there were no structured entities held by the Group being consolidated.

(1) Structured entities sponsored by third party institutions in which the Group holds interests

The Group holds interests in these structured entities sponsored by third party institutions through investments in the rights or plans issued relating to these structured entities. The Group does not consolidate these structured entities. Such structured entities include asset-backed securities, wealth management products issued by financial institutions, asset management plans, trust plans and funds.

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48. STRUCTURED ENTITIES *(Continued)*

(1) Structured entities sponsored by third party institutions in which the Group holds interests *(Continued)*

The following table set out an analysis of the gross carrying amounts of interests held by the Group as at 31 December 2022 in the structured entities sponsored by third-party institutions.

	As at 31 December 2022	As at 31 December 2021
Asset management plans	40,529,889	48,247,323
Funds	21,054,178	18,973,950
Asset-backed securities	19,401,359	25,619,668
Trust beneficiary rights	17,244,247	21,899,053
Wealth management products	496,568	–
Total	98,726,241	114,739,994

All of these unconsolidated structured entities are recorded in financial assets at fair value through profit or loss (Note 22), debt instruments at fair value through other comprehensive income (Note 23) and debt investments at amortised cost (Note 25).

(2) Unconsolidated structured entities sponsored by the Group in which the Group holds interests

The types of unconsolidated structured entities sponsored by the Group mainly include net value-based wealth management products. The purpose of sponsoring these structured entities is to generate fees from managing assets on behalf of investors. The variable return that the Group has in relation to the net value-based wealth management products is not significant, therefore these wealth management products are not consolidated by the Group.

As at 31 December 2022, the amount of assets held by the unconsolidated structured entities sponsored by the Group amounted to RMB79,600 million (31 December 2021: RMB101,762 million). During the year ended 31 December 2022, the Group's interest in these wealth management products included net fee and commission income of RMB548 million (2021: RMB887 million).

The Group did not provide any financial or other support to these unconsolidated structured entities during the year.

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49. RELATED PARTY TRANSACTIONS

(1) The following major shareholders held more than 5% interest of the Bank and are considered as related parties of the Group

	Shareholding ratio		Main business	Legal representative	Place of registration	Registered capital	
	31 December	31 December				31 December	31 December
	2022	2021				2022	2021
Tianjin Bonded Zone Investment Co., Ltd.	15.94%	15.93%	Investment and management	Dong Guangpei	Tianjin	9,333,895	8,832,650
Australia and New Zealand Banking Group Limited	11.95%	11.95%	Financial business	Not applicable	Melbourne Australia	Not applicable	Not applicable
Tianjin Bohai Chemical Industry Group Co., Ltd. (i)	8.07%	8.07%	Investment and management	Wang Junming	Tianjin	7,845,977	7,845,977
Tianjin Pharmaceutical Holdings Ltd. (ii)	8.06%	8.06%	Wholesale and retail of various commodities and logistics	Zhang Mingrui	Tianjin	5,492,950	5,492,950

(i) Tianjin Bohai Chemical Industry Group Co., Ltd. directly holds 487,078,366 shares, owning 8.024% equity; and through a number of controlled corporations, holds another aggregate of 2,778,686 shares, totalling 0.046% equity. As such, Tianjin Bohai Chemical Industry Group Co., Ltd. is controlling a total of 489,857,052 shares of the Bank, representing 8.07% equity.

(ii) Tianjin Pharmaceutical Holdings Ltd. directly holds 487,078,366 shares, owning 8.024% equity; and through a number of controlled corporations, holds another aggregate of 2,028,817 shares, totalling 0.033% equity. As such, Tianjin Pharmaceutical Holdings Ltd. is controlling a total of 489,107,183 shares of the Bank, representing 8.06% equity.

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49. RELATED PARTY TRANSACTIONS *(Continued)*

(1) The following major shareholders held more than 5% interest of the Bank and are considered as related parties of the Group *(Continued)*

Balances and transactions between the Group and these major shareholders and entities under their control

During the year, the Group had the following material balances and entered into the following material transactions with major shareholders and entities under their control. These transactions were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

	As at 31 December 2022	As at 31 December 2021
Assets		
Loans and advances to customers	7,618,259	3,999,583
Financial assets at fair value through profit or loss	488,785	1,659,398
Debt instruments at amortised cost	203,954	–
Deposits with banks and other financial institutions	–	20,208
Debt instruments at fair value through other comprehensive income	585,049	408,456
Total	8,896,047	6,087,645
Liabilities		
Due to customers	3,108,940	3,398,396

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49. RELATED PARTY TRANSACTIONS (Continued)

(1) The following major shareholders held more than 5% interest of the Bank and are considered as related parties of the Group (Continued)

Balances and transactions between the Group and these major shareholders and entities under their control (Continued)

	Year ended 31 December	
	2022	2021
Transactions during the year:		
Interest income	325,515	314,312
Interest expense	93,096	70,665
Trading net profit and loss	(2,953)	488
Interest rate ranges during the year:		
Debt instruments at amortised cost	3.43%~6.50%	–
Debt instruments at fair value through other comprehensive income	5.26%~6.50%	4.89%~6.50%
Loans and advances to customers	3.95%~12.00%	4.45%~9.50%
Due to customers	0.005%~4.18%	0.005%~4.18%

Material related party transactions with major shareholders and their related party entities

Material related party transaction refers to the transaction in which the amount of a single transaction between the Bank and the same related party accounts for more than 1% of the Bank's net capital, or the accumulated transaction amounts account for more than 5% of the Bank's net capital. As of 31 December 2022, the Bank granted Tianjin State-owned Capital Investment Management Ltd. an additional 2,600 million line of credit. As of 31 December 2022, the balance of loans was 3,509 million for TSCIM.

Related Party name	Main business	Legal representative	Registered place	Registered capital on	Registered capital on	Relationship with the Bank
				31 December 2022 (RMB)	31 December 2021 (RMB)	
Tianjin State-owned Capital Investment and Operation Co., Ltd.	Investment and Management	Hou Yufeng	Tianjin	19,140,755	19,140,755	The controlling shareholder, de facto controller to a major shareholder of the Bank

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49. RELATED PARTY TRANSACTIONS *(Continued)*

(2) An associate

	As at 31 December 2022	As at 31 December 2021
Guarantee given to PBOC for an associate	61,086	73,456

(3) Other related parties

Other related parties can be individuals or enterprises, which include: members of the Board of Directors, senior management and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the Board of Directors, senior management, and close family members of such individuals. As of 31 December 2022, six companies were included as related parties to the Bank due to shared key management personnel such as Directors and CEOs.

Balances and transactions with other related parties

During the year, the Group had the following material balances and entered into the following material transactions with other related entities. These transactions were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

	As at 31 December 2022	As at 31 December 2021
Deposits from banks and other financial institutions	1,019,192	837,117

	Year ended 31 December	
	2022	2021
Transactions during the year:		
Interest expense	36,858	32,894
Interest rate ranges during the year:		
Deposit from banks and other financial institutions	0.35%~2.75%	1.61%~3.35%

In 2022 and 2021, there was no material transactions and balances between the Group and other related parties.

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49. RELATED PARTY TRANSACTIONS *(Continued)*

(4) Subsidiaries controlled by the Bank

There are certain related party transactions between the Bank and its subsidiaries. All transactions shall be based on market prices and shall be handled in accordance with normal business procedures or in accordance with the provisions of the Bank's contracts, and shall be approved by the relevant decision-making bodies according to the type and content of transactions.

In 2022 and 2021, transactions between the Bank and its subsidiaries include lending of funds, inter-bank deposits and other businesses.

On 31 December 2022 and 31 December 2021, the Bank's principal balance of loans to subsidiaries is RMB1.80 billion and RMB2.70 billion respectively. The principal balance of funds deposited by the subsidiaries with the Bank was RMB0.879 billion and RMB1.334 billion respectively.

In 2022 and 2021, the interest income corresponding to transactions between the Bank and its subsidiaries was RMB104 million and RMB135 million respectively, and the interest expense was RMB17 million and RMB24 million respectively.

In 2022 and 2021, the amount of other transactions between the Bank and its subsidiaries is not material.

(5) Key management personnel

Key management personnel include directors, supervisors and senior management team members.

No major transactions have been entered into with the key management personnel for the year ended 31 December 2022 other than the emoluments paid to them (being the key management personnel compensation).

	Notes	Year ended 31 December	
		2022	2021
Fees		1,423	1,437
Basic salaries, bonuses and allowances	(i)	7,048	10,950
Contribution to pension schemes and other benefits		1,661	1,497
Total		10,132	13,884

(i) Bonus for 2022 can only be determined after the shareholders' general meeting and regulatory approval. Bonus for 2021 has been restated as per the approved amounts.

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49. RELATED PARTY TRANSACTIONS *(Continued)*

(6) Annuity scheme

The Group has the following transactions with the annuity scheme set up by the Bank:

	Year ended 31 December	
	2022	2021
Contribution to annuity funds (Note 11)	132,317	123,558

50. CONTINGENT LIABILITIES AND COMMITMENTS

Legal proceedings

The Bank and its subsidiaries, as defendants, are involved in certain lawsuits arising from the normal business operations. As at 31 December 2022, the Group has assessed and measured the impact of those pending lawsuits, and no provision related to these lawsuits has been recognised (31 December 2021: same).

Credit commitments

The Group's credit commitments take the form of loan commitments, credit card commitments, financial guarantees, letters of credit and bank acceptances.

Loan commitments and credit card commitments represent the undrawn amount of approved loans with signed contracts and credit card limits. Financial guarantees and letters of credit represent guarantees provided by the Group to guarantee the performance of customers to third parties. Bank acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects the majority of acceptances to be settled simultaneously with the reimbursement from customers.

The contractual amounts of credit commitments by categories are set out below. The amounts disclosed irrespective of loan commitments and credit card commitments that are drawn down. The amounts of guarantees, letters of credit and acceptances represent the maximum potential loss that would be recognised at the reporting date if counterparties failed to perform as contracted.

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50. CONTINGENT LIABILITIES AND COMMITMENTS *(Continued)*

Credit commitments *(Continued)*

	As at 31 December 2022	As at 31 December 2021
Loan commitments		
– with an original maturity within one year	4,660,396	5,159,469
– with an original maturity of one year or above	13,580,346	14,184,192
Bank acceptances	38,741,677	30,580,955
Credit card commitments	17,922,820	14,811,994
Letters of credit issued	15,252,079	13,759,086
Letters of guarantee issued	3,059,482	1,924,517
Total	93,216,800	80,420,213

Collateral

Assets pledged

The carrying amount of financial assets pledged as collateral in the Group's ordinary course of business, including repurchase agreements, etc., are disclosed as below:

	As at 31 December 2022	As at 31 December 2021
Debt securities	45,418,900	33,269,000
Discounted bills	33,334,995	27,610,570
Total	78,753,895	60,879,570

As at 31 December 2022 and 31 December 2021, the Group's liabilities related to the above collateral were due within 12 months from the effective dates of these agreements and title of these collateral was not transferred to counterparties.

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50. CONTINGENT LIABILITIES AND COMMITMENTS *(Continued)*

Capital commitments

	As at 31 December 2022	As at 31 December 2021
Contracted but not provided for – commitments for the acquisition of property and equipment	403,925	1,027,548

Redemption commitments of government bond

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

As at 31 December 2022, the principal balance of certificate government bonds which the Group had an obligation to pay in advance amounted to RMB1,818 million (31 December 2021: RMB2,231 million) and the principal balance of e-saving bonds amounted to RMB1,427 million (31 December 2021: RMB2,147 million). The original terms of these bonds are from 3 to 5 years.

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

51. FIDUCIARY ACTIVITIES

The Group commonly acts as asset manager or in other fiduciary capacities, that results in it holding or managing assets on behalf of individuals or corporations. These assets and any gains or losses arising thereon are not included in the financial statements of the Group as they are not the Group's assets.

As at 31 December 2022, the entrusted loans balance of the Group amounted to RMB9,408 million (31 December 2021: RMB13,574 million).

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52. TRANSFER OF FINANCIAL ASSETS

Repurchase agreement

The Group entered into repurchase agreements with certain counterparties to sell bonds or bills of carrying amount of RMB78,754 million as at 31 December 2022 (31 December 2021: RMB60,880 million) which are subject to the simultaneous agreements with commitments to repurchase at specified future dates and prices. The proceeds from selling such bonds or bills totaling RMB76,260 million (31 December 2021: RMB59,111 million) is presented as “financial assets sold under repurchase agreements” (Note 36) as at the end of the year.

As stipulated in the repurchase agreements, there is no transfer of the legal ownership of these bonds or bills to the counterparties during the covered period. However, the Group is not allowed to sell or pledge these securities during the covered period unless both parties mutually agree with such arrangement. Accordingly, the Group has determined that it retains substantially all the risks and rewards of these bonds or bills and therefore have not derecognised them from the financial statements but regarded as “collateral” for the secured lending from the counterparties. The counterparty’s recourse is not limited to the transferred assets.

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53. FINANCIAL RISK MANAGEMENT

Overview

The primary objectives of risk management of the Group are to maintain risk within acceptable parameters and satisfy the regulatory requirements.

The Group has designed risk management policies and set up risk controls to identify, analyse, monitor and report risks by means of relevant and up-to-date information systems. The Group regularly reviews its risk management policies and systems to address changes in markets, products and emerging best practices.

Details of the financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments include credit risk, liquidity risk and market risk (interest rate risk, currency risk and other price risk). The policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Risk management framework

The Bank has a Risk Management Committee, of which an executive director acts as the chairman. Risk Management Committee is responsible for setting the overall risk management and internal control strategies of the Group, monitoring the credit risk, liquidity risk, market risk and operation risk, and periodically assesses the overall risk position, risk acceptance and management capabilities, and makes recommendations and suggestions on risk management and internal control of the Group.

Following the risk management strategies set by the Risk Management Committee, the Risk Management Department of the Bank formulates and implements relevant risk management policies and procedures to monitor the risk arising from financial instruments of the Group.

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk

Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligations. Credit risk can also arise from operational failures that result in an unauthorised or inappropriate advance, commitment or investment of funds. Credit risk mainly arises from loans and advances to customers, debt instruments at FVOCI and debt instruments at amortised cost. The Group considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

(1) *Credit risk management*

The Group manages the Group's credit risk through the following processes:

- Ensuring that the Group has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Group's stated policies and procedures and relevant supervisory guidance.
- Monitoring, identifying, assessing, measuring, reporting, controlling and mitigating credit risk across the Group, from an individual instrument to a portfolio level.
- Creating credit policies to protect the Group against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.
- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.
- Developing and maintaining the Group's processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.
- Ensuring that the Group has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(2) *Significant increase in credit risk*

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

Internal credit risk ratings

In order to manage credit risk, the Group has developed and maintained the Group's credit risk grading to categorise exposures according to their degree of risk of default. The Group's credit risk grading framework comprises 12 categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade is updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure.

The following data are typically used to monitor the Group's exposures:

- Payment record, including payment ratios and ageing analysis;
- Extent of utilisation of granted limit;
- Forbearances (both requested and granted);
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies;
- For retail exposures: internally generated data of customer behaviour, affordability metrics etc; and
- For corporate exposures: information obtained by periodic review of customer files including audited financial statements review, market data such as prices of quoted bonds where available, changes in the sector the customer operates etc.

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(2) Significant increase in credit risk *(Continued)*

Internal credit risk ratings *(Continued)*

The Group uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by region and by type of product and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed. The table below provides a mapping of the Group's internal credit risk grades to external ratings.

Group's credit risk grades (Internal rating)	External rating
1	AAA
2	AA+
3	AA
4	AA-
5	A+
6	A, A-
7	BBB+ to BBB-
8	BB+ to BB-
9	B+ to B-
10	CCC, CC+
11	CC to C+
12	C, C-

The Group analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time.

The Group uses different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used include both quantitative changes in PDs as well as qualitative factors.

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(3) *Incorporation of forward-looking information*

Based on historical data analysis, the Group classifies the credit exposures by credit risk characteristics. The credit risk modelling process is combined external authority data with internal historical data to identify key economic indicators that affect credit risks and expected credit losses of all asset portfolios. The Group uses forward-looking information in its measurement of ECL with consideration of the leading and lagging effects of economic indicators. The Group employ economic factors including M1: year-on-year (2023, Base: 8.00%), CPI: year-on-year for the month (2023, Base: 2.19%), Total Retail Sales of Consumer Goods: accumulated year-on-year (2023, Base: 8.14%), Fixed-assets Investment made: accumulated year-on-year (2023, Base: 5.33%), to determine an overall adjustment to the base ECL. Similar to other economic projections, there is a high degree of inherent uncertainty in the estimation of expected values and likelihood of occurrence, so actual results may differ materially from forecasts. The Group updates the expected values of macroeconomic indicators periodically.

The Group has adopted three economic scenarios (Base, Upside and Downside) and applied weightings for them respectively, on the basis of a combination of the macroeconomic information, statistical analysis and expert judgment. As at 31 December 2022, the highest weighting is assigned to Base scenario by The Group.

Relatively substantial management judgements are involved in the weighting scheme of macroeconomic scenarios, macroeconomic forecasts, and significant increase in credit risk in expected credit loss models. The variation of key inputs above will inevitably lead to changes in expected credit loss as a result of model's inherent complexity. The Group has analysed sensitivity of ECL model by considering changes in macroeconomic scenario weightings.

Assuming the weighting of the Upside scenario or Downside scenario would increase by 5% and the weighting of the base scenario would decrease by 5%, the absolute change rate of the balance of loss allowance as at December 31, 2022 would be no more than 5%.

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(4) Measurement of ECL

The key inputs used for measuring ECL are:

- probability of default (PD); and
- loss given default (LGD); and
- exposure at default (EAD).

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from types of guarantee, time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Group's modeling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The Group uses EAD models that reflect the characteristics of the portfolios.

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(4) *Measurement of ECL (Continued)*

The measurement of ECL is based on probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items).

(5) *Risk concentration of loans and advances to customers at amortised cost and at FVOCI*

Analysed by geographical area

	As at 31 December			
	2022		2021	
	Gross amount of loans and advances to customers	%	Gross amount of loans and advances to customers	%
Tianjin	180,265,103	51.9	149,270,222	44.3
Shanghai	56,794,354	16.3	80,147,242	23.8
Shandong	36,940,658	10.6	36,151,860	10.7
Sichuan	28,146,783	8.1	24,934,006	7.4
Hebei	26,424,513	7.6	28,245,307	8.4
Beijing	17,900,431	5.2	17,337,724	5.1
Ningxia	956,966	0.3	933,413	0.3
Total	347,428,808	100.00	337,019,774	100.0

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(5) *Risk concentration of loans and advances to customers at amortised cost and at FVOCI (Continued)*

Analysed by industry

	As at 31 December			
	2022		2021	
	Gross Amount	% of total	Gross Amount	% of total
Corporate loans and advances				
Leasing and business services	53,810,906	15.5	37,788,592	11.2
Discounted bills	38,749,039	11.2	38,100,562	11.3
Construction	27,981,886	8.1	20,772,359	6.2
Real estate	27,976,893	8.1	30,891,932	9.2
Manufacturing	20,034,569	5.8	24,625,470	7.3
Water, environment and public facilities management	16,886,741	4.9	17,538,549	5.2
Wholesale and retail	13,978,191	4.0	15,212,006	4.5
Finance	8,127,973	2.3	4,210,316	1.2
Transportation, storage and postal services	4,280,067	1.2	3,782,775	1.1
Production and supply of electricity, heat, gas and water	3,564,657	1.0	3,907,097	1.2
Resident services, repair and other services	2,225,036	0.6	1,228,356	0.4
Culture, sports and entertainment	1,988,648	0.6	2,632,173	0.8
Scientific research and technical services	1,725,746	0.5	398,564	0.1
Information transmission, software and information technology services	962,297	0.3	630,934	0.2
Agriculture, forestry, animal husbandry and fishery	641,149	0.1	730,442	0.2
Accommodation and catering	554,172	0.1	625,566	0.2
Health and social services	515,733	0.1	479,668	0.1
Mining	210,721	0.1	670,468	0.2
Education	165,960	0.1	497,781	0.1
Subtotal	224,380,384	64.6	204,723,610	60.7
Personal loans and advances	123,048,424	35.4	132,296,164	39.3
Gross amount of loans and advances to customers	347,428,808	100.0	337,019,774	100.0

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(5) *Risk concentration of loans and advances to customers at amortised cost and at FVOCI (Continued)*

Analysed by contractual maturity and security type

	Gross amount as at 31 December 2022			Total
	Up to 1 year	1 to 5 years	Over 5 years	
Unsecured	122,615,468	30,668,504	2,121,240	155,405,212
Guaranteed	48,567,721	26,605,529	17,315,416	92,488,666
Collateralised	26,711,695	13,467,701	35,634,390	75,813,786
Pledged	7,213,073	9,747,387	6,760,684	23,721,144
Total	205,107,957	80,489,121	61,831,730	347,428,808

	Gross amount as at 31 December 2021			Total
	Up to 1 year	1 to 5 years	Over 5 years	
Unsecured	135,149,127	21,706,065	894,797	157,749,989
Guaranteed	49,190,459	22,781,231	9,298,613	81,270,303
Collateralised	23,295,639	18,156,890	36,706,076	78,158,605
Pledged	8,364,678	6,587,963	4,888,236	19,840,877
Total	215,999,903	69,232,149	51,787,722	337,019,774

Analysed by borrowers

As at 31 December 2022, the largest 10 borrowers (measured in terms of individual legal entities) of the Group amounted to RMB32,687 million (31 December 2021: RMB27,794 million) accounted for 9.41% (31 December 2021: 8.25%) of loans and advances to customers.

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(6) Credit commitments

	As at 31 December 2022	As at 31 December 2021
Acceptances	38,741,677	30,580,955
Undrawn corporate loans limit	18,240,742	19,343,661
Undrawn credit card limit	17,922,820	14,811,994
Letters of credit	15,252,079	13,759,086
Letters of guarantee	3,059,482	1,924,517
Total	93,216,800	80,420,213

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

Credit risk weighted amounts for credit commitments

	As at 31 December 2022	As at 31 December 2021
Credit commitments	19,615,316	17,984,535

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

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(7) *Maximum credit risk exposure without taking into account any collateral or other credit enhancements*

The maximum exposure to credit risk represents the credit risk exposure per class of financial assets and “stage” to the Group at the end of the reporting period without taking into account any collateral held or other credit enhancements. The exposure to credit risk mainly arises from loans and advances to customers, investment securities, and treasury operations of its banking activities.

Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

At the end of the reporting period, maximum exposure to credit risk is as follows:

	As at 31 December 2022	As at 31 December 2021
Balances with central bank	42,193,869	39,153,842
Deposits with banks and other financial institutions	6,338,690	5,286,491
Placements with banks and other financial institutions	26,347,825	19,063,025
Financial assets held under resale agreements	11,053,540	600,197
Derivative financial assets	58,811	16,776
Loans and advances to customers	337,397,157	324,607,358
Financial investments		
Financial assets at fair value through profit or loss	76,140,375	73,740,567
Debt instruments at fair value through other comprehensive income	65,492,044	50,154,686
Debt instruments at amortised cost	180,133,899	190,702,029
Other financial assets	2,162,653	3,106,226
Subtotal	747,318,863	706,431,197
Loan commitments	93,216,800	80,420,213
Total	840,535,663	786,851,410

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

- (7) *Maximum credit risk exposure without taking into account any collateral or other credit enhancements*
(Continued)

Loans and advances to customers

	As at 31 December 2022			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Internal grade 1-5	305,333,158	14,595,767	6,443,005	326,371,930
Internal grade 6-9	1,143,219	11,658,282	1,956,764	14,758,265
Internal grade 10-12	–	–	6,298,613	6,298,613
Total gross carrying amount	306,476,377	26,254,049	14,698,382	347,428,808
Loss allowance	(3,092,948)	(2,678,080)	(4,260,623)	(10,031,651)
Carrying amount	303,383,429	23,575,969	10,437,759	337,397,157
	As at 31 December 2021			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Internal grade 1-5	301,574,800	10,020,503	2,398,936	313,994,239
Internal grade 6-9	1,183,643	11,672,861	2,122,847	14,979,351
Internal grade 10-12	–	–	8,046,184	8,046,184
Total gross carrying amount	302,758,443	21,693,364	12,567,967	337,019,774
Loss allowance	(3,888,787)	(2,750,570)	(5,773,059)	(12,412,416)
Carrying amount	298,869,656	18,942,794	6,794,908	324,607,358

No loss allowance is recognised in the statement of financial position for loans and advances to customers measured at FVOCI as the carrying amount is at fair value.

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53. FINANCIAL RISK MANAGEMENT (Continued)

53.1 Credit risk (Continued)

(7) Maximum credit risk exposure without taking into account any collateral or other credit enhancements
(Continued)

Debt instruments at amortised cost

	As at 31 December 2022			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Internal grade 1-5	161,842,620	–	–	161,842,620
Internal grade 6-9	–	10,796,251	–	10,796,251
Internal grade 10-12	–	–	9,136,800	9,136,800
Total gross carrying amount	161,842,620	10,796,251	9,136,800	181,775,671
Loss allowance	(139,546)	(269,230)	(1,232,996)	(1,641,772)
Carrying amount	161,703,074	10,527,021	7,903,804	180,133,899
	As at 31 December 2021			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Internal grade 1-5	168,445,563	–	–	168,445,563
Internal grade 6-9	–	14,738,656	–	14,738,656
Internal grade 10-12	–	–	11,065,212	11,065,212
Total gross carrying amount	168,445,563	14,738,656	11,065,212	194,249,431
Loss allowance	(163,882)	(468,984)	(2,914,536)	(3,547,402)
Carrying amount	168,281,681	14,269,672	8,150,676	190,702,029

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

- (7) *Maximum credit risk exposure without taking into account any collateral or other credit enhancements*
(Continued)

Debt instruments at FVOCI

	As at 31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Internal grade 1-5	65,076,675	–	–	65,076,675
Internal grade 6-9	–	156,140	–	156,140
Internal grade 10-12	–	–	259,229	259,229
Total gross carrying amount	65,076,675	156,140	259,229	65,492,044
Loss allowance	(8,853)	(1,118)	(250,881)	(260,852)

	As at 31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Internal grade 1-5	49,887,163	–	–	49,887,163
Internal grade 10-12	–	–	267,523	267,523
Total gross carrying amount	49,887,163	–	267,523	50,154,686
Loss allowance	(3,828)	–	(255,943)	(259,771)

No loss allowance is recognised in the statement of financial position for debt instruments measured at FVOCI as the carrying amount is at fair value.

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(7) *Maximum credit risk exposure without taking into account any collateral or other credit enhancements*
(Continued)

Credit commitments

	As at 31 December 2022			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Internal grade 1-5	93,171,220	–	–	93,171,220
Internal grade 6-9	13,161	9,548	–	22,709
Internal grade 10-12	–	–	22,871	22,871
Total gross carrying amount	93,184,381	9,548	22,871	93,216,800
Loss allowance	(393,784)	(2,350)	(6,925)	(403,059)

	As at 31 December 2021			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Internal grade 1-5	80,397,346	–	–	80,397,346
Internal grade 6-9	7,816	5,381	–	13,197
Internal grade 10-12	–	–	9,670	9,670
Total gross carrying amount	80,405,162	5,381	9,670	80,420,213
Loss allowance	(389,372)	(4,951)	(9,670)	(403,993)

The carrying amount of the Group's financial assets at FVTPL as disclosed in Note 20 and Note 22 best represents the assets' maximum exposure to credit risk.

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(8) Credit quality

(i) Loss allowance

The table below summarises the loss allowance as of the year end by class of assets.

	As at 31 December 2022	As at 31 December 2021
Loans and advances to customers	10,076,759	12,455,799
Debt instruments at amortised cost	1,641,772	3,547,402
Debt instruments at FVOCI	260,852	259,771
Credit commitments	403,059	403,993
Total	12,382,442	16,666,965

No loss allowance is recognised in the statement of financial position for loans and advances to customers and debt instruments at FVOCI as the carrying amount is at fair value.

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(8) Credit quality *(Continued)*

(ii) Movement of loss allowance

The tables below analyse the movement of the loss allowance during the year per class of assets.

Loans and advances to customers

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	3,932,170	2,750,570	5,773,059	12,455,799
Changes in the loss allowance				
Transfer to stage 1	13,957	(13,957)	–	–
Transfer to stage 2	(190,867)	341,757	(150,890)	–
Transfer to stage 3	–	(2,434,743)	2,434,743	–
Impact on period end ECL of exposures transferred between stages during the year	(12,526)	2,969,998	3,722,390	6,679,862
Net transactions during the year	275,452	(620,223)	(614,933)	(959,704)
Changes in assumptions and methods of models	(880,130)	(315,322)	115,185	(1,080,267)
Write-offs	–	–	(7,430,065)	(7,430,065)
Recovery after write-off	–	–	535,389	535,389
Others	–	–	(124,255)	(124,255)
As at 31 December 2022	3,138,056	2,678,080	4,260,623	10,076,759

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(ii) **Movement of loss allowance** *(Continued)*

Loans and advances to customers (Continued)

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2021	3,116,220	2,332,922	6,656,582	12,105,724
Changes in the loss allowance				
Transfer to stage 1	16,418	(16,418)	–	–
Transfer to stage 2	(530,970)	716,093	(185,123)	–
Transfer to stage 3	–	(2,715,188)	2,715,188	–
Impact on period end ECL of exposures transferred between stages during the year	(16,147)	3,725,678	7,309,987	11,019,518
Net transactions during the year	133,617	(829,512)	(321,453)	(1,017,348)
Changes in assumptions and methods of models	1,213,032	(463,005)	(721,375)	28,652
Write-offs	–	–	(9,981,443)	(9,981,443)
Recovery after write-off	–	–	440,406	440,406
Others	–	–	(139,710)	(139,710)
As at 31 December 2021	3,932,170	2,750,570	5,773,059	12,455,799

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(ii) **Movement of loss allowance** *(Continued)*

Debt instruments at amortised cost

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	163,882	468,984	2,914,536	3,547,402
Changes in the loss allowance				
Transfer to stage 1	2,527	(2,527)	–	–
Transfer to stage 2	(4,481)	4,481	–	–
Transfer to stage 3	–	(145,132)	145,132	–
Impact on period end ECL of exposures transferred between stages during the year	(2,459)	169,017	2,779,951	2,946,509
Net transactions during the year	1,703	(343,263)	(585)	(342,145)
Changes in assumptions and methods of models	(21,626)	117,670	(191,023)	(94,979)
Write-offs	–	–	(4,415,015)	(4,415,015)
As at 31 December 2022	139,546	269,230	1,232,996	1,641,772

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(ii) **Movement of loss allowance** *(Continued)*

Debt instruments at amortised cost (Continued)

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2021	1,240,207	1,826,061	965,151	4,031,419
Changes in the loss allowance				
Transfer to stage 2	(597,505)	597,505	–	–
Transfer to stage 3	–	(1,980,740)	1,980,740	–
Impact on period end ECL of exposures transferred between stages during the year	–	131,949	(123,385)	8,564
Net transactions during the year	(489,751)	(240,641)	(209,057)	(939,449)
Changes in assumptions and methods of models	10,931	134,850	301,087	446,868
As at 31 December 2021	163,882	468,984	2,914,536	3,547,402

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(ii) **Movement of loss allowance** *(Continued)*

Debt instruments at FVOCI

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	3,828	–	255,943	259,771
Changes in the loss allowance				
Transfer to stage 2	(21)	21	–	–
Impact on period end ECL of exposures transferred between stages during the year	–	1,097	–	1,097
Net transactions during the year	3,567	–	–	3,567
Changes in assumptions and methods of models	1,479	–	(5,062)	(3,583)
As at 31 December 2022	8,853	1,118	250,881	260,852

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(ii) **Movement of loss allowance** *(Continued)*

Debt instruments at FVOCI (Continued)

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2021	3,813	–	236,086	239,899
Changes in the loss allowance				
Transfer to stage 2	(1)	1	–	–
Transfer to stage 3	–	(727)	727	–
Impact on period end ECL of exposures transferred between stages during the year	–	726	4,317	5,043
Net transactions during the year	950	–	–	950
Changes in assumptions and methods of models	(934)	–	14,813	13,879
As at 31 December 2021	3,828	–	255,943	259,771

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(ii) **Movement of loss allowance** *(Continued)*

Credit commitments

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	389,372	4,951	9,670	403,993
Changes in the loss allowance				
Transfer to stage 1	990	(665)	(325)	–
Transfer to stage 2	(387)	388	(1)	–
Transfer to stage 3	–	(834)	834	–
Impact on period end ECL of exposures transferred between stages during the year	(986)	2,208	3,789	5,011
Net transactions during the year	18,207	(3,693)	(7,661)	6,853
Changes in assumptions and methods of models	(13,412)	(5)	619	(12,798)
As at 31 December 2022	393,784	2,350	6,925	403,059

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(ii) **Movement of loss allowance** *(Continued)*

Credit commitments (Continued)

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2021	330,727	2,751	7,625	341,103
Changes in the loss allowance				
Transfer to stage 1	760	(438)	(322)	–
Transfer to stage 2	(235)	235	–	–
Transfer to stage 3	–	(1,822)	1,822	–
Impact on period end ECL of exposures transferred between stages during the year	(743)	4,605	7,348	11,210
Net transactions during the year	61,694	(344)	(6,817)	54,533
Changes in assumptions and methods of models	(2,831)	(36)	14	(2,853)
As at 31 December 2021	389,372	4,951	9,670	403,993

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(8) Credit quality *(Continued)*

(iii) Changes in gross carrying amount of financial assets and credit commitments that contributed to movement of the loss allowance

More information about the significant changes in the gross carrying amount of financial assets and credit commitments during the year that contributed to movement of the loss allowance, is provided at the table below:

Loans and advances to customers

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	302,758,443	21,693,364	12,567,967	337,019,774
Changes in the gross amount				
Transfer to stage 1	48,490	(48,490)	–	–
Transfer to stage 2	(18,005,890)	18,218,684	(212,794)	–
Transfer to stage 3	–	(11,176,813)	11,176,813	–
Net transactions during the year	21,675,334	(2,432,696)	(1,814,673)	17,427,965
Write-offs	–	–	(7,430,065)	(7,430,065)
Recover after write-off	–	–	535,389	535,389
Others	–	–	(124,255)	(124,255)
As at 31 December 2022	306,476,377	26,254,049	14,698,382	347,428,808
Allowances for impairment loss as at 31 December 2022	(3,138,056)	(2,678,080)	(4,260,623)	(10,076,759)

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(iii) Changes in gross carrying amount of financial assets and credit commitments that contributed to movement of the loss allowance *(Continued)*

Loans and advances to customers (Continued)

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2021	281,758,288	10,627,587	15,436,530	307,822,405
Changes in the gross amount				
Transfer to stage 1	40,265	(40,265)	–	–
Transfer to stage 2	(30,774,436)	31,045,906	(271,470)	–
Transfer to stage 3	–	(15,166,805)	15,166,805	–
Net transactions during the year	51,734,326	(4,773,059)	(8,083,151)	38,878,116
Write-offs	–	–	(9,981,443)	(9,981,443)
Recover after write-off	–	–	440,406	440,406
Others	–	–	(139,710)	(139,710)
As at 31 December 2021	302,758,443	21,693,364	12,567,967	337,019,774
Allowances for impairment loss				
as at 31 December 2021	(3,932,170)	(2,750,570)	(5,773,059)	(12,455,799)

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(iii) Changes in gross carrying amount of financial assets and credit commitments that contributed to movement of the loss allowance *(Continued)*

Debt instruments at amortised cost

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	168,445,563	14,738,656	11,065,212	194,249,431
Changes in the gross amount				
Transfer to stage 1	153,465	(153,465)	–	–
Transfer to stage 2	(5,385,743)	5,385,743	–	–
Transfer to stage 3	–	(5,819,892)	5,819,892	–
Net transactions during the year	(1,370,665)	(3,354,791)	(3,333,289)	(8,058,745)
Write-offs	–	–	(4,415,015)	(4,415,015)
As at 31 December 2022	161,842,620	10,796,251	9,136,800	181,775,671
Allowances for impairment loss as at 31 December 2022	(139,546)	(269,230)	(1,232,996)	(1,641,772)
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2021	176,146,154	13,140,673	2,093,442	191,380,269
Changes in the gross amount				
Transfer to stage 2	(5,430,771)	5,430,771	–	–
Transfer to stage 3	–	(3,054,029)	3,054,029	–
Net transactions during the year	(2,269,820)	(778,759)	5,917,741	2,869,162
As at 31 December 2021	168,445,563	14,738,656	11,065,212	194,249,431
Allowances for impairment loss as at 31 December 2021	(163,882)	(468,984)	(2,914,536)	(3,547,402)

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53. FINANCIAL RISK MANAGEMENT (Continued)

53.1 Credit risk (Continued)

(8) Credit quality (Continued)

(iii) Changes in gross carrying amount of financial assets and credit commitments that contributed to movement of the loss allowance (Continued)

Debt instruments at FVOCI

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	49,887,163	–	267,523	50,154,686
Changes in the gross amount				
Transfer to stage 2	(156,140)	156,140	–	–
Net transactions during the year	15,345,652	–	(8,294)	15,337,358
As at 31 December 2022	65,076,675	156,140	259,229	65,492,044
Allowances for impairment loss as at 31 December 2022	(8,853)	(1,118)	(250,881)	(260,852)
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2021	57,661,096	–	262,251	57,923,347
Changes in the gross amount				
Transfer to stage 2	(5,272)	5,272	–	–
Transfer to stage 3	–	(5,272)	5,272	–
Net transactions during the year	(7,768,661)	–	–	(7,768,661)
As at 31 December 2021	49,887,163	–	267,523	50,154,686
Allowances for impairment loss as at 31 December 2021	(3,828)	–	(255,943)	(259,771)

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(iii) Changes in gross carrying amount of financial assets and credit commitments that contributed to movement of the loss allowance *(Continued)*

Credit commitments

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	80,405,162	5,381	9,670	80,420,213
Changes in the gross amount				
Transfer to stage 1	2,412	(1,741)	(671)	–
Transfer to stage 2	(24,393)	24,395	(2)	–
Transfer to stage 3	–	(15,376)	15,376	–
Net transactions during the year	12,801,200	(3,111)	(1,502)	12,796,587
As at 31 December 2022	93,184,381	9,548	22,871	93,216,800
Allowances for impairment loss				
as at 31 December 2022	(393,784)	(2,350)	(6,925)	(403,059)
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2021	67,709,178	3,090	7,768	67,720,036
Changes in the gross amount				
Transfer to stage 1	1,622	(922)	(700)	–
Transfer to stage 2	(13,099)	13,099	–	–
Transfer to stage 3	–	(8,626)	8,626	–
Net transactions during the year	12,707,461	(1,260)	(6,024)	12,700,177
As at 31 December 2021	80,405,162	5,381	9,670	80,420,213
Allowances for impairment loss				
as at 31 December 2021	(389,372)	(4,951)	(9,670)	(403,993)

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(8) Credit quality *(Continued)*

(iv) Collateral held as security and other credit enhancements

The Group holds collateral or other credit enhancements to mitigate credit risk associated with financial assets. The main types of collateral and the types of assets associated with are listed in the table below.

	Type of collateral held
Loans and advances to customer	Residential properties, land and properties and other assets of the borrowers, equity instruments and certificates of time deposit
Debt instruments at amortised cost	Certificates of deposit, equity instruments and other property rights
Financial assets held under resale agreements	Bonds, bills

The aggregate fair value of collateral in respect of loans and advances to customers amounted to RMB248,369 million (31 December 2021: RMB244,832 million) as at 31 December 2022. The aggregate fair value of collateral held for financial assets held under resale agreements amounted to RMB11,481 million (31 December 2021: RMB993 million) as at 31 December 2022.

The Group requests collateral and guarantees for some financial assets including loans and advances to customers and debt instruments measured at amortised cost and FVOCI. The most relevant indicator of their creditworthiness is an analysis of their financial performance and their liquidity, leverage, management effectiveness and growth ratios. For this reason, the valuation of collateral held against corporate lending is not routinely updated. The valuation of such collateral is updated if specific financial asset is put on "watch-list" and is therefore monitored more closely.

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(8) Credit quality *(Continued)*

(iv) Collateral held as security and other credit enhancements *(Continued)*

For credit-impaired of those financial assets the Group obtains appraisals of collateral to assess its credit risk. At 31 December 2022 the net carrying amount of loans and advances to those financial assets was RMB10,438 million (31 December 2021: RMB6,795 million) and the value of the respective collateral was RMB11,765 million (31 December 2021: RMB10,189 million).

As at 31 December 2022, the balances of customer deposits that were secured by the Group's debt instruments amounted to RMB5,714 million (31 December 2021: RMB15,845 million), of which RMB5,714 million (31 December 2021: RMB15,845 million) were due over twelve months from inception.

As at 31 December 2022, the balances of borrowings from central bank that were secured by the Group's debt instruments amounted to RMB71,483 million (31 December 2021: RMB54,323 million).

(v) Bond investments are analysed by external credit rating as follows:

	As at 31 December 2022					Total
	AAA	AA ^(a)	A	Below A	Unrated ^(b)	
Government bonds	42,276,209	-	-	-	35,514,402	77,790,611
Public entities, Policy banks and Financial institutions bonds	6,289,213	633,511	-	-	72,592,050	79,514,774
Asset-backed securities	16,811,470	1,870,886	389,856	324,347	4,800	19,401,359
Corporate bonds	15,897,866	25,943,347	156,140	1,956,367	-	43,953,720
Total	81,274,758	28,447,744	545,996	2,280,714	108,111,252	220,660,464

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(v) **Bond investments are analysed by external credit rating as follows:** *(Continued)*

	As at 31 December 2021					Total
	AAA	AA ^(a)	A	Below A	Unrated ^(b)	
Government bonds	31,947,402	–	–	–	41,737,473	73,684,875
Public entities, Policy banks and Financial institutions bonds	5,168,583	1,476,086	–	–	63,066,321	69,710,990
Asset-backed securities	23,578,811	1,940,858	–	99,999	–	25,619,668
Corporate bonds	20,645,130	18,856,035	–	1,419,360	–	40,920,525
Total	81,339,926	22,272,979	–	1,519,359	104,803,794	209,936,058

(a) Credit rating of AA represent a range of rating from AA– to AA+.

(b) The unrated bond investments held by the Group mainly represent bonds issued by the Ministry of Finance of the PRC (“MOF”), policy banks and issuers which are creditworthy in the market, but are not rated by independent rating agencies.

53.2 Liquidity risk

Liquidity risk is the risk that the Group cannot acquire sufficient capital at a reasonable price to cover liabilities as they fall due, to perform other payment obligations, or to meet indispensable business capital needs. This may arise from cash flow or maturity mis-matches of assets or liabilities.

The Group manages the liquidity risk via:

- Setting target ratio on assets and liabilities structure in accordance with the regulatory requirements and business plan;
- Maintaining stability of deposit base; and
- Making advanced projection on future cash flows and evaluating the appropriate current assets position.

The Group has access to inter-bank placement or repurchase market for liquidity management. It can also issue debt securities for long-term funding management.

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53. FINANCIAL RISK MANAGEMENT (Continued)

53.2 Liquidity risk (Continued)

Analysis of the remaining maturity of assets and liabilities

The tables below summarise the maturity analysis of assets and liabilities by remaining contractual maturities at the end of the year.

	As at 31 December 2022							Total
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Cash and balances with central bank	28,471,370	14,441,349	-	-	-	-	-	42,912,719
Deposits with banks and other financial institutions	-	6,338,690	-	-	-	-	-	6,338,690
Placements with banks and other financial institutions	-	-	5,123,720	5,178,876	15,735,461	309,768	-	26,347,825
Derivative financial assets	-	-	1,104	750	38,666	18,291	-	58,811
Financial assets held under resale agreements	246,895	-	10,806,645	-	-	-	-	11,053,540
Financial assets at fair value through profit or loss	3,152,273	-	39,311,098	2,426,281	5,928,237	17,103,159	8,219,327	76,140,375
Debt instruments at fair value through other comprehensive income	259,230	-	1,076,614	767,267	12,651,501	35,166,008	15,571,424	65,492,044
Loans and advances to customers	6,419,833	-	15,332,204	21,355,513	155,996,041	90,176,708	48,116,858	337,397,157
Debt instruments at amortised cost	3,407,742	-	2,633,560	6,836,001	34,550,788	88,893,063	43,812,745	180,133,899
Equity instruments at fair value through other comprehensive income	1,642,224	-	-	-	-	-	-	1,642,224
Other financial assets	152,937	1,763,632	177,648	-	68,436	-	-	2,162,653
Total assets	43,752,504	22,543,671	74,462,593	36,564,688	224,969,130	231,666,997	115,720,354	749,679,937
Borrowings from central bank	-	-	6,332,687	8,788,217	46,678,051	-	-	61,798,955
Deposits from banks and other financial institutions	-	12,400,220	6,086,592	9,450,278	14,136,772	-	-	42,073,862
Placements from banks and other financial institutions	-	193,868	10,003,960	6,630,273	6,484,079	-	-	23,312,180
Financial assets sold under repurchase agreements	-	-	65,540,738	4,637,687	6,081,400	-	-	76,259,825
Derivative financial liabilities	-	-	27,216	12,592	18,558	1,854	-	60,220
Other financial liabilities	-	1,165,669	423,339	89,481	406,226	252,051	-	2,336,766
Lease liabilities	-	-	11,067	42,539	190,022	528,150	382,333	1,154,111
Due to customers	-	212,631,185	5,807,638	13,280,034	73,524,737	92,471,099	50,578	397,765,271
Debt securities issued	-	-	22,050,127	33,887,928	37,535,274	-	-	93,473,329
Total liabilities	-	226,390,942	116,283,364	76,819,029	185,055,119	93,253,154	432,911	698,234,519
Net position	43,752,504	(203,847,271)	(41,820,771)	(40,254,341)	39,914,011	138,413,843	115,287,443	51,445,418

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53. FINANCIAL RISK MANAGEMENT (Continued)

53.2 Liquidity risk (Continued)

Analysis of the remaining maturity of assets and liabilities (Continued)

	As at 31 December 2021							Total
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Cash and balances with central bank	31,807,476	8,024,075	-	-	-	-	-	39,831,551
Deposits with banks and other financial institutions	-	4,984,865	301,626	-	-	-	-	5,286,491
Placements with banks and other financial institutions	-	-	1,557,183	3,687,061	13,818,781	-	-	19,063,025
Derivative financial assets	-	-	52	446	4,878	11,400	-	16,776
Financial assets held under resale agreements	600,197	-	-	-	-	-	-	600,197
Financial assets at fair value through profit or loss	4,818,619	-	23,568,361	8,350,820	11,951,178	19,430,618	5,620,971	73,740,567
Debt instruments at fair value through other comprehensive income	169,140	-	2,060,142	3,419,763	12,449,918	19,963,860	12,091,863	50,154,686
Loans and advances to customers	7,441,548	-	16,092,668	18,779,586	165,258,083	70,006,787	47,028,686	324,607,358
Debt instruments at amortised cost	4,326,894	-	1,164,935	11,400,519	39,162,588	105,663,438	28,983,655	190,702,029
Equity instruments at fair value through other comprehensive income	1,642,224	-	-	-	-	-	-	1,642,224
Other financial assets	211,404	1,223,209	1,613,157	-	58,456	-	-	3,106,226
Total assets	51,017,502	14,232,149	46,358,124	45,638,195	242,703,882	215,076,103	93,725,175	708,751,130
Borrowings from central bank	-	-	1,037,003	2,665,103	49,368,199	-	-	53,070,305
Deposits from banks and other financial institutions	-	13,750,183	1,904,391	12,836,929	12,900,206	21,124	-	41,412,833
Placements from banks and other financial institutions	-	-	8,415,255	5,099,920	7,894,666	-	-	21,409,841
Financial liabilities held for trading	-	-	-	519,111	-	-	-	519,111
Financial assets sold under repurchase agreements	-	-	44,675,571	2,137,486	12,297,678	-	-	59,110,735
Derivative financial liabilities	-	-	60,394	9,928	86,278	124	-	156,724
Other financial liabilities	-	886,388	834,843	23,539	408,366	304,008	-	2,457,144
Lease liabilities	-	-	23,075	36,017	225,551	655,087	76,089	1,015,819
Due to customers	-	219,434,582	5,153,087	7,600,013	42,885,394	107,396,274	9,540	382,478,890
Debt securities issued	-	-	2,563,590	25,137,899	55,813,536	14,996,071	-	98,511,096
Total liabilities	-	234,071,153	64,667,209	56,065,945	181,879,874	123,372,688	85,629	660,142,498
Net position	51,017,502	(219,839,004)	(18,309,085)	(10,427,750)	60,824,008	91,703,415	93,639,546	48,608,632

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53. FINANCIAL RISK MANAGEMENT (Continued)

53.2 Liquidity risk (Continued)

Analysis of the undiscounted contractual cash flows

The tables below present the cash flows of non-derivatives financial assets and financial liabilities by remaining contractual maturities at the end of the year. The amounts disclosed in the tables are the undiscounted contractual cash flows.

	As at 31 December 2022							Total
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Cash and balances with central bank	28,471,370	14,441,349	-	-	-	-	-	42,912,719
Deposits with banks and other financial institutions	-	6,363,998	-	-	-	-	-	6,363,998
Placements with banks and other financial institutions	-	-	5,198,688	5,310,063	15,948,298	312,367	-	26,769,416
Financial assets held under resale agreements	993,500	-	10,808,346	-	-	-	-	11,801,846
Financial assets at fair value through profit or loss	3,152,273	-	38,936,554	2,162,058	6,558,114	19,440,471	8,357,783	78,607,253
Debt instruments at fair value through other comprehensive income	500,916	-	1,090,806	830,237	13,866,710	39,453,714	18,575,006	74,317,389
Loans and advances to customers	13,169,253	-	14,147,837	24,160,999	166,274,492	116,162,382	72,352,269	406,267,232
Debt instruments at amortised cost	4,043,328	-	2,717,825	6,644,227	38,007,946	100,198,185	52,607,731	204,219,242
Equity instruments at fair value through other comprehensive income	1,642,224	-	-	-	-	-	-	1,642,224
Other financial assets	186,239	1,808,190	177,648	-	68,435	-	-	2,240,512
Total financial assets	52,159,103	22,613,537	73,077,704	39,107,584	240,723,995	275,567,119	151,892,789	855,141,831
Borrowings from central bank	-	-	6,340,067	8,861,927	47,493,438	-	-	62,695,432
Deposits from banks and other financial institutions	-	12,400,220	6,139,130	9,541,123	14,257,673	-	-	42,338,146
Placements from banks and other financial institutions	-	193,868	10,032,034	6,660,885	6,565,171	-	-	23,451,958
Financial assets sold under repurchase agreements	-	-	65,565,976	4,646,050	6,128,413	-	-	76,340,439
Other financial liabilities	-	1,165,669	423,339	89,481	406,226	252,051	-	2,336,766
Lease liabilities	-	-	12,930	47,511	224,265	541,426	388,889	1,215,021
Due to customers	-	212,632,460	6,060,095	13,998,701	78,022,009	105,561,883	109,676	416,384,824
Debt securities issued	-	-	22,096,500	34,040,000	38,030,000	-	-	94,166,500
Total financial liabilities	-	226,392,217	116,670,071	77,885,678	191,127,195	106,355,360	498,565	718,929,086
Net position	52,159,103	(203,778,680)	(43,592,367)	(38,778,094)	49,596,800	169,211,759	151,394,224	136,212,745

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53. FINANCIAL RISK MANAGEMENT (Continued)

53.2 Liquidity risk (Continued)

Analysis of the undiscounted contractual cash flows (Continued)

	Past due/ indefinite	On demand	Less than 1 month	As at 31 December 2021				Total
				1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Cash and balances with central bank	31,821,789	8,025,544	-	-	-	-	-	39,847,333
Deposits with banks and other financial institutions	-	4,992,689	301,833	-	-	-	-	5,294,522
Placements with banks and other financial institutions	-	-	1,559,870	3,205,964	14,741,352	-	-	19,507,186
Financial assets held under resale agreements	993,500	-	-	-	-	-	-	993,500
Financial assets at fair value through profit or loss	4,818,619	-	23,527,379	8,165,908	12,515,128	21,109,498	5,620,971	75,757,503
Debt instruments at fair value through other comprehensive income	300,000	-	2,248,330	3,254,761	13,496,444	22,747,768	13,101,391	55,148,694
Loans and advances to customers	12,767,801	-	17,293,269	20,912,260	175,961,637	91,837,276	73,293,782	392,066,025
Debt instruments at amortised cost	6,726,264	-	1,315,443	10,682,435	44,679,487	116,628,388	34,019,954	214,051,971
Equity instruments at fair value through other comprehensive income	1,642,224	-	-	-	-	-	-	1,642,224
Other financial assets	248,187	1,267,710	1,613,157	-	76,557	-	-	3,205,611
Total financial assets	59,318,384	14,285,943	47,859,281	46,221,328	261,470,605	252,322,930	126,036,098	807,514,569
Borrowings from central bank	-	-	1,037,894	2,704,978	50,172,226	-	-	53,915,098
Deposits from banks and other financial institutions	-	13,745,179	1,906,681	12,911,475	13,105,362	22,008	-	41,690,705
Placements from banks and other financial institutions	-	-	8,420,780	5,132,463	7,947,089	-	-	21,500,332
Financial liabilities held for trading	-	-	-	519,512	-	-	-	519,512
Financial assets sold under repurchase agreements	-	-	44,702,239	2,144,325	12,425,131	-	-	59,271,695
Other financial liabilities	-	886,388	834,843	23,539	408,366	304,008	-	2,457,144
Lease liabilities	-	-	23,271	44,842	230,754	658,169	83,325	1,040,361
Due to customers	-	219,435,566	5,298,896	7,770,980	43,511,751	109,787,759	12,718	385,817,670
Debt securities issued	-	-	2,606,500	25,270,000	56,944,380	15,666,500	-	100,487,380
Total financial liabilities	-	234,067,133	64,831,104	56,522,114	184,745,059	126,438,444	96,043	666,699,897
Net position	59,318,384	(219,781,190)	(16,971,823)	(10,300,786)	76,725,546	125,884,486	125,940,055	140,814,672

As disclosed in Note 40, there are early redemption rights embedded in certain debt securities issued and therefore the cash outflows for these instruments are compiled on the basis that these rights will be exercised.

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53. FINANCIAL RISK MANAGEMENT (Continued)

53.2 Liquidity risk (Continued)

Analysis of off-balance sheet items

Off-balance sheet items of the Group mainly include credit commitments. The tables below set forth the amounts of the off-balance sheet credit commitments by remaining maturity.

	As at 31 December 2022						Total
	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	
Acceptances	-	4,045,079	6,664,764	28,031,834	-	-	38,741,677
Undrawn corporate loans limit	18,240,742	-	-	-	-	-	18,240,742
Undrawn credit card limit	17,922,820	-	-	-	-	-	17,922,820
Letters of credit	-	11,946,095	912,774	2,393,210	-	-	15,252,079
Letters of guarantee	-	73,874	28,438	42,750	2,914,420	-	3,059,482
Total	36,163,562	16,065,048	7,605,976	30,467,794	2,914,420	-	93,216,800

	As at 31 December 2021						Total
	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	
Acceptances	-	2,363,172	6,773,226	21,324,557	120,000	-	30,580,955
Undrawn corporate loans limit	19,343,661	-	-	-	-	-	19,343,661
Undrawn credit card limit	14,811,994	-	-	-	-	-	14,811,994
Letters of credit	-	9,109,003	1,020,119	3,629,964	-	-	13,759,086
Letters of guarantee	-	23,724	9,059	351,430	1,540,304	-	1,924,517
Total	34,155,655	11,495,899	7,802,404	25,305,951	1,660,304	-	80,420,213

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.3 Market risk

Market risk is the risk of loss, in respect of the Group's on and off-balance sheet activities, arising from adverse movements in market rates including foreign exchange rates, interest rates, commodity and stock prices. Market risk arises from both the Group's trading and non-trading businesses.

The market risk which the Group is primarily exposed to includes currency risk and interest rate risk.

The Group's foreign currency risk is the risk of loss in respect of its foreign currency exposures, arising from transactions taken on foreign currency denominated assets and liabilities, which results from movements in foreign currency exchange rates.

The Group is primarily exposed to interest rate risk arising from proprietary business and corporate and personal banking business. Interest rate risk is inherent in many of its businesses and largely arises from mis-matches between the re-pricing dates of interest-generating assets and those of interest-bearing liabilities.

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53. FINANCIAL RISK MANAGEMENT (Continued)

53.3 Market risk (Continued)

Foreign currency risk

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD and, to a lesser extent other currencies. Transactions in foreign currencies mainly arise from the Group's treasury exposures.

	As at 31 December 2022				Total
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	
Cash and balances with central bank	42,389,923	520,576	617	1,603	42,912,719
Deposits with banks and other financial institutions	3,490,328	860,354	10,416	1,977,592	6,338,690
Placements with banks and other financial institutions	25,093,738	1,254,087	-	-	26,347,825
Derivative financial assets	58,811	-	-	-	58,811
Financial assets held under resale agreements	11,053,540	-	-	-	11,053,540
Financial assets at fair value through profit or loss	76,004,504	135,871	-	-	76,140,375
Debt instruments at fair value through other comprehensive income	60,691,677	4,800,367	-	-	65,492,044
Loans and advances to customers	333,105,784	4,289,125	-	2,248	337,397,157
Debt instruments at amortised cost	175,272,562	4,861,337	-	-	180,133,899
Equity instruments at fair value through other comprehensive income	1,642,224	-	-	-	1,642,224
Other financial assets	1,964,671	197,982	-	-	2,162,653
Total financial assets	730,767,762	16,919,699	11,033	1,981,443	749,679,937
Borrowings from central bank	61,798,955	-	-	-	61,798,955
Deposits from banks and other financial institutions	42,072,743	1,119	-	-	42,073,862
Placements from banks and other financial institutions	9,693,006	13,619,174	-	-	23,312,180
Financial assets sold under repurchase agreements	76,259,825	-	-	-	76,259,825
Derivative financial liabilities	60,220	-	-	-	60,220
Other financial liabilities	2,299,802	36,203	373	388	2,336,766
Lease liabilities	1,154,111	-	-	-	1,154,111
Due to customers	390,254,468	5,151,758	3,714	2,355,331	397,765,271
Debt securities issued	93,473,329	-	-	-	93,473,329
Total financial liabilities	677,066,459	18,808,254	4,087	2,355,719	698,234,519
Net exposure	53,701,303	(1,888,555)	6,946	(374,276)	51,445,418
Derivatives forward purchased	-	3,027,442	-	356,558	3,384,000
Total	53,701,303	1,138,887	6,946	(17,718)	54,829,418

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53. FINANCIAL RISK MANAGEMENT (Continued)

53.3 Market risk (Continued)

Foreign currency risk (Continued)

	As at 31 December 2021				Total
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	
Cash and balances with central bank	38,520,889	1,308,327	640	1,695	39,831,551
Deposits with banks and other financial institutions	3,755,482	1,443,863	2,937	84,209	5,286,491
Placements with banks and other financial institutions	18,425,456	637,569	–	–	19,063,025
Derivative financial assets	16,776	–	–	–	16,776
Financial assets held under resale agreements	600,197	–	–	–	600,197
Financial assets at fair value through profit or loss	73,612,927	127,640	–	–	73,740,567
Debt instruments at fair value through other comprehensive income	48,862,430	1,292,256	–	–	50,154,686
Loans and advances to customers	313,850,485	10,750,003	–	6,870	324,607,358
Debt instruments at amortised cost	183,449,640	7,252,389	–	–	190,702,029
Equity instruments at fair value through other comprehensive income	1,642,224	–	–	–	1,642,224
Other financial assets	1,575,870	1,523,815	6,541	–	3,106,226
Total financial assets	684,312,376	24,335,862	10,118	92,774	708,751,130
Borrowings from central bank	53,070,305	–	–	–	53,070,305
Deposits from banks and other financial institutions	39,494,649	1,918,184	–	–	41,412,833
Placements from banks and other financial institutions	9,437,558	11,972,283	–	–	21,409,841
Financial liabilities held for trading	519,111	–	–	–	519,111
Financial assets sold under repurchase agreements	59,110,735	–	–	–	59,110,735
Derivative financial liabilities	156,724	–	–	–	156,724
Other financial liabilities	2,401,496	28,101	–	27,547	2,457,144
Lease liabilities	1,015,819	–	–	–	1,015,819
Due to customers	366,048,519	16,381,685	3,420	45,266	382,478,890
Debt securities issued	98,511,096	–	–	–	98,511,096
Total financial liabilities	629,766,012	30,300,253	3,420	72,813	660,142,498
Net exposure	54,546,364	(5,964,391)	6,698	19,961	48,608,632
Derivatives forward purchased	–	7,158,695	–	–	7,158,695
Total	54,546,364	1,194,304	6,698	19,961	55,767,327

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.3 Market risk *(Continued)*

Foreign currency risk (Continued)

The table below indicates the potential effect of a 5% appreciation or depreciation of RMB spot and forward exchange rates against all other currencies on net profit.

	Year ended 31 December	
	2022 (Decrease)/ Increase in Net Profit	2021 (Decrease)/ Increase in Net Profit
5% appreciation	(42,304)	(45,786)
5% depreciation	42,304	45,786

The impact on net profit arises from the effects of movement in RMB exchange rate on i) translation of the net position of foreign currency monetary assets and liabilities, which results in an increase/decrease in net profit of RMB84.6 million (31 December 2021: RMB222.7 million); and ii) an offsetting decrease/increase in fair value of RMB126.9 million (31 December 2021: RMB268.5 million) arising from foreign exchange forward swaps. Changes in foreign currency exchange rates will not affect other comprehensive income.

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.3 Market risk *(Continued)*

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from the mismatches between contractual maturities or repricing dates of interest-generating assets and interest-bearing liabilities.

The risk of fair value and cash flows changes due to interest rate changes are mainly related to the Group's fixed rates and floating rates financial instruments.

The Group manages its interest rate risk by:

- Regularly monitoring the macro-economic factors that may impact the PBOC benchmark interest rates and market interest rates;
- Minimising the mis-matches between repricing dates (or contractual maturities) of interest-generating assets and interest-bearing liabilities; and
- Enhancing the interest rate margin between the interest-generating assets and interest-bearing liabilities with reference to the prevailing PBOC benchmark interest rates and market interest rates.

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53. FINANCIAL RISK MANAGEMENT (Continued)

53.3 Market risk (Continued)

Interest rate risk (Continued)

The tables below summarise the contractual maturity or re-pricing date, whichever is earlier, of the Group's financial assets and financial liabilities.

	As at 31 December 2022						Total
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	
Cash and balances with central bank	42,191,782	-	-	-	-	720,937	42,912,719
Deposits with banks and other financial institutions	6,338,031	-	-	-	-	659	6,338,690
Placements with banks and other financial institutions	5,053,513	5,049,479	15,535,807	299,934	-	409,092	26,347,825
Derivative financial assets	-	-	-	-	-	58,811	58,811
Financial assets held under resale agreements	11,053,540	-	-	-	-	-	11,053,540
Financial assets at fair value through profit or loss	41,064,052	2,151,964	5,872,231	17,102,825	8,398,072	1,551,231	76,140,375
Debt instruments at fair value through other comprehensive income	1,159,107	624,943	12,228,018	35,165,838	15,570,519	743,619	65,492,044
Loans and advances to customers	21,417,885	21,183,084	157,483,099	87,069,585	44,943,243	5,300,261	337,397,157
Debt instruments at amortised cost	5,143,815	6,004,465	32,646,114	88,893,063	43,812,745	3,633,697	180,133,899
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,642,224	1,642,224
Other financial assets	-	-	-	-	-	2,162,653	2,162,653
Total financial assets	133,421,725	35,013,935	223,765,269	228,531,245	112,724,579	16,223,184	749,679,937
Borrowings from central bank	6,197,304	8,642,835	46,379,789	-	-	579,027	61,798,955
Deposits from banks and other financial institutions	18,456,460	9,416,364	14,040,000	-	-	161,038	42,073,862
Placements from banks and other financial institutions	10,173,912	6,591,041	6,454,572	-	-	92,655	23,312,180
Financial assets sold under repurchase agreements	65,476,309	4,620,758	6,059,172	-	-	103,586	76,259,825
Derivative financial liabilities	-	-	-	-	-	60,220	60,220
Other financial liabilities	-	-	-	-	-	2,336,766	2,336,766
Lease liabilities	11,067	42,539	190,022	528,150	382,333	-	1,154,111
Due to customers	210,381,572	13,280,034	73,524,737	92,471,099	50,578	8,057,251	397,765,271
Debt securities issued	21,423,289	33,887,928	37,535,274	-	-	626,838	93,473,329
Total financial liabilities	332,119,913	76,481,499	184,183,566	92,999,249	432,911	12,017,381	698,234,519
Interest rate gap	(198,698,188)	(41,467,564)	39,581,703	135,531,996	112,291,668	4,205,803	51,445,418

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53. FINANCIAL RISK MANAGEMENT (Continued)

53.3 Market risk (Continued)

Interest rate risk (Continued)

	As at 31 December 2021						Total
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	
Cash and balances with central bank	39,129,998	–	–	–	–	701,553	39,831,551
Deposits with banks and other financial institutions	5,284,214	–	–	–	–	2,277	5,286,491
Placements with banks and other financial institutions	1,537,169	3,619,145	13,570,822	–	–	335,889	19,063,025
Derivative financial assets	–	–	–	–	–	16,776	16,776
Financial assets held under resale agreements	600,197	–	–	–	–	–	600,197
Financial assets at fair value through profit or loss	27,032,046	8,128,349	11,812,980	19,419,178	5,620,971	1,727,043	73,740,567
Debt instruments at fair value through other comprehensive income	2,093,557	3,191,849	12,173,801	19,963,484	12,091,861	640,134	50,154,686
Loans and advances to customers	19,603,340	18,713,900	166,100,000	69,806,803	46,678,772	3,704,543	324,607,358
Debt instruments at amortised cost	4,505,790	10,460,127	37,268,586	105,633,481	28,973,707	3,860,338	190,702,029
Equity instruments at fair value through other comprehensive income	–	–	–	–	–	1,642,224	1,642,224
Other financial assets	–	–	–	–	–	3,106,226	3,106,226
Total financial assets	99,786,311	44,113,370	240,926,189	214,822,946	93,365,311	15,737,003	708,751,130
Borrowings from central bank	1,037,003	2,665,103	49,000,809	–	–	367,390	53,070,305
Deposits from banks and other financial institutions	15,634,963	12,786,000	12,830,710	20,000	–	141,160	41,412,833
Placements from banks and other financial institutions	8,373,170	5,058,084	7,867,519	–	–	111,068	21,409,841
Financial liabilities held for trading	–	517,712	–	–	–	1,399	519,111
Financial assets sold under repurchase agreements	44,631,489	2,132,877	12,250,681	–	–	95,688	59,110,735
Derivative financial liabilities	–	–	–	–	–	156,724	156,724
Other financial liabilities	–	–	–	–	–	2,457,144	2,457,144
Lease liabilities	23,075	36,017	225,551	655,087	76,089	–	1,015,819
Due to customers	218,282,873	7,600,013	42,885,394	107,396,274	9,540	6,304,796	382,478,890
Debt securities issued	1,936,752	25,137,899	55,810,287	14,996,071	–	630,087	98,511,096
Total financial liabilities	289,919,325	55,933,705	180,870,951	123,067,432	85,629	10,265,456	660,142,498
Interest rate gap	(190,133,014)	(11,820,335)	60,055,238	91,755,514	93,279,682	5,471,547	48,608,632

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.3 Market risk *(Continued)*

Interest rate risk (Continued)

The following table illustrates the potential impact of a parallel upward or downward shift of 100 basis points in RMB's yield curve on profit or loss and other comprehensive income, based on the Group's position of interest-generating assets and interest-bearing liabilities at the end of the year.

	2022		2021	
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
+100 basis points	(102,068)	(2,511,937)	159,031	(1,725,506)
- 100 basis points	102,068	2,734,980	(159,031)	1,858,361

The sensitivity analysis is carried out based on reasonably possible changes in interest rates in the coming year with the assumption that the structure of financial assets and financial liabilities held at the end of the year remains unchanged. The impacts on profit or loss takes into account only the changes in interest income and expense generated by interest-bearing financial assets or liabilities; the impacts on other comprehensive income takes into account the fair value changes in debt instruments at fair value through other comprehensive income.

53.4 Operational risk

Operational risk refers to the risk arising from inadequate or failed internal control procedures, personnel and information technology systems, or external events. The primary operational risks the Group faces include internal and external frauds, worksite safety failures, business interruptions and failure in the information technology system.

The Board of Directors is ultimately responsible for the Group's operational risk management. The Group's senior management leads the group-wide operational risk management on a day-to-day basis. The Group has established "three lines of defence" to manage operational risk on an end-to-end basis. The business lines and functions are the first line of defence against operational risks, taking direct responsibilities for operational risk management. The internal control and compliance department is the second line of defence against operational risks, responsible for the establishment of operational risk management policies and procedures and the coordination, support and supervision of operational risk management. The audit department is the third line of defence against operational risk, responsible for evaluating the adequacy and effectiveness of operational risk management policies and procedures and assessing the Group's internal control system and compliance.

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.5 Capital management

The Group's objectives on capital management are to:

- safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- support the Group's stability and growth;
- allocate capital in an efficient and risk based approach to optimise risk adjusted return to shareholders; and
- maintain an adequate capital base to support the development of its business.

The Group calculates its capital adequacy ratios in accordance with Regulation Governing the Capital of Commercial Banks (Provisional) (“商業銀行資本管理辦法(試行)”) (“Regulation”) and other relevant regulations promulgated by the CBIRC.

For non-systematically important banks, CBIRC requires corresponding minimum core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio of 7.50%, 8.50% and 10.50%, respectively.

During the year, the Group has complied with the capital requirements imposed by CBIRC.

54. FAIR VALUE OF FINANCIAL INSTRUMENTS

Most of the balance sheet items of the Group are financial assets and financial liabilities. The fair value measurement of non-financial assets and non-financial liabilities will not have a significant impact on the Group's overall financial performance.

For the years ended 31 December 2022 and 2021, the Group has no assets or liabilities which were discontinued being measured at fair value.

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54. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(1) Valuation techniques, input parameters and processes

The fair value of financial assets and financial liabilities is determined according to the following methods:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded in an active circulation market is determined by reference to the market price.
- For non-option derivative financial instruments, the fair value is determined by discounted cash flow analysis using the applicable yield curve within the term of the instrument.
- The fair value of other financial assets and financial liabilities is determined according to the generally accepted pricing model or the current market price observable for similar instruments based on the discounted cash flow analysis. If there is no observable market transaction price for similar instruments, the net assets are used for valuation, and the price is analysed by the management.

The Group has established an independent valuation process for financial assets and financial liabilities. According to the division of responsibilities, relevant departments are respectively responsible for valuation, model verification and accounting treatment.

For the years ended 31 December 2022 and 2021, there was no significant change in the valuation technology and input value used in the fair value measurement of the Group's financial statements.

(2) Fair value hierarchy

Financial instruments at fair value are classified into the following three levels of measurement hierarchy:

Level 1: Fair value is determined based on quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Fair value based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Where quoted prices are not available from open markets, the fair value of financial instruments is determined by valuation techniques.

The main parameters used in valuation techniques include bond prices, interest rates, foreign exchange rates, equity and stock prices and others, which are all observable and obtainable from the open market.

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54. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(2) Fair value hierarchy (Continued)

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

	As at 31 December 2022			Total
	Level 1	Level 2	Level 3	
Financial assets at FVTPL				
Public entities and policy banks bonds	–	208,045	–	208,045
Financial institution bonds	–	596,757	–	596,757
Asset-backed securities	–	2,100,401	–	2,100,401
Corporate bonds	–	3,845,293	–	3,845,293
Other debt financing products	–	–	1,054,215	1,054,215
Wealth management products	–	–	496,568	496,568
Asset management plans	–	–	29,402,706	29,402,706
Trust beneficiary rights	–	–	16,131,269	16,131,269
Funds	3,399,449	17,654,729	–	21,054,178
Listed equity	290,279	–	–	290,279
Unlisted equity	–	–	960,664	960,664
Subtotal	3,689,728	24,405,225	48,045,422	76,140,375
Debt instruments at FVOCI				
Government bonds	–	14,728,574	–	14,728,574
Public entities and policy banks bonds	–	31,746,564	–	31,746,564
Financial institution bonds	–	5,697,354	–	5,697,354
Asset-backed securities	–	1,822,932	–	1,822,932
Corporate bonds	–	11,406,531	–	11,406,531
Other debt financing products	–	–	90,089	90,089
Subtotal	–	65,401,955	90,089	65,492,044
Equity instruments at FVOCI				
Unlisted equity	–	–	1,642,224	1,642,224
Loans and advances to customers at FVOCI	–	–	37,480,135	37,480,135
Derivative financial assets	–	58,811	–	58,811
Derivative financial liabilities	–	(60,220)	–	(60,220)
Total	3,689,728	89,805,771	87,257,870	180,753,369

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54. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(2) Fair value hierarchy (Continued)

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

	As at 31 December 2021			Total
	Level 1	Level 2	Level 3	
Financial assets at FVTPL				
Government bonds	–	30,507	–	30,507
Financial institution bonds	–	2,847,341	–	2,847,341
Asset-backed securities	–	2,396,181	–	2,396,181
Corporate bonds	–	5,301,102	–	5,301,102
Other debt financing products	–	–	1,050,714	1,050,714
Asset management plans	–	–	29,989,680	29,989,680
Trust beneficiary rights	–	–	12,242,838	12,242,838
Funds	1,975,920	16,998,030	–	18,973,950
Listed equity	294,060	–	–	294,060
Unlisted equity	–	–	614,194	614,194
Subtotal	2,269,980	27,573,161	43,897,426	73,740,567
Debt instruments at FVOCI				
Government bonds	–	19,721,696	–	19,721,696
Financial institution bonds	–	24,403,880	–	24,403,880
Asset-backed securities	–	720,171	–	720,171
Corporate bonds	–	5,171,226	–	5,171,226
Other debt financing products	–	–	98,383	98,383
Asset management plans	–	–	39,330	39,330
Subtotal	–	50,016,973	137,713	50,154,686
Equity instruments at FVOCI				
Unlisted equity	–	–	1,642,224	1,642,224
Loans and advances to customers at FVOCI				
Derivative financial assets	–	16,776	–	16,776
Derivative financial liabilities	–	(156,724)	–	(156,724)
Financial liabilities held for trading	–	(519,111)	–	(519,111)
Total	2,269,980	76,931,075	83,012,435	162,213,490

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54. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(2) Fair value hierarchy *(Continued)*

Reconciliation of Level 3 fair value measurements of financial assets

	Investments mandatorily measured at FVTPL	Debt instruments measured at FVOCI	Equity instruments measured at FVOCI	Loans and advances to customers at FVOCI
Asset				
Balance at 1 January 2022	43,897,426	137,713	1,642,224	37,335,072
Total gain/loss				
– in profit or loss	133,059	827	–	(271,709)
– in OCI	–	(9,121)	–	(41,741)
Acquisitions	19,065,606	–	–	37,793,586
Disposals and settlements	(15,050,669)	(39,330)	–	(37,335,072)
Balance at 31 December 2022	48,045,422	90,089	1,642,224	37,480,136
Asset				
Balance at 1 January 2021	37,105,301	3,014,893	1,564,660	22,898,217
Total gain/loss				
– in profit or loss	149,841	10,416	77,564	(189,033)
– in OCI	–	(5,144)	–	36,401
Acquisitions	12,728,955	39,330	–	37,722,639
Disposals and settlements	(6,086,671)	(2,921,782)	–	(23,133,152)
Balance at 31 December 2021	43,897,426	137,713	1,642,224	37,335,072

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For the year ended 31 December 2022
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54. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(2) Fair value hierarchy *(Continued)*

Reconciliation of Level 3 fair value measurements of financial assets *(Continued)*

There were no significant transfers between level 1, level 2 and level 3 during the year.

The main valuation technique used by the Group is discounted cash flow model for financial instruments. The main inputs used in discounted cash flow model are contractual cash flows and yield curves reflecting credit risks of counterparties. The fair valuation measurement of these categorised Level 2 or Level 3, depending on whether the relevant yield curves are observable (for debt securities traded on China Inter-Bank Bond Market and fair values are provided by China Central Depository & Clearing Co., Ltd.) or not. Level 3 valuations are usually performed by respective business departments which manage the financial instruments, and reviewed by finance department. The discount rates used in Level 3 valuations ranges from 1.50% to 7.00% (31 December 2021: The discount rates used in Level 3 valuations ranges from 1.28% to 7.00%).

Of the total gains or losses for the period included in profit RMB133.1 million relates to unrealised losses arising from financial assets mandatorily measured at Level 3 fair value held at the end of the current reporting period (For the year ended 31 December 2021: a profit of RMB115.3 million). Such fair value gains or losses are included in "net trading losses" and "investment income".

Included in other comprehensive income is a loss of RMB9.1 million related to debt instruments at FVOCI measured at Level 3 fair value held at the end of the current financial reporting period (For the year ended 31 December 2021: a loss of RMB5.1 million) and are reported as changes of investment revaluation reserve.

A 100-basis point increase/decrease in the discount rate holding other variables constant will result in a decrease/increase in carrying amount of financial assets measured at Level 3 fair values as at 31 December 2022, by RMB79.8 million/RMB83.3 million, respectively (31 December 2021: RMB115.2 million/RMB121.3 million).

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54. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(2) Fair value hierarchy *(Continued)*

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

	As at 31 December 2022		As at 31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Debt instruments at amortised cost	180,133,899	179,496,593	190,702,029	191,426,454
Financial liabilities				
Debt securities issued	93,473,329	92,115,526	98,511,096	97,310,712

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54. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(2) Fair value hierarchy *(Continued)*

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis *(Continued)*

The following table gives the information about how the fair values of these financial assets and financial liabilities are determined, in particular, the valuation technique(s) and input(s) used.

Financial assets/financial liabilities	Fair value at		Fair value hierarchy	Valuation technique(s) and key input(s)
	As at 31 December 2022	As at 31 December 2021		
Debt securities at amortised costs	147,463,525	148,739,834	Level 2	See note 1.
Debt instruments at amortised costs	32,033,068	42,686,620	Level 3	Discounted cash flows. Future cash flows are estimated based on contractual amounts, discounted at rates that reflect the credit risk of various counterparties.
Debt securities issued	92,115,526	97,310,712	Level 2	See note 1.

Note 1: Debt securities at amortised costs and debt securities issued are classified into Level 2, fair values of debt securities are based on market prices.

Other financial assets and financial liabilities include balances with central bank, deposits and placements with banks and other financial institutions, financial assets held under resale agreements, loans and advances to customers at amortised costs, borrowing from central bank, deposits and placements from banks, financial assets sold under repurchase agreements and due to customers. Their carrying values approximate their fair values.

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55. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Bank's subsidiaries as at 31 December 2022 are set out below:

Name of entity	Type of legal entity	Place of incorporation/ Establishment/ operations	Date of incorporation/ establishment	Registered capital as at 31 December 2022 (In RMB '000)	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities
					As at 31 December 2022 %	As at 31 December 2021 %	As at 31 December 2022 %	As at 31 December 2021 %	
Ningxia Yuanzhou Jinhui County Bank Co., Ltd. (寧夏原州津匯村鎮銀行有限責任公司)	Limited liability company	Ningxia, PRC	July 2016	50,000	51.00	51.00	51.00	51.00	Banking
Ningxia Tongxin Jinhui County Bank Co., Ltd. (寧夏同心津匯村鎮銀行有限責任公司)	Limited liability company	Ningxia, PRC	August 2016	50,000	51.00	51.00	51.00	51.00	Banking
Bank of Tianjin Financial Leasing Co., Ltd. (天銀金融租賃股份有限公司)	Limited company	Tianjin, PRC	October 2016	1,700,000	65.88	65.88	65.88	65.88	Financial Leasing

56. EVENTS AFTER THE REPORTING PERIOD

For the year ended 31 December 2022, there is no event after the reporting period.

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57. STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK

STATEMENT OF FINANCIAL POSITION AS AT 31 December 2022

	As at 31 December	
	2022	2021
ASSETS		
Cash and balances with central bank	42,789,938	39,727,355
Deposits with banks and other financial institutions	6,325,437	5,258,974
Placements with banks and other financial institutions	28,157,792	21,787,289
Derivative financial instruments	58,811	16,776
Financial assets held under resale agreements	11,053,540	600,197
Financial assets at fair value through profit or loss	75,975,045	73,658,383
Debt instruments at fair value through other comprehensive income	65,492,044	50,154,686
Loans and advances to customers	326,684,267	315,036,017
Debt instruments at amortised cost	180,133,899	191,092,773
Equity instruments at fair value through other comprehensive income	1,642,224	1,642,224
Deferred tax assets	4,325,335	4,376,872
Other assets	5,153,848	5,858,381
Property and equipment	2,384,612	2,480,883
Right-of-use assets	1,111,275	983,882
Interests in associates	278,930	257,063
Investments in subsidiaries	1,180,000	1,180,000
Total assets	752,746,997	714,111,755
LIABILITIES		
Borrowings from central bank	61,734,893	52,986,551
Deposits from banks and other financial institutions	42,952,439	42,746,082
Placements from banks and other financial institutions	17,036,071	17,429,940
Trading financial liabilities	–	519,111
Financial assets sold under repurchase agreements	76,259,825	59,110,735
Derivative financial instruments	60,220	156,724
Income tax payable	–	–
Other liabilities	4,359,509	4,481,443
Lease liabilities	1,144,919	1,009,994
Due to customers	396,240,434	380,765,781
Debt securities issued	93,473,329	98,511,096
Total liabilities	693,261,639	657,717,457

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Notes to the Consolidated Financial Statements

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57. STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK *(Continued)*

STATEMENT OF FINANCIAL POSITION AS AT 31 December 2022 *(Continued)*

	As at 31 December	
	2022	2021
EQUITY		
Share capital	6,070,552	6,070,552
Capital reserve	10,699,811	10,699,811
Investment revaluation reserve	(497,110)	(12,335)
Surplus reserve	3,352,480	3,352,480
General reserve	9,062,761	9,062,761
Retained earnings	30,796,864	27,221,029
Total equity	59,485,358	56,394,298
Total equity and liabilities	752,746,997	714,111,755

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57. STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK (Continued)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	2022							Total
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings		
As at 1 January 2022	6,070,552	10,699,811	(12,335)	3,352,480	9,062,761	27,221,029	56,394,298	
Profit for the year	-	-	-	-	-	3,575,835	3,575,835	
Other comprehensive income for the year	-	-	(484,775)	-	-	-	(484,775)	
As at 31 December 2022	6,070,552	10,699,811	(497,110)	3,352,480	9,062,761	30,796,864	59,485,358	

	2021							Total
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings		
As at 1 January 2021	6,070,552	10,699,811	(390,876)	3,352,480	9,062,761	24,045,586	52,840,314	
Profit for the year	-	-	-	-	-	3,175,443	3,175,443	
Other comprehensive income for the year	-	-	378,541	-	-	-	378,541	
As at 31 December 2021	6,070,552	10,699,811	(12,335)	3,352,480	9,062,761	27,221,029	56,394,298	

Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

In accordance with the Hong Kong Listing Rules and Banking (Disclosure) Rules, the Group discloses the unaudited supplementary financial information as follows:

LIQUIDITY RATIOS, LIQUIDITY COVERAGE RATIOS AND NET STABLE FUNDING RATIO

(Expressed in percentage)

Liquidity Ratios

	As at 31 December 2022	As at 31 December 2021
RMB current assets to RMB current liabilities	53.4%	57.6%
Foreign currency current assets to foreign currency current liabilities	294.8%	225.2%

	Average for the year ended	
	31 December	
	2022	2021
RMB current assets to RMB current liabilities	56.14%	57.37%
Foreign currency current assets to foreign currency current liabilities	237.11%	209.48%

Liquidity Coverage Ratios

	As at 31 December 2022	As at 31 December 2021
Qualified high-quality liquid assets	99,012,769.4	106,297,261.0
Net cash outflows in the next 30 days	59,455,391.7	62,277,136.1
Liquidity Coverage Ratios	166.53%	170.68%

Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

Net Stable Funding Ratio

	As at 31 December 2022	As at 30 September 2022
Total stable funding available	401,656,731.9	397,638,310.29
Total stable funding required	347,403,547.5	341,728,943.05
Net Stable Funding Ratio	115.62%	116.36%

Pursuant to the Disclosure of Net Stable Funding Ratio Information of Commercial Bank issued by the CBIRC (YinBao JianFa [2019] No.11), the Bank shall disclose relevant information on the net stable funding ratio for the latest two quarters.

CURRENCY CONCENTRATIONS

	US Dollars	Equivalent in Renminbi Hong Kong Dollars	Other	Total
As at 31 December 2022				
Spot assets	16,919,699	11,033	1,981,443	18,912,175
Spot liabilities	(18,808,254)	(4,087)	(2,355,719)	(21,168,060)
Net position	(1,888,555)	6,946	(374,276)	(2,255,885)
As at 31 December 2021				
Spot assets	24,323,727	10,118	92,764	24,426,609
Spot liabilities	(30,300,253)	(3,420)	(72,813)	(30,376,486)
Net position	(5,976,526)	6,698	19,951	(5,949,877)

The above information is computed in accordance with the provisions of the CBIRC. The Group has no structural position as at the end of each reporting period.

Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

INTERNATIONAL CLAIMS

The Group is principally engaged in business operations within mainland China, and regards all claims on third parties outside main-land China as cross-border claims.

International claims mainly include deposits with banks, placements with banks and loans.

International claims have been disclosed by different countries or geographical areas. A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfer is only made if the claims are guaranteed by a third party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

	As at 31 December 2022	As at 31 December 2021
INTERNATIONAL CLAIMS – deposits with banks and placements with banks		
Asia Pacific (excluding mainland China)	1,966,722	24,028
– of which: attributed to Hong Kong	9,757	2,407
Europe	32,757	25,246
North America	738,042	602,316
Total	2,737,521	651,590
	As at 31 December 2022	As at 31 December 2021
INTERNATIONAL CLAIMS – loans		
Asia Pacific (excluding mainland China)	481,901	1,367,349
– of which: attributed to Hong Kong	481,901	1,367,349
North America	0	68,288
Total	481,901	1,435,637

Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

EXPOSURES TO MAINLAND CHINA NON-BANK ENTITIES

	As at 31 December 2022	As at 31 December 2021
On-balance sheet exposure	337,397,157	324,607,358
Off-balance sheet exposure	93,216,800	80,420,213

List of Branches

As of the end of the Reporting Period, details of the branches of the Bank are set out as below:

No.	Name of Branch	Address	Postcode
1	Bank of Tianjin, Sales Department	No. 5, Youyi Road, Hexi District, Tianjin	300201
2	Bank of Tianjin, Dongli sub-branch	No. 77, Yuejin Road, Dongli District, Tianjin	300300
3	Bank of Tianjin, Junliang City sub-branch	No. 1-7, Block 29, Junhua Yard, Xinshi Town, Junliang City, Xingnong Road, Dongli District, Tianjin	300301
4	Bank of Tianjin, Jinnan sub-branch	No. 1, Ground Floor, Building 2, Jingming Garden, east side of Jingu Road and north side of Xianshuigu Hospital, Xianshuigu Town, Jinnan District, Tianjin	300350
5	Bank of Tianjin, Lushui Road sub-branch	No. 15 & 16, Ground Floor Store, Block 10, Baojujiayuan, Southern side of the Wushui Road, Jinnan District, Tianjin	300000
6	Bank of Tianjin, Jingu Road sub-branch	No. 1-3, Ground Floor, Zonglv Yuan 4, Gelinxiaocheng, west side of Jingu Road, Shuanggang Town, Jinnan District, Tianjin	300350
7	Bank of Tianjin, Xiqing sub-branch	1-A-2-01-05, 1/F New City Center I-A, 3 Wanhui Road, Zhongbei Town, Xiqing District, Tianjin	300393
8	Bank of Tianjin, Zhangjiawo sub-branch	No. 60, Yutai Road, Xiqing District, Tianjin	300380
9	Bank of Tianjin, Yangliuqing Town sub-branch	B-1-30, 31, 32, 33, 34, 34A, 35, Yangliuqing Commercial Street, Xiqing District, Tianjin	300380
10	Bank of Tianjin, Changling Road sub-branch	(Ground Floor, No.102, Apartment block) Block A-F, Yueya Garden, Lingkou Village, Liqizhuang Street, Xiqing District, Tianjin	300381
11	Bank of Tianjin, Beichen sub-branch	1185, 1186, 1187, 2170, 3180, Building 1-3, Changying Commercial Plaza, northwest side at the Junction of Jingjin Road and Longzhou Road, Beichen District, Tianjin	300340
12	Bank of Tianjin, Jingjin Road sub-branch	Extension No. 9-10, No. 352, south at the junction of Jingjin Road and Guoyuan North Road, Beichen District, Tianjin	300400
13	Bank of Tianjin, Xinyibai Avenue sub-branch	3-41 and 3-43, Ground Floor, Building 14, Puwangli (Wanda New Town), Beichen District, Tianjin	300420
14	Bank of Tianjin, Wuqing sub-branch	No. 143, Quanwang Road, Wuqing District, Tianjin	301799
15	Bank of Tianjin, Jinghu sub-branch	Ground Floor, Scientific Research Service Building, Huidareli Group, Jianing Road, Xiazhezhuang Street, Wuqing District, Tianjin	301700

List of Branches

No.	Name of Branch	Address	Postcode
16	Bank of Tianjin, Huangzhuang sub-branch	Ground Floor, Building 74, Commercial Street, Junction of Weiyi Road and Jingba Road, Huangzhuang Street, Wuqing District, Tianjin	301700
17	Bank of Tianjin, Yongyangxi Road sub-branch	Ground Floor, No. 12-2, Shengshixinyuan, Southern side of Yongyangxi Road, Xincheng, Wuqing District, Tianjin	301799
18	Bank of Tianjin, Baodi sub-branch	No. 52, Nancheng Road, Baodi District, Tianjin	301800
19	Bank of Tianjin, Kaiyuan Road sub-branch	2-113, 2-114, 2-115, 2-213, 2-214, Huifeng Building 2, south side of Nanhuan Road, Baodi District, Tianjin	301800
20	Bank of Tianjin, Tianbao Industrial Park sub-branch	North side of Tongtang Road and east side of Tianbao Road, Economic Development Zone, Baodi District, Tianjin (Ground Floor, East Building, No. 6, Nanhuan Road)	301800
21	Bank of Tianjin, Jizhou sub-branch	No. 1 (south side of the first and third floors), People's West Road, North Bus Station, west side of Zhongchang Road, Jizhou District, Tianjin	301900
22	Bank of Tianjin, Renmin West Avenue sub-branch	No. 2-188, No. 2-188A, 2-204, Jinding Building, north side of Renmin West Avenue West, Jizhou District, Tianjin	301900
23	Bank of Tianjin, Zhouhewan sub-branch	Extension No. 8, No. 5, Qingchi West Street, Zhouhewan, Xincheng, Jizhou District, Tianjin	301900
24	Bank of Tianjin, Kangping Road sub-branch	No. 105, 107, 109 Kangping Road, Jizhou District, Tianjin	301900
25	Bank of Tianjin, Jinghai sub-branch	105 & 106, Building 7, Jinxiujiayuan (location of original Jinghai County Party Committee), Jinghai District, Tianjin	301600
26	Bank of Tianjin, Dongfanghong Road sub-branch	Commercial Area B, Haixinyuan, Dongfanghong Road, Jinghai District, Tianjin	301600
27	Bank of Tianjin, Ninghe sub-branch	No. 66, Guangming Road, Lutai Town, Ninghe District, Tianjin	301500
28	Bank of Tianjin, First central sub-branch	Kangning Building, Junction of Xikang Road and Hanyang Road, Heping District, Tianjin	300070
29	Bank of Tianjin, Rongsheng sub-branch	No. 179 & 181, Chengdu Road, Heping District, Tianjin	300070
30	Bank of Tianjin, Kaifeng sub-branch	No. 11, Nanma Road, Heping District, Tianjin	300022
31	Bank of Tianjin, Jianye sub-branch	No. 33, Qixiangtai Road, Heping District, Tianjin	300070
32	Bank of Tianjin, Baoli sub-branch	Block B, No. 18, Guizhou Road, Heping District, Tianjin	300051

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No.	Name of Branch	Address	Postcode
33	Bank of Tianjin, Hongtong sub-branch	No. 75, Yingkou Road, Heping District, Tianjin	300040
34	Bank of Tianjin, Laolian sub-branch	No. 95, Jianshe Road, Heping District, Tianjin	300041
35	Bank of Tianjin, Huafeng sub-branch	No. 74, Jianshe Road, Heping District, Tianjin	300040
36	Bank of Tianjin, Jianshe Road sub-branch	No. 82, Jianshe Road, Heping District, Tianjin	300042
37	Bank of Tianjin, Xiangsheng sub-branch	Ground Floor, Block B, Building 5, Changshou Apartment, Rongye Street, Heping District, Tianjin	300021
38	Bank of Tianjin, Jinsheng sub-branch	No. 32, Xinxing Road, Heping District, Tianjin	300070
39	Bank of Tianjin, Jingong sub-branch	No. 72, Jiefang North Road, Heping District, Tianjin	300041
40	Bank of Tianjin, Shiye sub-branch	No. 157, Dagu North Road, Heping District, Tianjin	300040
41	Bank of Tianjin, Dali Road sub-branch	No. 86, Dali Road, Heping District, Tianjin	300050
42	Bank of Tianjin, Small Business Financial Services Center	2/F, No. 86, Dali Road, Heping District, Tianjin	300050
43	Bank of Tianjin, Baoding Road sub-branch	No. 01, Ground Floor, 1/F & No. 01, Ground Floor, 2/F, Tower A, Xinhua Building, No. 33-39, Baoding Road, Heping District, Tianjin	300040
44	Bank of Tianjin, Jinmao Plaza sub-branch	No. 2111, 1/F, Office Building 2, Tianjin Federation of Trade Unions, No. 4 Guanghua Road, Hedong District, Tianjin	300170
45	Bank of Tianjin, Haihe East Road sub-branch	No. 52, Haihe East Road, Hebei District, Tianjin	300010
46	Bank of Tianjin, Second central sub-branch	Zhonghao International Automobile Building, No. 62, Longchang Road, Hexi District, Tianjin	300201
47	Bank of Tianjin, Jinhe sub-branch	No. 676, Dagu South Road, Hexi District, Tianjin	300200
48	Bank of Tianjin, Jincai sub-branch	Donglou Bridge, Dagu South Road, Hexi District, Tianjin	300200
49	Bank of Tianjin, Dagu South Road sub-branch	No. 04-05, Ground Floor, Building 1, Liuyuan Apartment, Dagu South Road, Hexi District, Tianjin	300222
50	Bank of Tianjin, Ruide sub-branch	No. 80, Jiulong Road, Hexi District, Tianjin	300204
51	Bank of Tianjin, Jinxi sub-branch	Extension No. 9, No. 89, Qixiangtai Road, Heping District, Tianjin	300074
52	Bank of Tianjin, Xilian sub-branch	Ground Floor, Tianjin Library, Tianjin Culture Center, Pingjiang Road, Hexi District, Tianjin	300201
53	Bank of Tianjin, Shaoxing Road sub-branch	No. 105, Ground Floor Store, Senmiao Apartment, Pingshan Road, Hexi District, Tianjin	300074

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No.	Name of Branch	Address	Postcode
54	Bank of Tianjin, Chentang Park sub-branch	106 Chentang Science and Technology Business Service Center, No. 20, Dongting Road, Hexi District, Tianjin	300220
55	Bank of Tianjin, Jinhua sub-branch	Extension No. 14, No. 16, Heiniucheng Road, Hexi District, Tianjin	300210
56	Bank of Tianjin, Rongcheng sub-branch	No. 75, Heiniucheng Road, Hexi District, Tianjin	300061
57	Bank of Tianjin, Donghai sub-branch	No. 33, Huanhu Middle Road, Hexi District, Tianjin	300060
58	Bank of Tianjin, Yinlian sub-branch	No. 26 & 28, Shuangshui Road, Hexi District, Tianjin	300222
59	Bank of Tianjin, Xietong sub-branch	1/F Jinhuang Building, No.20, Nanjing Road, Hexi District, Tianjin.	300042
60	Bank of Tianjin, Huiyuan sub-branch	South Ground Floor, Building 1, Huaxiafuyu Plaza, Jiefang South Road, Hexi District, Tianjin	300202
61	Bank of Tianjin, Guhai Road sub-branch	No. 423, Jiefang South Road, Hexi District, Tianjin	300210
62	Bank of Tianjin, Jiefang South Road sub-branch	No. 473, Jiefang South Road, Hexi District, Tianjin (Ground Floor of Bohai Sea International Commerce Block)	300221
63	Bank of Tianjin, Tianma sub – branch	F1 to F2, No. 10, Lianshuiyuan, southeastern side of the junction of Youyi South Road and Zhujiang Road, Hexi District, Tianjin	300221
64	Bank of Tianjin, Tanjiang Road sub-branch	Unit 17, Ground Floor, Chuanshuiyuan Estate (Public Building III), Suijiang Street, Hexi District, Tianjin	300221
65	Bank of Tianjin, Zhujiang Road sub-branch	Junction of Zhujiang Road and Xueyuan Road, Hexi District, Tianjin	300222
66	Bank of Tianjin, Limin Road sub-branch	No. 89, Xinanlou Weidi Road, Hexi District, Tianjin	300201
67	Bank of Tianjin, South and North Avenue sub-branch	Door 1, Ground Floor, Building 2, Meining Apartment, South and North Avenue, Hexi District, Tianjin	300210
68	Bank of Tianjin, Third central sub-branch	Area A2, Shengxinyuan, Nanmenwai Street, Nankai District, Tianjin	300100
69	Bank of Tianjin, Jinhui sub-branch	No. 248, Baidi Road, Nankai District, Tianjin	300192
70	Bank of Tianjin, Xingke sub-branch	No. 200, Anshan West Road, 1895 Tianjin University Architecture and Creation Building, Nankai District, Tianjin	300073
71	Bank of Tianjin, Kemao Street sub-branch	No. 428, Anshan West Road, Nankai District, Tianjin	300193

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No.	Name of Branch	Address	Postcode
72	Bank of Tianjin, Xinyuan sub-branch	21-2-101A, Guli Garden, northwest of the intersection of Xishi Street and Guangkai Street, Nankai District, Tianjin	300102
73	Bank of Tianjin, Changkang sub-branch	Extension No. 18, No. 628, Changjiang Road, Nankai District, Tianjin	300111
74	Bank of Tianjin, Yinshan sub-branch	Ground Floor, Xingtai Apartment, No. 66, Nanfeng Road, Nankai District, Tianjin	300192
75	Bank of Tianjin, Jinshan sub-branch	102-103, No. 1289, Nanma Road, Nankai District, Tianjin	300100
76	Bank of Tianjin, Rongyuan sub-branch	No. 467, Huanghe Road, Nankai District, Tianjin	300110
77	Bank of Tianjin, Guangkaiwuma Road sub-branch	No. 294, Huanghe Road, Nankai District, Tianjin	300110
78	Bank of Tianjin, Xingnan sub-branch	No. 14, 16 & 18, Huaianhuan Road, Nankai District, Tianjin	300193
79	Bank of Tianjin, Lingbin Road sub-branch	No. 96-98, Lingbin Road, Nankai District, Tianjin	300381
80	Bank of Tianjin, Xianyang Road sub-branch	Ground Floor, Door 3, Building 9, Jialingbeili, Xianyang Road, Nankai District, Tianjin	300122
81	Bank of Tianjin, Huanghe Road sub-branch	Extension No. 10 & 11, No. 65, Xianyang Road, Nankai District, Tianjin	300111
82	Bank of Tianjin, Shuishang Gongyuan Road sub-branch	No. 46, Shuishang Gongyuan West Road, Nankai District, Tianjin	300191
83	Bank of Tianjin, Huayuan sub-branch	No. 25 & 27, Yashi Road, Nankai District, Tianjin	300380
84	Bank of Tianjin, Weijin South Road sub-branch	No. 70, Weijin South Road, Nankai District, Tianjin	300381
85	Bank of Tianjin, Tianda 1st sub-branch	Junction of Hubin Road and Nanfeng Road (No. 10 Hubin Road), Four Seasons Village, Tianjin University, Nankai District, Tianjin	300072
86	Bank of Tianjin, Yuanyin Road sub-branch	Ground Floor, Building 8, Yuanyinbeili, Yuanyin Road, Wangdingdi, Nankai District, Tianjin	300191
87	Bank of Tianjin, Chengjiang Road sub-branch	Ground Floor, Building 16, Huaningbeili, Chengjiang Road, Nankai District, Tianjin	300190
88	Bank of Tianjin, Keji sub-branch	No. 6, Meiyuan Road, Huayuan Industrial Park, Nankai District, Tianjin	300384

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No.	Name of Branch	Address	Postcode
89	Bank of Tianjin, Wanhua sub-branch	No. 148-1, Yingshui Road, Huayuan Industrial Park, New Industrial Park, Tianjin	300384
90	Bank of Tianjin, Haitai Road sub-branch	Room 101, Door 3, Block F, Haitai Green Industry Base, No. 6, Haitai Fazhan 6th Road, Huayuan Industrial Park, Binhai Hi-tech Zone, Tianjin	300384
91	Bank of Tianjin, Haihe Education Park (Beiyang Zone) Sub-branch	No.104, Xinyuan South Road, Tianjin University, Haihe Education Park, Tianjin	300350
92	Bank of Tianjin, Fourth central sub-branch	Ground Floor, 1-3/F, Fujian Building, Huaxing Road, Hedong District, Tianjin	300011
93	Bank of Tianjin, Donglian sub-branch	No. 518, Tianshan Road, Hedong District, Tianjin	300162
94	Bank of Tianjin, Dongxin sub-branch	Extension No. 1, No. 2, No. 40, Jintang Road, Hedong District, Tianjin	300182
95	Bank of Tianjin, Dongyin sub-branch	Extension No. 3, No. 80, Jintang Road, Hedong District, Tianjin	300170
96	Bank of Tianjin, Daqiao Road sub-branch	Outpatient hall, the 3rd Central Hospital, No. 83, Jintang Road, Hedong District, Tianjin	300170
97	Bank of Tianjin, Jintang Road sub-branch	Ground Floor, No. 2, Door 1, Building 2, Youainanli, Zhongshanmen, Jintang Road, Hedong District, Tianjin	300180
98	Bank of Tianjin, Hedong sub-branch	101 & 102, Yitingyuan, Liuwei Road, Hedong District, Tianjin	300012
99	Bank of Tianjin, Jiahua sub-branch	No. 17-5, Jiahuali, Chenglinzhuang Road, Hedong District, Tianjin	300161
100	Bank of Tianjin, Dongsheng sub-branch	No.482 Fengshan Road, Hedong District, Tianjin	300250
101	Bank of Tianjin, Chengguang Road sub-branch	No. 71, Taixing South Road, Hedong District, Tianjin	300162
102	Bank of Tianjin, Zhongxin North Road sub-branch	No. 41, Zhongxin North Road, Hedong District, Tianjin	300181
103	Bank of Tianjin, Zile Plaza sub-branch	No. 148, Gate 4, 5, 6, Building 2, Zile Plaza, Hedong District, Tianjin	300180
104	Bank of Tianjin, Changzhou Road sub-branch	No. 22, Changzhou Road, Hedong District, Tianjin	300250
105	Bank of Tianjin, Fifth central sub-branch	No.23 Minzu Road, Hebei District, Tianjin	300010
106	Bank of Tianjin, Bada Road sub-branch	Ground Floor, Hongji Garden, No.210 Shizilin Street, Hebei District, Tianjin	300143

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No.	Name of Branch	Address	Postcode
107	Bank of Tianjin, Xingbei sub-branch	Ground Floor, Building 1, Huiyingli Community, No. 10, Zengchan Road, Hebei District, Tianjin	300250
108	Bank of Tianjin, Zhenbei sub-branch	Building 2, Shuyuanli, Zhongshan North Road, Hebei District, Tianjin	300241
109	Bank of Tianjin, Zhongshan Road sub-branch	Ground Floor, Zerenli Building, Zhongshan Road, Hebei District, Tianjin	300142
110	Bank of Tianjin, Zhongbei sub-branch	1-2/F, Ground Floor, Building 2, Yuyang Apartment, Junction of Zhongshan Road and Yuewei Road, Hebei District, Tianjin	300140
111	Bank of Tianjin, Jincheng sub-branch	Ground Floor, Fangjingmingju, Junction of Jinzhonghe Street and Zengchan Road, Hebei District, Tianjin	300150
112	Bank of Tianjin, Wuhao Road sub-branch	No. 24, Wangchuanchang 5th Road, Hebei District, Tianjin	300150
113	Bank of Tianjin, Beiningwan sub-branch	No. 131 & 133, Yingxian Road, Hebei District, Tianjin	300402
114	Bank of Tianjin, Yuguan Road sub-branch	No. 698 & 700, Yuguan Road, Hebei District, Tianjin	300232
115	Bank of Tianjin, Tiedong Road sub-branch	No. 61-63(A6), Block 10, Beimingxinyuan, Southeast of the intersection of Tiedong Road and Yibai Road, Hebei District, Tianjin	300412
116	Bank of Tianjin, Sixth central sub-branch	No. 187, Qinjian Road, Hongqiao District, Tianjin	300130
117	Bank of Tianjin, Hongxin sub-branch	No. 84, Xiqing Road, Hongqiao District, Tianjin	300122
118	Bank of Tianjin, Hongyin sub-branch	Room 101, Gate 61, Xiangju Apartment, Guangrong Road, Hongqiao District, Tianjin	300130
119	Bank of Tianjin, Xiangtan Road sub-branch	No. 11, Xiangtan Road, Hongqiao District, Tianjin	300133
120	Bank of Tianjin, Yihua Road sub-branch	No. 41, 43, 45 & 47, Yihua Road, Hongqiao District, Tianjin	300121
121	Bank of Tianjin, Chenxing Road sub-branch	No. 51 & 53, Shuanghuan Road, Hongqiao District, Tianjin	300134
122	Bank of Tianjin, Guanyinhao sub-branch	No. 5, Dongma Road, Nankai District, Tianjin	300090
123	Bank of Tianjin, Binhai branch	E2ABC, No. 20, Plaza East Road, Binhai Finance Street, the Third Street, Economic and Technology Development District, Tianjin	300457
124	Bank of Tianjin, Haibin sub-branch	No.2048 Shanghai Road, Tanggu, Binhai New Area, Tianjin	300450

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No.	Name of Branch	Address	Postcode
125	Bank of Tianjin, Hangzhou Road sub-branch	No.8 North Zhongxin Road, Tanggu, Binhai New Area, Tianjin	300451
126	Bank of Tianjin, Tanggu sub-branch	No.289, 295, 301 Yingkou Road, Tanggu, Binhai New Area, Tianjin	300450
127	Bank of Tianjin, Heping Road sub-branch	No.9 Heping Road, Tanggu, Binhai New Area, Tianjin	300450
128	Bank of Tianjin, Oil North Road sub-branch	No.79 Dongyan Road, Tanggu, Binhai New Area, Tianjin	300452
129	Bank of Tianjin, Hebei Road sub-branch	No.25 Hebei Road, Tanggu, Binhai New Area, Tianjin	300451
130	Bank of Tianjin, Station North Road sub-branch	No.830 and 836, North Station Road, Tanggu, Binhai New Area, Tianjin	300451
131	Bank of Tianjin, Jinzhou Road sub-branch	No.1024 Jinzhou Road, Tanggu, Binhai New Area, Tianjin	300451
132	Bank of Tianjin, Hekou Road sub-branch	No.2-37, Hekou Road, Tanggu, Binhai New Area, Tianjin	300452
133	Bank of Tianjin, Zhejiang Road sub-branch	Ground Floor, Gate 1, Building 7, Huianli, Tanggu, Binhai New Area, Tianjin	300450
134	Bank of Tianjin, Gangkou Road sub-branch	Xingang Road No. 2, Tanggu, Binhai New Area, Tianjin	300450
135	Bank of Tianjin, Road No. 3 sub-branch	No.3438, Xingang Road No.3, Tanggu, Binhai New Area, Tianjin	300456
136	Bank of Tianjin, Baoshan Road sub-branch	No.3807, Xinbei Road, Ocean Science and Technology Park, Tanggu, Binhai New Area, Tianjin	300451
137	Bank of Tianjin, Yuanyang City sub-branch	No. F125-126, 1st Floor, Tianjin Ocean We-life, No. 89 Yuanyang Center Road, Binhai New Area, Tianjin	300454
138	Bank of Tianjin, Hebin Road sub-branch	No.BF104, Binhai Trade Center, 2064 Bohai Oil Road, Tanggu, Binhai New Area, Tianjin	300452
139	Bank of Tianjin, Guangzhou Road sub-branch	No. 1156, Fuzhou Road, Tanggu, Binhai New Area, Tianjin	300450
140	Bank of Tianjin, Hangu sub-branch	No. 77, Xinkai Middle Road, Hangu, Binhai New Area, Tianjin	300480
141	Bank of Tianjin, Dagang sub-branch	No.75 Yingbin Street, Dagang, Binhai New Area, Tianjin	300270
142	Bank of Tianjin, Xingfu Road sub-branch	No.666 Xingfu Road, Dagang Oilfield, Tianjin	300280

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No.	Name of Branch	Address	Postcode
143	Bank of Tianjin, Yingxin Street sub-branch	No. 96, Yingxin Street, Dagang, Binhai New Area, Tianjin	300270
144	Bank of Tianjin, Shengli Road sub-branch	No. 124 & 126 Tuanjie West Road, Sunshine Jiayuan, Dagangyoutian, Binhai New Area, Tianjin	300280
145	Bank of Tianjin, Xuri Road sub-branch	West side, of 1/F, Block B, Commercial Building, Fuyuan Garden, Gulin Street, Binhai New Area, Tianjin	300450
146	Bank of Tianjin, Development Area sub-branch	No.76 Dongting Road, Development District, Tianjin	300457
147	Bank of Tianjin, Tianbao sub-branch	Room 101 & 201, Block B, No. 27, the Second Street, Economic and Technology Development District, Tianjin	300457
148	Bank of Tianjin, the Third Avenue sub-branch	No.31-6, Building 1, No.31 Third Street, Development District, Tianjin	300457
149	Bank of Tianjin, Huanghai Road sub-branch	No. 21-9, the Second Street, Development District, Tianjin	300457
150	Bank of Tianjin, Binhai Hi-tech Zone sub-branch	West side of Building 5, No. 188 Rixin Road, Binhai Science and Technology Park, Binhai High-tech Zone, Tianjin	300301
151	Bank of Tianjin, Sino-Singapore Eco-city sub-branch	2-1-101 & 201, Tianhexinlehui, No. 276, Hexu Road, SinoSingapore Tianjin Eco-city, Binhai New Area, Tianjin	300467
152	Bank of Tianjin, Tianjin Free-Trade Zone branch	101-201, Building 2, Financial Center, No.158 Xisan Road, Tianjin Free Trade Zone (Airport Economic Zone)	300308
153	Bank of Tianjin, Beijing branch	Xuanwumen Building, No. 73, Dongheyuan Hutong, Xicheng District, Beijing	100052
154	Bank of Tianjin, Beijing Finance Street sub-branch	Building A33, Erlong Road, Xicheng District, Beijing	100032
155	Bank of Tianjin, Beijing Guangqumen sub-branch	101-02, 1/F, Floor 3, Guangqujiayuan, Dongcheng District, Beijing	100022
156	Bank of Tianjin, Beijing Dongzhimen sub-branch	101, 1/F & 201, 2/F, Building 1, No. 46, Dongzhimenwai Street, Dongcheng District, Beijing	100027
157	Bank of Tianjin, Beijing Dongcheng sub-branch	Ground Floor, No. 8, Chaoyangmennei Street, Dongcheng District, Beijing	100010
158	Bank of Tianjin, Beijing Chaowai sub-branch	No. 0185, Ground Floor & No. 1133 Office, Chaowai SOHO, B6 Chaowai Street, Chaoyang District, Beijing	100020

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No.	Name of Branch	Address	Postcode
159	Bank of Tianjin, Beijing Sanyuanqiao sub-branch	Ground Floor, No. 101, 1/F and Office, No. 601, 6/F, Block A, Shenyuan Center, No. B2, East Sanhuan North Road, Chaoyang District, Beijing	100027
160	Bank of Tianjin, Beijing Xinxingqiao sub-branch	Ground Floor, No. 21 and Office, 10/F, Fuxing Road, Haidian District, Beijing	100036
161	Bank of Tianjin, Beijing Zhongguancun sub-branch	Ground Floor, 1-E & 1-F, Yuanzhongyuelai, No. 15, Haidian Middle Street, Haidian District, Beijing	100080
162	Bank of Tianjin, Beijing Xizhimen sub-branch	No. 52, North Street, Xizhimen, Haidian District, Beijing	100082
163	Bank of Tianjin, Beijing Hangtianqiao sub-branch	North side of 1-2, 1/F and 2-5010 & 2-5011, 5/F, No. 100, Xisanhuan North Road, Haidian District, Beijing	100037
164	Bank of Tianjin, Beijing Fengtai sub-branch	Unit 01, F1 and F2, Commercial Building, No. 232 West Shiliuzhuang Street, Fengtai District, Beijing	100070
165	Bank of Tianjin, Beijing Fangshan sub-branch	101, 1/F & 201, 2/F, south side of Building 1 & 2, Zhengtongxili Community, Liangxiang Region, Fangshan District, Beijing	102488
166	Bank of Tianjin, Beijing Daxing sub-branch	North Side, 3-2, No. 32 & 2/F, 3-3, No. 32, Xingye Avenue (Section 3), Daxing District, Beijing	102699
167	Bank of Tianjin, Beijing Tongzhou sub-branch	East Side, 1/F, 8-1-3, No. 61 & North Side, 8-1-9, 2/F, No. 59, Xinhua West Road, Tongzhou District, Beijing	101199
168	Bank of Tianjin, Beijing Shunyi sub-branch	Unit 103 and Unit 203, F1 and F2, No. 1 Building, No.1 Court, Zhanqian Street, Shunyi District, Beijing	101300
169	Bank of Tianjin, Beijing Changping sub-branch	West side of 1/F and Northwest side of 2/F, Building 2, No. 12, Longshui Road, Changping District, Beijing	102200
170	Bank of Tianjin, Shijiazhuang branch	No. 49, Yuhua East Road, Qiaoxi District, Shijiazhuang, Hebei Province	050000
171	Bank of Tianjin, Shijiazhuang Zhongshan Road sub-branch	No. 151, Zhongshan West Road, Qiaoxi District, Shijiazhuang, Hebei Province	050000
172	Bank of Tianjin, Shijiazhuang, High-tech District sub-branch	(Room number 1-105、1-106、1-107、1-108、1-112、1-113、1-114、1-115),Ground floor commercial building, Building 1 Tian Shan Auspicious Lake,No.181 Kunlun Main Street, High-tech District, Shijiazhuang, Hebei Province	050000
173	Bank of Tianjin, Baoding branch	No. 3108, Fuxing Middle Road, Baoding, Hebei Province	071000
174	Bank of Tianjin, Baoding Zhuozhou sub-branch	No. 293, Fanyang Middle Road, Zhuozhou, Hebei Province	072750

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No.	Name of Branch	Address	Postcode
175	Bank of Tianjin, Tangshan branch	No. 603, Xiangyun Road, Lubei District, Tangshan, Hebei	063000
176	Bank of Tianjin, Tangshan Fenghuangxincheng sub-branch	No. 131 & 133, Xingyuan Road, Lubei District, Tangshan, Hebei	063000
177	Bank of Tianjin, Tangshan Fengnan sub-branch	No. 82, 84 & 86, Jiaoyu Street, Fengnan District, Tangshan, Hebei	063000
178	Bank of Tianjin, Tangshan Caofeidian sub-branch	No. 198 & 200, Jianshe Avenue, Caofeidian District, Tangshan, Hebei	063299
179	Bank of Tianjin, Tangshan Laoting sub-branch	No. 8, Dazhao Road, Laoting County, Tangshan, Hebei	063000
180	Bank of Tianjin, Tangshan Qianan sub-branch	No. 689, Gangcheng Street, Qianan Town, Qianan, Hebei	064000
181	Bank of Tianjin, Tangshan Zunhua sub-branch	No. 1 & 2, Ground Floor, Kaiyuanjiezuo, Wenbai Road, Zunhua, Hebei	064200
182	Bank of Tianjin, Shanghai branch	Baojing Business Building No.1859 Expo Avenue, Pudong District, Shanghai	200002
183	Bank of Tianjin, Shanghai Lujiazui sub-branch	Room 101 & 1201, China Shipbuilding Tower, No. 1, Pudong Avenue, Pudong New Area, Shanghai	200120
184	Bank of Tianjin, Shanghai Fushan sub-branch	Room 1A, 1/F, No. 450, Fushan Road, Pudong New Area, Shanghai	200122
185	Bank of Tianjin, Shanghai Huangpu sub-branch	Room 1B, Hi-Tech King World West Building Area F, No. 666 Beijing East Road, Huangpu District, Shanghai	200001
186	Bank of Tianjin, Shanghai Xuhui sub-branch	1 & 3/F, No. 2119, Xietu Road, Xuhui District, Shanghai	200032
187	Bank of Tianjin, Shanghai Changning sub-branch	Room 101 & 1905, Orient Century Building, No. 345, Xianxia Road, Changning District, Shanghai	200336
188	Bank of Tianjin, Shanghai Jing'an sub-branch	Room A, 1-2/F, No. 1056, Changde Road, Jing'an District, Shanghai	200040
189	Bank of Tianjin, Shanghai Zhabei sub-branch	Unit 01, 1/F, Henghui International Building, No. 556, 558 & 560, Hengfeng Road and Unit 02, 5/F, Henghui International Building, No. 568, Hengfeng Road, Zhabei District, Shanghai	200072
190	Bank of Tianjin, Shanghai Putuo sub-branch	1 & 2/F, No. 108, Guangxin Road, Putuo District, Shanghai	200061

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No.	Name of Branch	Address	Postcode
191	Bank of Tianjin, Shanghai Hongkou sub-branch	Room 101, No. 843, Room 102, No. 845-847 & Room 103-104, No. 851, Room 604-606, No. 1, Lane 839, Dalian Road, Hongkou District, Shanghai	200086
192	Bank of Tianjin, Shanghai Minhang sub-branch	1/F, No. 1058, Caobao Road, Minhang District, Shanghai	201101
193	Bank of Tianjin, Jinan branch	1-109, Building 2 & 5, Area 1 Sanjianruifuyuan, No. 20999, Jingshi Road, Shizhong District, Jinan	250001
194	Bank of Tianjin, Jinan Shizhong sub-branch	3F, No. 2666, Shop B2-002, No. 2688, Erhuannan Road, Shizhong District, Jinan City	250022
195	Bank of Tianjin, Jinan Lixia sub-branch	1 & 2F, Northwest corner, Jinan Metro South Building, No. 5 Jiefang Dong Road, Lixia District, Jinan City	250014
196	Bank of Tianjin, Jinan Quancheng sub-branch	Jiefangge Business Center, No. 187, Heihuquan North Road, Lixia District, Jinan	250001
197	Bank of Tianjin, Jinan Dianliu sub-branch	No. 5006-9, Erhuan East Road, Lixia District, Jinan City	250014
198	Bank of Tianjin, Jinan Licheng sub-branch	Building 27, No. 47, Huayuan Road, Licheng District, Jinan	250199
199	Bank of Tianjin, Jinan Dongcheng sub-branch	1 & 2/F, Auxiliary Building of Geological Technology Building, No. 521, Jingde Street, northwest corner of the intersection of Tangye Middle Road and Jingde Street, Licheng District, Jinan, Shandong	250109
200	Bank of Tianjin, Jinan Huaiyin sub-branch	Building 1 & 2, east side, Ground Floor, Shunchengyuan Community, No. 24916, Jingshi Road, Huaiyin District, Jinan	250022
201	Bank of Tianjin, Jinan Xicheng subbranch	Financial Service Hall, northeast corner, 1/F, Jinan Baoye Building, southwest corner of the intersection of Lashanhe West Road and Rizhao Road, Huaiyin District, Jinan, Shandong	250117
202	Bank of Tianjin, Jinan Tianqiao sub-branch	No. 965, 975 & 985, Minghu West Road, Jinan	250000
203	Bank of Tianjin, Jinan Binhe sub-branch	Room 101, 1201 Partial, 1202 & 1203, Block A, Binhe Business Center, No. 8888 Qinghe North Road, Tianqiao District, Jinan	250033
204	Bank of Tianjin, Jinan Zhangqiu sub-branch	Shop 104, Building 16, Qilujianqiao Community, No. 35, Mingshui shuangshan Street, Zhangqiu District	250299

List of Branches

No.	Name of Branch	Address	Postcode
205	Bank of Tianjin, Dongying branch	No.55 Fuqian Street, Dongying District, Dongying City, Shandong Province	257000
206	Bank of Tianjin, Dongying Xicheng sub-branch	Jindu Building, No.680-1 Huanghe Road, Dongying District, Dongying City, Shandong Province	257061
207	Bank of Tianjin, Taian branch	No. 483, Dongyue Street, Taian, Shandong	271000
208	Bank of Tianjin, Yantai branch	No. 16 Hengshan Road, Yantai Economic and Technological Development District, Yantai Area of Shandong Pilot Free Trade Zone, PRC	264006
209	Bank of Tianjin, Chengdu branch	No. 688, Tianfu Avenue Middle, Hi-tech District, Chengdu, Sichuan	610041
210	Bank of Tianjin, Chengdu Jingjiang sub-branch	No. 318 & 328, Tongying Street, Jinjiang District, Chengdu, Sichuan	610065
211	Bank of Tianjin, Chengdu Binjiang sub-branch	No. 10, Binjiang West Road, Jinjiang District, Chengdu, Sichuan Province	610021
212	Bank of Tianjin, Chengdu Qingyang sub-branch	No. 53 & Attachment No. 1-2, No. 53, Jinyang Road, Qingyang District, Chengdu, Sichuan	610072
213	Bank of Tianjin, Chengdu Jinniu sub-branch	Attachment No. 9-13 & Room 205-207, Building 8, No. 2, Chadianzi West Street, Jinniu District, Chengdu, Sichuan Province	610036
214	Bank of Tianjin, Chengdu Wuhou sub-branch	No. 1, 1/F, Building 1, No. 518, Lidu Road, Wuhou District, Chengdu, Sichuan	610047
215	Bank of Tianjin, Chengdu Chenghua sub-branch	No. 69, 71, 73, 75; No. 204 of Building 1, No. 67, Fuqing Road (Section 2), Chenghua District, Chengdu, Sichuan	610057
216	Bank of Tianjin, Chengdu Pidu sub-branch	No. 1 of 1/F, No. 1 of 2/F, Building 1, No.88, Chuangzhi Nanyi Road, Pidu District, Chengdu, Sichuan Province	611730
217	Bank of Tianjin, Luzhou branch	No. 189, Chunjingxia Road, Jiangyang District, Luzhou, Sichuan Province	646000



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