

Bank of Tianjin Co., LTD.*

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



2021 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., a joint stock company incorporated on 6 November 1996 in Tianjin, China with limited liability in accordance with 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
"Reporting Period"	Year ended 31 December 2021
"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

Summary of Accounting Data and Financial Indicators

	For the year ended 31 December					
	2021	2020	Year-on-year Change between 2021 and 2020	2019	2018	2017
(Amounts in thousands of Renminbi, unless otherwise stated)						
Rate of change (%)						
OPERATING RESULTS						
Interest income	30,371,879	30,553,932	(0.6)	32,268,052	27,487,524	27,894,735
Interest expense	(17,446,541)	(16,907,490)	3.2	(19,045,250)	(20,781,987)	(19,493,523)
Net interest income	12,925,338	13,646,442	(5.3)	13,222,802	6,705,537	8,401,212
Investment income	2,339,241	1,738,108	34.6	1,429,901	3,793,253	–
Fee and commission income	2,082,280	2,447,096	(14.9)	2,308,570	1,881,805	2,112,839
Fee and commission expense	(298,654)	(136,561)	118.7	(42,284)	(344,211)	(79,374)
NET FEE AND COMMISSION INCOME	1,783,626	2,310,535	(22.8)	2,266,286	1,537,594	2,033,465
Net trading gains/(losses)	649,678	(446,873)	(245.4)	(210,873)	(145,176)	(157,018)
Net gains arising from derecognition of financial assets measured at amortised cost	40,212	25,832	55.7	115,163	132,526	–
Other income, gains or losses	(44,106)	(77,340)	(43.0)	230,441	114,480	(134,343)
OPERATING INCOME	17,693,989	17,196,704	2.9	17,053,720	12,138,214	10,143,316
Operating expenses	(4,424,654)	(3,952,952)	11.9	(3,988,677)	(3,447,071)	(3,102,593)
Impairment losses under expected credit loss model (ECL), net of reversals	(9,852,127)	(8,230,793)	19.7	(7,430,105)	(3,481,867)	(2,131,853)
Share of results of associates	24,535	22,125	10.9	(1,693)	8,233	(25,932)

Summary of Accounting Data and Financial Indicators

	For the year ended 31 December					
	2021	2020	Year-on-year Change between 2021 and 2020	2019	2018	2017
(Amounts in thousands of Renminbi, unless otherwise stated)						
	Rate of change (%)					
PROFIT BEFORE TAX	3,441,743	5,035,084	(31.6)	5,633,245	5,217,509	4,882,938
Income tax expense	(227,436)	(691,671)	(67.1)	(1,024,584)	(987,422)	(939,874)
PROFIT FOR THE YEAR	3,214,307	4,343,413	(26.0)	4,608,661	4,230,087	3,943,064
Profit for the year attributable to						
Equity holders of the Bank	3,196,026	4,307,585	(25.8)	4,547,971	4,181,248	3,916,386
Non-controlling interests	18,281	35,828	(49.0)	60,690	48,839	26,678
Earnings per share attributable to equity holders of the Bank (Expressed in RMB Yuan per share)						
– Basic and diluted	0.53	0.71	(25.4)	0.75	0.69	0.65

Summary of Accounting Data and Financial Indicators

	For the year ended 31 December					
	2021	2020	Year-on-year Change between 2021 and 2020	2019	2018	2017
(Amounts in thousands of Renminbi, unless otherwise stated)						
Rate of change (%)						
MAJOR INDICATORS OF ASSETS/LIABILITIES						
Total assets	719,903,932	687,760,199	4.7	669,401,117	659,339,903	701,913,589
Of which: loans and advances to customers	324,607,358	295,752,349	9.8	281,229,242	276,943,278	241,637,249
Total liabilities	662,363,094	633,812,209	4.5	618,224,334	611,619,166	657,157,727
Of which: due to customers	382,478,890	355,981,854	7.4	350,996,365	342,877,165	357,857,635
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	56,704,791	53,130,224	6.7	50,394,845	46,999,489	44,083,453
Total equity	57,540,838	53,947,990	6.7	51,176,783	47,720,737	44,755,862

Summary of Accounting Data and Financial Indicators

	For the year ended 31 December					
	2021	2020	Year-on-year Change between 2021 and 2020	2019	2018	2017
PROFITABILITY INDICATORS (%)						
Return on average total assets ⁽¹⁾	0.46	0.64	(0.18)	0.69	0.62	0.58
Return on average equity ⁽²⁾	5.77	8.26	(2.49)	9.32	9.15	9.12
Net interest spread ⁽³⁾	1.85	1.98	(0.13)	1.88	1.23	0.81
Net interest margin ⁽⁴⁾	2.12	2.26	(0.14)	2.21	1.59	1.25
Net fee and commission income to operating income	10.08	13.44	(3.36)	13.29	12.67	20.05
Cost-to-income ratio ⁽⁵⁾	23.81	21.80	2.01	22.20	27.18	29.42
ASSET QUALITY INDICATORS (%)						
Non-performing loans ratio ⁽⁶⁾	2.41	2.16	0.25	1.98	1.65	1.50
Allowance coverage ratio ⁽⁷⁾	154.26	183.45	(29.19)	220.58	250.37	193.81
Allowance to gross loan ratio ⁽⁸⁾	3.72	3.96	(0.24)	4.36	4.13	2.91

Summary of Accounting Data and Financial Indicators

	For the year ended 31 December					
	2021	2020	Year-on-year Change between 2021 and 2020	2019	2018	2017
CAPITAL ADEQUACY RATIO INDICATORS (%)						
<i>Calculated based on Capital Administrative Measures</i>						
Core tier-one capital adequacy ratio ⁽⁹⁾	10.73	11.12	(0.39)	10.62	9.83	8.64
Tier-one capital adequacy ratio ⁽¹⁰⁾	10.74	11.12	(0.38)	10.63	9.84	8.65
Capital adequacy ratio ⁽¹¹⁾	13.49	14.48	(0.99)	15.24	14.53	10.74
Total equity to total assets	7.99	7.84	0.15	7.65	7.24	6.38
OTHER INDICATORS (%)						
Loan-to-deposit ratio ⁽¹²⁾	88.70	87.06	1.64	85.05	85.59	69.56
Liquidity ratio ⁽¹³⁾	60.80	60.57	0.23	51.38	50.29	35.41
Percentage of loans to the single largest customer ⁽¹⁴⁾	5.49	4.35	1.14	4.38	5.02	6.36
Percentage of loans to the top ten customers ⁽¹⁵⁾	39.26	32.79	6.47	31.76	29.47	41.55

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 ratios were calculated according to the Notice on Adjusting the Calculation of Loan-to-Deposit Ratio for Commercial Banks 《(中國銀監會關於調整商業銀行存貸比計算口徑的通知)》 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 Ligu
Chairman

Chairman's Statement

The year 2021 was a milestone year in the history of the Communist Party and China in that it is the centenary of the Party and the first year of the 14th Five-Year Plan. Standing at the historical intersection, while facing the COVID-19 epidemic prevention and control requirements and the complicated internal and external situation, Bank of Tianjin vigorously responded to the tests and challenges. On the one hand, it kept to its original aspiration and running track by returning to its core business; on the other hand, new proposals were made to open a new phase of development. Accordingly, the Bank has gotten off to a good start for the 14th Five-Year Plan period whilst a new journey of building a modernised socialist city commercial bank has been successfully embarked on.

During this past year, the Bank implemented the relevant work plans of the Party Central Committee, the State Council and regulators, ensured continuous operation and service to support epidemic prevention and control, continued to deepen small and micro financial services, helped rural revitalization and took numerous measures to serve the economic development of various regions. The Bank has formulated a strategic development plan for the 14th Five-Year Plan period which takes into account the needs of all parties and the Bank's own resources, and sets a vision to develop a modernised socialist city commercial bank. 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.

In 2022, the Bank will continue to promote the dual-track development strategy of "Reform + Innovation", strive to build the "six dimensions (六個銀行)". The Bank will focus on our main responsibilities and business, adhere to the problem-oriented and target-oriented approach, vigorously promote the task objectives of the "Ten Major Projects (3.0)", and continue to strengthen the support of information technology, uphold compliance in innovation and effectively put in more efforts to increase the efficiency of risk management. The Bank will ensure its major regulatory indicators to meet the regulatory requirements, and build an operating mechanism that coordinates scientific development of efficiency, quality and scale. All these set the tone for a new chapter in the cause of building a modernised socialist city commercial bank.



SUN Liguo
Chairman

President's Statement



WU Hongtao
President

President's Statement

Every new year comes with a new chapter in our development. 2021 marks the centenary founding of the Communist Party of China and a year of great significance in the development of Bank of Tianjin. During the year, under the leadership of the Board of Directors, the management diligently implemented the new development concept, proactively integrated the new development pattern, closely focused on the "14th Five-Year Plan" strategic planning of the Bank of Tianjin to promote the steady development of various businesses, firmly served the real economy, and accelerated the pace of digital transformation. The Bank has shown a high-quality development momentum as a whole.

INSISTING ON RETURNING TO OUR ORIGINS, WE FOCUSED ON OUR MAIN RESPONSIBILITIES AND BUSINESSES.

We allocated more credit resources to strategic emerging industries and innovative technologies, precisely supported finance demands of all walks of life to resume operation and steady supply following the epidemic. As of the end of 2021, our loans amounted to RMB324.61 billion while deposits amounted to RMB382.48 billion, representing a year-on-year increase of 9.8% and 7.4%, respectively. We achieved operating income of RMB17.69 billion and a profit before provision of RMB13.29 billion, representing a year-on-year increase of 2.9% and 0.2% respectively, both of which hit record highs again.

DEEPENING INCLUSIVE FINANCING, WE OPENED UP THE "LAST MILE" OF FINANCIAL SERVICES.

Leveraging on fintech, we insisted on facilitating the comprehensive upgrade of small and micro financial services. The services for small and micro merchants demonstrated the positive status of "increase of quantity and expansion of coverage at lower costs", while the construction of "citizen banks" made great progress. As of the end of 2021, the size of inclusive loans to small and micro enterprises amounted to RMB36.36 billion, representing a year-on-year increase of 42.5%. The "Smart Xiao Er (智慧小二)" ecosystem continued to expand, and achieved cooperation with all administrative regions in Tianjin, as well as other cities such as Hebei, Beijing, Shanghai, Chengdu and Jinan, covering the whole life scene of "clothing, food, housing, transportation and entertainment". In realizing business reforms and innovations, we also practiced our purpose of "finance for the people and real economy", and responded to the new expectations of general public and new demands for social development with pragmatic measures.

LEVERAGING ON OUR ADVANTAGES IN BOND UNDERWRITING AND INVESTMENT, WE ACTIVELY SUPPORTED THE NATIONAL STRATEGIC DEPLOYMENT.

Actively responding to the central government's major strategic deployment of "carbon peaking and carbon neutrality", we promoted sustainable economic transformation with green financial instruments, ranking the top three in the 2021 National City and Rural Commercial Bank Green Debt Financing Instrument Investor Ranking List. In respect of the size of bonds underwritten as a lead underwriter, we ranked 22nd in the banking industry nationwide, up by 7 places year-on-year; we ranked 6th among city commercial banks and 1st among corporate banks in the Beijing-Tianjin-Hebei region. In respect of the size of asset securitization products underwritten as a lead underwriter, we ranked 10th among the banking industry and 2nd among city commercial banks. In respect of the size of non-policy financial bonds underwritten as a lead underwriter, we ranked 10th among the banking industry and 2nd among city commercial banks.

President's Statement

WE STRENGTHENED THE FOUNDATION OF ASSET QUALITY AND INTENSIFIED THE DISPOSAL OF ASSETS AT RISKS.

We fully improved our operational risk management capability. In this regard, we focused on key areas and tightened the control on granting of large amount of credits. Upholding the principle of prudence, after full consideration of the Covid-19 epidemic, we increased provisions and the disposal of assets at risks to improve risk compensation capabilities based on the risk profiles of clients. We took the initiative in assets' quality classification and management. In 2021, the provision for impairment losses amounted to RMB9.85 billion, representing a year-on-year increase of 19.7%. The size of loans written-off was RMB9.98 billion, representing a year-on-year increase of 22.8%.

BUILDING A RISK-ORIENTED CULTURE OF COMPLIANCE, WE ESTABLISHED A SOLID FOUNDATION FOR PRUDENT OPERATION.

We comprehensively promoted the work of the "Year of Refined Management" and the "Year of Internal Control and Compliance Management Construction", and carried out specific activities such as "investigation", "review", "clearing" and "training" for risks thoroughly. Establishing a prudent risk culture, we steadily improved our risk management and control capabilities. We properly carried out safety production and Covid-19 prevention and control, ensuring that we are capable of "providing good service and achieving good performance while everyone and every place is safe."

WITH THE INCREASINGLY SOLIDIFIED FINTECH FOUNDATION, WE TOOK AN INDEPENDENT PATH OF DIGITAL TRANSFORMATION.

We have completed the construction of the main data centre in Wuqing, Tianjin and the local disaster recovery data centre in Xiqing. Achieving the goal of local dual-active operation for 188 production systems across the Bank, we have fully enhanced the capability for our business continuity to an industry-leading level. We have drawn up the roadmap for data governance and data middle-office in line with the strategies of the Bank. Leveraging on the data empowerment supported by big data and artificial intelligence, we will continue to improve our digital operation capability, so as to support the development of our core business in full swing. We independently built a data risk control model for Internet business, promoted the transformation of intelligent outlets, and took an independent path of digital transformation.

We shall maintain our original aspirations and persist with diligence. In 2022, we will always follow the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, adhere to the general principle of seeking progress while maintaining stability, strictly implement the "14th Five-Year Plan" strategic planning of the Bank of Tianjin, unswervingly promote high-quality development, and strive to create a new landscape of socialist modernised urban commercial bank in full swing, paying tribute to the party's 20th National Congress with excellent achievements!



WU Hongtao
President

Management Discussion and Analysis

I FINANCIAL REVIEW

1. Environment and Prospects

Looking back to 2021, a milestone year in the history of the Party and China, we grandly celebrated the centenary of the Communist Party of China, for achieving the goal of the first centenary and embarking on a new journey towards the goal of the second centenary. During the year, in the face of complicated situations together with various risks and challenges at home and abroad, China's social and economic development as well as epidemic prevention and control were coordinated through the joint efforts of the whole country, and China conscientiously implemented the policies of "six stabilities" and "six guarantees" to maintain the recovering economic development. The national economy was developing within a reasonable range, with accelerated evolution of national strategic technologies, enhanced innovation, optimised economic structure and region layout, and the accelerated development of information technology service and other productive services. Resilience of industrial chains was improved, reform and opening-up continued to deepen, and the structure of the supply was progressively reformed. As China continued to advance the construction of ecological civilization, people's livelihood was steadily elevated, and the construction of a new development pattern took new steps to gain high-quality development, achieving a good start for the "14th Five-Year Plan".

Looking forward to 2022, the international environment will become more complex and severe, with the slow recovery of the world economy, rising inflationary pressures and the spread of epidemics intertwined. China's economy will experience significantly more risks and challenges in addition to the triple pressures of demand contraction, supply shock and weakening expectation. However, China's economy is resilient with long-term positive fundamentals sustain. The continuous development is benefited by various favourable conditions, and the economy will gradually return to normal. Domestic macroeconomic policies will embody the trend of stability as the foremost consideration, seeking progress while maintaining stability, and making policy efforts suitably at the forefront. China will continue to implement proactive fiscal policies and prudent monetary policies. Proactive fiscal policies will focus on improving efficiency, precision and sustainability, while prudent monetary policies will remain flexible and appropriate to keep liquidity sufficient, guiding financial institutions to increase supports for the real economy, especially for small and micro enterprises, technological innovation and green development.

In the face of challenges and opportunities, the Bank will seriously comply with the central government's financial policies, the directives from the Tianjin Municipal Committee of the Communist Party of China and Tianjin Government, integrate its development into serving state strategies, and base itself in Tianjin while serving key regions such as Beijing-Tianjin-Hebei, Binhai New Area, Xiong'an New Area, Yangtze River Economic Zone and Chengdu-Chongqing Twin City Economic Circle, actively building its core competitiveness under the guidance of the "14th Five-Year Plan" strategic planning, so as to fully enhance its economic efficiency and overall strength to usher in the successful convention of the 20th National Congress of the Party.

Management Discussion and Analysis

2. Corporate Strategies

Year 2021 was the intersection of “The Two Centenaries”. The Bank upheld the philosophy of “keeping the original intention, returning to the source, moving forward to a new stage, and achieving a good start” and sought guidance from the “Strategic Planning of 14th Five-Year Plan”. The Bank continuously promoted the dual-track developmental strategy of “reform +innovation”, earnestly constructed a bank with “Six Dimensions (六個銀行)”, and effectively implemented the key work tasks of the “Ten Projects (3.0)”. We actively responded to China’s macroeconomic policy guidance, aggressively reduced fees and costs, intensified our support for real economy, and strengthened our risk control and risk alleviation, thereby achieving a good start for the “14th Five-Year Plan” and embarking on a new journey in the comprehensive development into a socialist modernised urban commercial bank.

The Bank continued to optimise our structure of assets and liabilities and achieved substantial development in various businesses. As of the end of 2021, the size of assets amounted to RMB719.90 billion, a year-on-year increase of 4.7%. We insisted on returning to our origins (回歸本源), focused on our main responsibilities and businesses, allocated more credit resources to strategic emerging industries and innovative technologies, precisely supported all walks of life to resume operation and the demand for steady supply of finance following the epidemic. Our loans amounted to RMB324.61 billion, a year-on-year increase of 9.8%. Both the volume and quality of our transaction banking business increased, of which business volume amounting to RMB100.524 billion was completed, a year-on-year increase of 43.9%. Innovative businesses such as supply chain finance, free trade business, and cash management were booming. The liability structure was further optimised, and the size of liabilities amounted to RMB662.36 billion, representing a year-on-year increase of 4.5%. Deposits of customers increased 7.4% and amounted to RMB382.48 billion, representing a 1.5% increase in proportion and fully utilising the role of wealth management products as a reservoir for personal deposits. The personal deposits of the Bank reached a new level by breaking through the RMB100 billion bottleneck, representing a year-on-year increase of 22.0%.

The Bank actively conceded benefits to the real economy and achieved a record high in operating income. We coordinated the work of epidemic prevention and control and served the real economy. We reduced fees and costs and lowered loan interest rates, we supported national and local economic construction and development as well as financing demands from entities. The net interest spread was 1.85%, and its net interest margin was 2.12%, representing a year-on-year decrease of 0.13% and 0.14%, respectively. In 2021, the Bank achieved operating income of RMB17.69 billion, representing a year-on-year increase of 2.9%; a profit before provision of RMB13.29 billion, representing a year-on-year increase of 0.2%, both of which hit record highs again. Affected by the reduced fees and costs and the substantial increase in provisions, the net profit amounted to RMB3.21 billion, representing a year-on-year decrease of 26.0%.

Management Discussion and Analysis

Small and micro financial services continued to be deepened, and the building of the “Citizens’ Bank” (市民銀行) brand achieved remarkable results. Financial policies such as credit loan support plans, refinancing, and rediscounting were robustly promoted. The Bank extended its reach by leveraging core product group of “e-Loan for taxpayers”(銀稅e貸), “e-Loan for supermarkets”(商超e貸), “Tianhangyongbei-Microfinance”(天行用唄—小微商戶經營貸) and “e-Loan for home mortgage”(宅抵e貸). As of the end of 2021, the size of inclusive loans to small and micro enterprises amounted to RMB36.36 billion, representing a year-on-year increase of 42.5%. Our agriculture-related business gave full play to the Group’s advantages and continued to develop featured products such as “Hui Nong Loan” and “Farmer Loan Program”. The size of our inclusive agriculture-related loans amounted to RMB4.202 billion, representing a year-on-year increase of 88.3%. Leveraging the government-enterprise linkage function, we optimised the way of issuing social security cards, strengthened the marketing of social security cards, and enriched and optimised the application scenarios of social security cards. In 2021, the Bank issued 438,100 social security cards. The credit card phased consumption scenarios continued to be enriched. The operating income from our credit card business amounted to RMB109 million, a year-on-year increase of 118.8%. The “Smart Xiao Er (智慧小二)” ecosystem continued to expand, and achieved cooperation with all administrative regions in Tianjin, as well as other cities such as Hebei, Beijing, Shanghai, Chengdu and Jinan, covering the whole life scene of “clothing, food, housing, transportation and entertainment”. As of the end of 2021, the cumulative number of online merchants exceeded 200,000, a year-on-year increase of 182%. The average number of citizens daily served reached around 1,200,000, and the average daily transaction volume amounted to near RMB90 million, driving the integrated development of asset and liability products in the scene.

In terms of our capital operation business, we continued to practise the concept of returning to our origins and restoring to our original purpose (回本源、歸本位). During 2021, the operating income amounted to RMB4.90 billion, representing a year-on-year increase of 12.9%. We engaged further in bond transactions in the financial market. During the year, the size of spot trading amounted to RMB3.1 trillion with a spread income of RMB320 million, representing a year-on-year increase of 18%. We continued to optimise our investment portfolio, with standardised bond investment increasing by 10.1% year-on-year. The size of non-standardised investments such as asset management, trust plans and wealth management products decreased by 19.4% year-on-year. Playing the role of debt stabilizer, we obtained a total of RMB76.619 billion in financial support through MLF (中期借貸便利), rediscounting and bidding for treasury cash deposit business. Our investment banking business achieved breakthrough development with the lead underwriting of corporate credit bonds as the core. During the year, bonds underwritten by us as a lead underwriter amounted to RMB133 billion in total, representing a year-on-year increase of 351%, ranking 22nd in the banking industry, up by 7 places year-on-year. We ranked second among city commercial banks both in terms of the lead underwriting volume of asset securitization products and non-policy financial bonds. In respect of the asset management business, the net worth product system was continuously improved. As of the end of 2021, the size of wealth management products amounted to RMB101.8 billion, all of which were net-value products that met the requirements of the new asset management regulations.

Management Discussion and Analysis

The Bank actively leveraged its financial strength to support major national strategies. As of the end of 2021, the balance of loans in the Beijing-Tianjin-Hebei region was RMB194.9 billion, a year-on-year increase of 16.0%. Local government bonds of RMB18.3 billion were underwritten in Beijing, Tianjin and Hebei. Bonds of more than RMB90.0 billion were underwritten for enterprises in the Beijing-Tianjin-Hebei region. In response to General Secretary Xi Jinping's major strategic deployment of "carbon peaking and carbon neutrality", we promoted sustainable economic transformation with green financial instruments. We cooperated with the Tianjin Carbon Emissions Exchange and related industrial customers to launch the first carbon quota pledge loan issued by the corporate bank in Tianjin and the first carbon performance-linked loan in Tianjin. The Bank's green credit balance was RMB12.07 billion, a year-on-year increase of 29.4%. We actively leveraged our advantages in bond underwriting and investment. During the year, green bonds invested and underwritten amounted to RMB10.6 billion, ranking the top three in the 2021 National City and Rural Commercial Bank Green Debt Financing Instrument Investor Ranking List.

We strengthened the foundation of asset quality and intensified the disposal of assets at risks, thus fully improving our operational risk management capability. In this regard, we focused on key areas and tightened the control on granting of large amount of credits. Upholding the principle of prudence, after full consideration of the Covid-19 epidemic, we increased provisions and the disposal of assets at risks to improve risk compensation capabilities based on the risk profiles of clients. We took the initiative in quality classification and management. In 2021, the provision for impairment losses amounted to RMB9.85 billion, representing a year-on-year increase of 19.7%. The non-performing loan ratio was 2.41%, the allowance coverage ratio was 154.26%, with capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio of 13.49%, 10.74% and 10.73%, respectively, which continued to satisfy regulatory requirements.

With the increasingly solidified fintech foundation, the data center realized local dual-active operation, which has provided the safety and security for the continuity of our business. We continue to strengthen the investment in technology resources. In 2021, our IT investment amounted to RMB462 million, accounting for 2.61% of the operating income. The primary targets of our IT investment include system development, procurement of electronic equipment and software, IT human resources allocation, IT consultancy and infrastructure establishment. In 2021, the established innovative fintech projects reached 365 in total, 158 of which have been put into operation. The construction of main data centre in Wuqing, Tianjin and the local disaster recovery data centre in Xiqing have been completed, with the goal of local dual-active operation achieved for 188 production systems across the Bank, indicating that we have fully enhanced the capability for our business continuity to an industry-leading level. The construction work of our three-phase IT planning, which focused on cloud native technical framework and top-level planning for management framework, has been formally initialised. We have completed the phased missions of developing a distributed core system and conducting technical tests as planned, and progressed towards the trial phase for system integration, laying a solid foundation for the subsequent construction. We have drawn up the roadmap for data governance and data middle-office in line with the strategies of the Bank. Leveraging on the data empowerment supported by big data and artificial intelligence, we will continue to improve our digital operation capability, so as to support the development of our core business in full swing.

Management Discussion and Analysis

3. Analysis of the Income Statement

	For the year ended 31 December		Rate of change (%)
	2021	2020	
<i>(Amounts in thousands of Renminbi, unless otherwise stated)</i>			
Interest income	30,371,879	30,553,932	(0.6)
Interest expense	(17,446,541)	(16,907,490)	3.2
NET INTEREST INCOME	12,925,338	13,646,442	(5.3)
Investment income	2,339,241	1,738,108	34.6
Fee and commission income	2,082,280	2,447,096	(14.9)
Fee and commission expense	(298,654)	(136,561)	118.7
NET FEE AND COMMISSION INCOME	1,783,626	2,310,535	(22.8)
Net trading gains/(losses)	649,678	(446,873)	(245.4)
Net gains arising from derecognition of financial assets measured at amortised cost	40,212	25,832	55.7
Other income, gains or losses	(44,106)	(77,340)	(43.0)
OPERATING INCOME	17,693,989	17,196,704	2.9
Operating expenses	(4,424,654)	(3,952,952)	11.9
Impairment losses under expected credit loss (ECL) model, net of reversals	(9,852,127)	(8,230,793)	19.7
Share of results of associates	24,535	22,125	10.9
PROFIT BEFORE TAX	3,441,743	5,035,084	(31.6)
Income Tax Expenses	(227,436)	(691,671)	(67.1)
PROFIT FOR THE YEAR	3,214,307	4,343,413	(26.0)

Management Discussion and Analysis

For the year ended 31 December 2021, the Bank's profit before tax decreased by 31.6% from RMB5,035.1 million for the year ended 31 December 2020 to RMB3,441.7 million and the profit for the year decreased by 26.0% from RMB4,343.4 million for the year ended 31 December 2020 to RMB3,214.3 million.

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

For the year ended 31 December 2021, the Bank's net interest income amounted to RMB12,925.34 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 RMB2,339.24 million. The sum of two was RMB15,264.6 million, representing a reduction of 0.8% as compared to the figure as at 31 December 2020 measured in the same standard. The Bank's net interest spread decreased from 1.98% for the year ended 31 December 2020 to 1.85% for the year ended 31 December 2021. The Bank's net interest margin decreased from 2.26% for the year ended 31 December 2020 to 2.12% for the year ended 31 December 2021. The decrease in net interest income, net interest spread and net interest margin was primarily due to Bank's compliance with regulatory requirements based on its philosophy of returning to its origins regarding its financial market businesses. The Bank proactively decreased its investments in non-standardised assets such as asset management plans, trust plans and wealth management products, hence recording a year-on-year decrease in the corresponding investment income and interest income. Meanwhile, the Bank stepped up its efforts on loan businesses with key projects and quality customers, and scaled up its support to medium and small, small and micro and inclusive financial services. The average yield of loans and advances to customers recorded a decrease by 0.25 percentage point year-on-year accordingly.

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 years ended 31 December 2020 and 2021.

	For the year ended 31 December					
	Average balance	2021 Interest income ⁽⁸⁾	Average yield (%)	Average balance	2020 Interest income ⁽⁸⁾	Average yield (%)
<i>(Amounts in millions of RMB, except for percentages)</i>						
Interest-earning assets						
Loans and advances to customers	311,044.6	19,795.3	6.36	293,039.0	19,373.4	6.61
Investment securities and other financial assets, including	324,306.5	11,457.5	3.53	316,147.8	11,772.4	3.72
— Asset management plans and trust plans, funds and wealth management products and other assets ⁽¹⁾	113,194.3	3,993.8	3.53	143,135.7	5,520.1	3.86
— Debt securities investment	211,112.2	7,463.7	3.54	173,012.1	6,252.3	3.61
Amounts due from banks and other financial institutions ⁽²⁾	30,775.4	863.1	2.80	22,061.6	551.0	2.50
Deposits with banks and other financial institutions	12,647.2	35.8	0.28	8,702.0	41.7	0.48
Balances with central bank	41,382.8	562.4	1.36	40,652.9	557.5	1.37
Total interest-earning assets (include assets at FVTPL)	720,156.5	32,714.1	4.54	680,603.3	32,296.0	4.75
Allowance for impairment losses	(16,652.0)			(17,094.7)		
Non-interest-earning assets ⁽³⁾	25,967.0			21,433.9		
Total assets	729,471.5	32,714.1	4.48	684,942.5	32,296.0	4.72

Management Discussion and Analysis

	For the year ended 31 December					
	Average balance	2021 Interest expenses ⁽⁸⁾	Average cost (%)	Average balance	2020 Interest expenses ⁽⁸⁾	Average cost (%)
<i>(Amounts in millions of RMB, except for percentages)</i>						
Interest-bearing liabilities						
Due to customers	372,413.5	9,871.8	2.65	352,277.5	9,223.4	2.62
Deposits from banks and other financial institutions	43,492.7	1,210.8	2.78	39,702.4	1,157.9	2.92
Amounts due to banks and other financial institutions ⁽⁴⁾	98,699.0	2,063.4	2.09	72,870.7	1,427.3	1.96
Debt securities issued	105,067.1	3,588.6	3.42	109,069.0	3,877.1	3.55
Lease liabilities	962.2	41.9	4.35	1,116.5	49.4	4.42
Borrowings from central bank	28,432.8	673.0	2.37	35,933.0	1,176.4	3.27
Total interest-bearing liabilities						
(include liabilities at FVTPL)	649,067.3	17,449.5	2.69	610,969.1	16,911.5	2.77
Non-interest-bearing liabilities ⁽⁵⁾	20,690.3			19,915.4		
Total liabilities	669,757.6	17,449.5	2.61	630,884.5	16,911.5	2.68
Net interest income		15,264.6			15,384.5	
Net interest spread⁽⁶⁾			1.85			1.98
Net interest margin⁽⁷⁾			2.12			2.26

Notes:

- (1) Also consists of 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, provision related to litigations, 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

For the year ended 31 December 2021, the interest income of the Bank (including the interest income at FVTPL) increased by 1.3% to RMB32,714.1 million from RMB32,296.0 million for the year ended 31 December 2020, and the average yield on our interest-earning assets decreased by 21 basis points from 4.75% for the year ended 31 December 2020 to 4.54% for the year ended 31 December 2021, primarily because we reduced fees and costs to support the real economy, which affected our interest income to a certain extent.

Interest income from loans and advances to customers

For the year ended 31 December 2021, interest income from our loans and advances to customers increased by 2.2% from RMB19,373.4 million for the year ended 31 December 2020 to RMB19,795.3 million for the year ended 31 December 2021, primarily due to the increase of 6.1% in average balance of our loans and advances to customers from RMB293,039.0 million for the year ended 31 December 2020 to RMB311,044.6 million for the year ended 31 December 2021. The increase in the average balance of our loans and advances to customers was primarily due to the fact that the Bank further increased its support to the real economy and stepped up its efforts on loan business.

Management Discussion and Analysis

Interest income from asset management plans and trust plans, funds and wealth management products and other assets

For the year ended 31 December 2021, interest income from asset management plans and trust plans, funds and wealth management products and other assets decreased by 27.6% from RMB5,520.1 million for the year ended 31 December 2020 to RMB3,993.8 million for the year ended 31 December 2021, primarily due to the fact that the average balance of our asset management plans and trust plans, funds and wealth management products and other assets decreased by 20.9% from RMB143,135.7 million for the year ended 31 December 2020 to RMB113,194.3 million for the year ended 31 December 2021. The decrease in the average balance of our asset management plans and trust plans, funds and wealth management products and other assets was primarily due to the Bank's strict compliance with regulatory requirements as well as its proactive efforts regarding decreasing investments in non-standardised debt assets such as asset management plans and trust plans.

Interest income from debt securities investment

Interest income from debt securities investment increased by 19.4% from RMB6,252.3 million for the year ended 31 December 2020 to RMB7,463.7 million for the year ended 31 December 2021, primarily due to the increase of 22.0% in average balance of debt securities investment from RMB173,012.1 million for the year ended 31 December 2020 to RMB211,112.2 million for the year ended 31 December 2021. The increase in the average balance of our debt securities investment was primarily because the Bank enhanced the allocation of standardised bond assets and improved the reserve level of high-quality current assets, while continuously supporting national and local economic construction and development as well as financing demands from entities.

Interest income from amounts due from banks and other financial institutions

Interest income from amounts due from banks and other financial institutions increased by 56.6% from RMB551.0 million for the year ended 31 December 2020 to RMB863.1 million for the year ended 31 December 2021, primarily due to the fact that the average balance of the amounts due from banks and other financial institutions increased by 39.5% from RMB22,061.6 million for the year ended 31 December 2020 to RMB30,775.4 million for the year ended 31 December 2021, while the average yield of the amounts due from banks and other financial institutions increased by 30 basis points from 2.50% for the year ended 31 December 2020 to 2.80% for the year ended 31 December 2021. The increase in the average balance of our amounts due from banks and other financial institutions was primarily because we increased our investment in such assets, while the increase in the average yield was primarily attributable to the Bank's proactive optimisation of its asset structure, which effectively increased the return on such assets.

Management Discussion and Analysis

Interest income from deposits with banks and other financial institutions

Interest income from deposits with banks and other financial institutions decreased by 14.1% from RMB41.7 million for the year ended 31 December 2020 to RMB35.8 million for the year ended 31 December 2021, primarily due to the fact that the average yield of the amounts due from banks and other financial institutions decreased by 20 basis points from 0.48% for the year ended 31 December 2020 to 0.28% for the year ended 31 December 2021.

Interest income from balances with central bank

Interest income from balances with central bank increased by 0.9% from RMB557.5 million for the year ended 31 December 2020 to RMB562.4 million for the year ended 31 December 2021, primarily due to the increase of 1.8% in the average balance of our balances with central bank from RMB40,652.9 million for the year ended 31 December 2020 to RMB41,382.8 million for the year ended 31 December 2021.

3.3 Interest Expense

Our interest expense (including the interest expense at FVTPL) increased by 3.2% from RMB16,911.5 million for the year ended 31 December 2020 to RMB17,449.5 million for the year ended 31 December 2021, primarily due to the increase of 6.2% in the average balance of interest-bearing liabilities from RMB610,969.1 million for the year ended 31 December 2020 to RMB649,067.3 million for the year ended 31 December 2021. The increase in the average balance of our interest-bearing liabilities was primarily due to the fact that the Bank increased the size of deposits.

Interest expense on due to customers

Our interest expense on due to customers increased by 7.0% from RMB9,223.4 million for the year ended 31 December 2020 to RMB9,871.8 million for the year ended 31 December 2021, primarily due to the increase by 5.7% in the average balance of due to customers from RMB352,277.5 million for the year ended 31 December 2020 to RMB372,413.5 million for the year ended 31 December 2021, and the increase of 3 basis points in the average cost of due to customers from 2.62% for the year ended 31 December 2020 to 2.65% for the year ended 31 December 2021.

Interest expense on deposits from banks and other financial institutions

Our interest expense on deposits from banks and other financial institutions increased by 4.6% from RMB1,157.9 million for the year ended 31 December 2020 to RMB1,210.8 million for the year ended 31 December 2021, primarily due to the increase of 9.5% in the average balance of the deposits from banks and other financial institutions from RMB39,702.4 million for the year ended 31 December 2020 to RMB43,492.7 million for the year ended 31 December 2021. The increase in the average balance of our deposits from banks and other financial institutions was primarily due to the adjustment in our Bank's liability structure and the increase in the scale of the deposits from banks and other financial institutions.

Management Discussion and Analysis

Interest expense on amounts due to banks and other financial institutions

Our interest expense on amounts due to banks and other financial institutions increased by 44.6% from RMB1,427.3 million for the year ended 31 December 2020 to RMB2,063.4 million for the year ended 31 December 2021, primarily due to the increase of 35.4% in the average balance of the amounts due to banks and other financial institutions from RMB72,870.7 million for the year ended 31 December 2020 to RMB98,699.0 million for the year ended 31 December 2021. The increase in the average balance of amounts due to banks and other financial institutions was primarily because the Bank actively adjusted its liability structure, which increased the scale of such liabilities.

Interest expense on debt securities issued

Our interest expense on debt securities issued decreased by 7.4% from RMB3,877.1 million for the year ended 31 December 2020 to RMB3,588.6 million for the year ended 31 December 2021, primarily due to the decrease of 3.7% in the average balance of debt securities issued from RMB109,069.0 million for the year ended 31 December 2020 to RMB105,067.1 million for the year ended 31 December 2021, and the decrease of 13 basis points in the average cost of debt securities issued from 3.55% for the year ended 31 December 2020 to 3.42% for the year ended 31 December 2021. The decrease in the average balance of our debt securities issued was primarily due to the reduction in the scale of our corresponding liabilities. The decrease in the average cost of our debt securities issued was primarily due to the lowering costs as a result of our reasonable arrangement of bonds issuance at a proper time.

Interest expense on lease liabilities

For the year ended 31 December 2021, our interest expense on lease liabilities amounted to RMB41.9 million, representing a decrease of 15.2% as compared to RMB49.4 million for the year ended 31 December 2020, primarily due to the decrease of 13.8% in the average balance of our lease liabilities from RMB1,116.5 million for the year ended 31 December 2020 to RMB962.2 million for the year ended 31 December 2021 and the decrease of 7 basis points in the average cost from 4.42% for the year ended 31 December 2020 to 4.35% for the year ended 31 December 2021.

Interest expense on borrowings from central bank

Our interest expense on borrowings from central bank decreased by 42.8% from RMB1,176.4 million for the year ended 31 December 2020 to RMB673.0 million for the year ended 31 December 2021, primarily due to the decrease of 20.9% in the average balance of borrowings from central bank from RMB35,933.0 million for the year ended 31 December 2020 to RMB28,432.8 million for the year ended 31 December 2021, and the decrease of 90 basis points in the average cost from 3.27% for the year ended 31 December 2020 to 2.37% for the year ended 31 December 2021.

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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. Investment income for the year ended 31 December 2021 was RMB2,339.2 million, representing an increase of 34.6% as compared to the investment income of RMB1,738.1 million for the year ended 31 December 2020, which was primarily due to the increase in the investment yield and scale of investment measured at FVTPL as a result of the Bank's proactive asset structure adjustment.

3.5 Net Fee and Commission Income

The following table sets forth the principal components of our net fee and commission income for the years ended 31 December 2020 and 2021.

	For the year ended 31 December			
	2021	2020	Change in amount	Rate of change (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Fee and commission income				
Wealth management service fees	887.2	1,516.9	(629.7)	(41.5)
Agency commission and underwriting service fees	759.2	552.4	206.8	37.4
Settlement and clearing fees	203.8	169.7	34.1	20.1
Consultancy fees	118.6	91.7	26.9	29.3
Acceptance and guarantee commitment fees	61.5	75.8	(14.3)	(18.9)
Bank card fees	49.5	38.0	11.5	30.3
Others	2.5	2.6	(0.1)	(3.8)
Subtotal	2,082.3	2,447.1	(364.8)	(14.9)
Fee and commission expense	(298.7)	(136.6)	(162.1)	118.7
Net fee and commission income	1,783.6	2,310.5	(526.9)	(22.8)

Management Discussion and Analysis

Our net fee and commission income decreased by 22.8% from RMB2,310.5 million for the year ended 31 December 2020 to RMB1,783.6 million for the year ended 31 December 2021. The decrease in our net fee and commission income was primarily due to the decrease in wealth management service fees. The decrease in wealth management service fees was due to, on the one hand, the decrease in gains from wealth management investment among declining market interest rates, and, on the other hand, the fact that the Bank made adjustments to the profit distribution and rates of our certain products to comply with new asset management requirements and optimise the establishment of product portfolio, leading to a decrease in revenue.

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 RMB649.7 million for the year ended 31 December 2021, while we recorded net trading losses of RMB446.9 million for the year ended 31 December 2020, primarily due to the increase in the fair value of financial assets which was mainly affected by market fluctuation. Meanwhile, the Bank grasped trading opportunities in the market, thereby increasing gains from price differences in spot trading.

3.7 Operating Expenses

The following table sets forth the principal components of our operating expenses for the years ended 31 December 2020 and 2021.

	For the year ended 31 December			
	2021	2020	Change in amount	Rate of change (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Operating expenses				
Staff costs	2,375.1	2,068.6	306.5	14.8
Sundry taxes	210.9	204.0	6.9	3.4
Other general and administrative expenses	540.4	508.4	32.0	6.3
Office expenses	423.4	421.9	1.5	0.4
Rental and property management expenses	80.9	74.1	6.8	9.2
Depreciation and amortisation	794.0	676.0	118.0	17.5
Total operating expenses	4,424.7	3,953.0	471.7	11.9
Cost-to-income ratio⁽¹⁾	23.81%	21.80%	–	2.01

Note:

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

Management Discussion and Analysis

Our operating expenses increased by 11.9% from RMB3,953.0 million for the year ended 31 December 2020 to RMB4,424.7 million for the year ended 31 December 2021. The increase in operating expenses is primarily due to the Bank's efforts in solidifying technology foundation and continuing to increase the investment in technology resources with the aim to accelerate fintech transformation. The investment focused on system development, procurement of electronic equipment and software, allocation of human resources in information technology, consultation of information technology and construction of infrastructure.

For the years ended 31 December 2020 and 2021, our cost-to-income ratio (excluding sundry taxes) was 21.80% and 23.81%, respectively.

Staff costs

Staff costs are the largest component of our operating expenses, which amounted to RMB2,375.1 million for the year ended 31 December 2021, representing an increase of 14.8% as compared to RMB2,068.6 million for the year ended 31 December 2020. This is mainly due to that the State and Tianjin reduced enterprises' social insurance premiums in stages in response to the impact of the epidemic in 2020, resulting in a lower base due to a decrease in staff costs in the corresponding year. The payments of social insurance have returned to normal in 2021.

	For the year ended 31 December			
	2021	2020	Change in amount	Rate of change (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Salaries, bonuses and allowances	1,678.7	1,579.5	99.2	6.3
Social insurance	300.7	116.0	184.7	159.2
Housing funds	134.0	124.1	9.9	8.0
Staff welfare	96.4	81.1	15.3	18.9
Labour union fees and staff education expenses	41.7	36.4	5.3	14.6
Contribution to annuity funds	123.6	131.5	(7.9)	(6.0)
Total	2,375.1	2,068.6	306.5	14.8

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Sundry taxes

Sundry taxes amounted to RMB210.9 million for the year ended 31 December 2021, representing an increase of 3.4% as compared to RMB204.0 million for the year ended 31 December 2020.

Office expenses and rental and property management expenses

The office expenses and rental and property management expenses amounted to RMB504.3 million for the year ended 31 December 2021, representing an increase of 1.7% as compared to RMB496.0 million for the year ended 31 December 2020.

Other general and administrative expenses

Our other general and administrative expenses amounted to RMB540.4 million for the year ended 31 December 2021, representing an increase of 6.3% as compared to RMB508.4 million for the year ended 31 December 2020.

Depreciation and amortisation

Depreciation and amortisation, including right-of-use assets, amounted to RMB794.0 million for the year ended 31 December 2021, representing an increase of 17.5% as compared to RMB676.0 million for the year ended 31 December 2020. The increase was primarily due to the fact that the Bank stepped up its efforts in construction of technology infrastructure and therefore the depreciation of fixed assets was increased.

Management Discussion and Analysis

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			
	2021	2020	Change in amount	Rate of change (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Loans and advances to customers at amortised cost	10,023.1	7,297.4	2,725.7	37.4
Loans and advances to customers at FVOCI	7.7	21.9	(14.2)	(64.8)
Credit commitments	62.9	(41.5)	104.4	(251.6)
Debt instruments at amortised cost	(484.0)	597.6	(1,081.6)	(181.0)
Debt instruments at FVOCI	19.9	356.3	(336.4)	(94.4)
Deposits with banks and other financial institutions	(2.2)	6.0	(8.2)	(136.7)
Placements with banks and other financial institutions	(63.3)	4.8	(68.1)	(1,418.8)
Others	288.0	(11.7)	299.7	(2,561.5)
Total	9,852.1	8,230.8	1,621.3	19.7

Our impairment losses under ECL model, net of reversals for the year ended 31 December 2021 were RMB9,852.1 million, representing an increase of 19.7% as compared to RMB8,230.8 million for the year ended 31 December 2020, which was primarily due to the Bank's increased overall provision for assets, reflecting our prudence for impairment provision.

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			
	2021	2020	Change in amount	Rate of change (%)
	<i>(Amounts in millions of RMB, except for percentages)</i>			
Profit before tax	3,441.7	5,035.1	(1,593.4)	(31.6)
Tax calculated at the applicable statutory tax rate of 25%	860.4	1,258.8	(398.4)	(31.6)
Income tax at concessionary rate	(4.1)	(1.4)	(2.7)	192.9
Income tax adjustment for prior years	7.1	2.5	4.6	184.0
Tax effect of expenses not deductible for tax purpose	59.4	36.5	22.9	62.7
Tax effect of income not subject to tax ⁽¹⁾	(695.4)	(604.7)	(90.7)	15.0
Income tax expenses	227.4	691.7	(464.3)	(67.1)

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.

Our income tax for the year ended 31 December 2021 was RMB227.4 million, representing a decrease of 67.1% as compared to RMB691.7 million for the year ended 31 December 2020. The decrease was primarily due to the decrease in profit before tax and the increase in income not subject to tax.

Management Discussion and Analysis

4 Analysis of the Statement of Financial Position

4.1 Assets

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

	As of 31 December 2021		As of 31 December 2020	
	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	337,019.8	46.8	307,822.4	44.8
Allowance for impairment losses	(12,412.4)	(1.7)	(12,070.1)	(1.8)
Loans and advances to customers, net	324,607.4	45.1	295,752.3	43.0
Investment securities and other financial assets, net	316,239.5	44.0	312,323.2	45.4
Financial assets held under resale agreements	600.2	0.1	600.2	0.1
Cash and balances with the central bank	39,831.6	5.5	47,831.5	7.0
Deposits with banks and other financial institutions	5,286.5	0.7	7,831.2	1.1
Placements with banks and other financial institutions	19,063.0	2.6	10,693.2	1.6
Derivative financial assets	16.8	0.0	9.7	0.0
Other assets ⁽¹⁾	14,258.9	2.0	12,718.9	1.8
Total assets	719,903.9	100.0	687,760.2	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 31 December 2021, our total assets amounted to RMB719,903.9 million, representing an increase of 4.7% as compared to RMB687,760.2 million as of 31 December 2020. The increase was primarily due to the increase in our loans and advances to customers and investment securities and other financial assets.

Management Discussion and Analysis

Loans and advances to customers

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

	As of 31 December 2021		As of 31 December 2020	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Corporate loans	164,971.1	48.9	145,451.5	47.2
Personal loans	132,296.2	39.3	134,982.3	43.9
Finance lease receivables	1,651.9	0.5	3,121.3	1.0
Discounted bills	38,100.6	11.3	24,267.3	7.9
Total	337,019.8	100.0	307,822.4	100.0

Corporate loans

Our corporate loans amounted to RMB164,971.1 million as of 31 December 2021, representing an increase of 13.4% as compared to RMB145,451.5 million as of 31 December 2020.

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

	As of 31 December 2021		As of 31 December 2020	
	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)	62,047.3	37.6	43,609.7	30.0
Medium and long-term loans (over one year)	102,923.8	62.4	101,841.8	70.0
Total corporate loans	164,971.1	100.0	145,451.5	100.0

Short-term loans as a percentage of our corporate loan portfolio increased from 30.0% as of 31 December 2020 to 37.6% as of 31 December 2021 and our medium and long-term loans as a percentage of our corporate loan portfolio decreased from 70.0% as of 31 December 2020 to 62.4% as of 31 December 2021. The changes in the above percentages of our corporate loan portfolio were primarily due to the active business optimisation carried out by the Bank.

Management Discussion and Analysis

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

	As of 31 December 2021		As of 31 December 2020	
	Amount	% of the total (%)	Amount	% of the total (%)
	<i>(Amounts in millions of RMB, except for percentages)</i>			
Working capital loans	77,794.0	47.2	73,449.8	50.5
Fixed asset loans	67,002.4	40.6	61,635.8	42.4
Trade finance	11,024.8	6.7	6,836.5	4.7
Others ⁽¹⁾	9,149.9	5.5	3,529.4	2.4
Total corporate loans	164,971.1	100.0	145,451.5	100.0

Note:

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

Our working capital loans amounted to RMB77,794.0 million as of 31 December 2021, representing an increase of 5.9% as compared to RMB73,449.8 million as of 31 December 2020, which was primarily due to the further adjustment and optimisation of the credit structure.

Our fixed assets loans amounted to RMB67,002.4 million as of 31 December 2021, representing an increase of 8.7% as compared to RMB61,635.8 million as of 31 December 2020, which was primarily due to the further adjustment and optimisation of the credit structure.

Our trade finance amounted to RMB11,024.8 million as of 31 December 2021, representing an increase of 61.3% as compared to RMB6,836.5 million as of 31 December 2020, which was primarily due to the increase in financing demands from customers.

Our other corporate loans amounted to RMB3,529.4 million and RMB9,149.9 million as of 31 December 2020 and 31 December 2021, representing a year-on-year increase of 159.2%, which was primarily due to the stronger support put into mergers and acquisitions loan and factoring business by the Bank.

Management Discussion and Analysis

Personal loans

Our personal loans amounted to RMB132,296.2 million as of 31 December 2021, representing a decrease of 2.0% as compared to RMB134,982.3 million as of 31 December 2020. The decrease was primarily due to a decrease in the amount of personal loans for consumption.

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

	As of 31 December 2021		As of 31 December 2020	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Personal loans for consumption	67,429.5	51.0	86,895.0	64.3
Residential mortgage loans	29,403.7	22.2	25,506.2	18.9
Personal loans for business purposes	32,953.0	24.9	20,339.4	15.1
Credit card overdrafts	2,510.0	1.9	2,241.7	1.7
Total personal loans	132,296.2	100.0	134,982.3	100.0

Our personal loans for consumption amounted to RMB67,429.5 million as of 31 December 2021, representing a decrease of 22.4% as compared to RMB86,895.0 million as of 31 December 2020. The decrease in our personal loans for consumption was because we proactively adjusted the asset structure of personal loan business in 2021, increased the proportion of personal loans for business purposes, thus moderately decreased the amount of personal loans for consumption.

Our residential mortgage loans amounted to RMB29,403.7 million as of 31 December 2021, representing an increase of 15.3% as compared to RMB25,506.2 million as of 31 December 2020. The increase in our residential mortgage loans was primarily due to the fact that we kept expanding high-quality project resources in the primary market and the platform channels of leading real estate agencies in the secondary market, and gradually realised the increase in our mortgage lending.

Management Discussion and Analysis

Our personal loans for business purposes amounted to RMB32,953.0 million as of 31 December 2021, representing an increase of 62.0% as compared to RMB20,339.4 million as of 31 December 2020. The increase in our personal loans for business purposes was primarily due to the fact that the Bank effectively implemented the central financial policy to support the development of small and micro enterprises and individual entrepreneurs, and fully exploited PBoC's financial policies of "stabilising operations of enterprises and securing employment". 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) and "Tianhangyongbei-Microfinance" (天行用唄—小微商戶經營貸) targeting individuals to enrich small and micro loan products. The Bank launched the online mortgage product of "e-loans for home mortgage" (宅抵e貸) so as to realise sustainable growth in business scale and client base.

As of 31 December 2021, our credit card overdrafts amounted to RMB2,510.0 million, representing an increase of 12.0% as compared to RMB2,241.7 million as of 31 December 2020. The increase in the amount of credit card overdrafts was mainly due to the growth in the scale of the Bank's credit card assets.

Finance lease receivables

As of 31 December 2021, our finance lease receivables amounted to RMB1,651.9 million, representing a decrease of 47.1% as compared to RMB3,121.3 million as of 31 December 2020, primarily due to the fact that the existing sale leaseback business has been settled successively, while new sale leaseback business was audited in accordance with IFRS 9 and classified as loans.

Discounted bills

Discounted bills represented an important component of our portfolio of loans and advances to customers. Our discounted bills increased by 57.0% from RMB24,267.3 million as of 31 December 2020 to RMB38,100.6 million as of 31 December 2021, primarily due to the fact that the Bank proactively adjusted asset structure to increase the scale of such business and supported the financing demands from entities.

Investment securities and other financial assets

As of 31 December 2021, the balance of our investment securities and other financial assets amounted to RMB316,239.5 million, representing an increase of 1.3% compared to RMB312,323.2 million as of 31 December 2020, primarily due to the fact that the Bank further optimised its asset structure, continuously reducing the scale of investment in non-standardised debt assets such as assets management plans and trust plans while increasing the business scales of debt securities that were highly liquid and standardised.

Management Discussion and Analysis

The following table sets forth the components of our investment securities and other financial assets as of 31 December 2020 and 31 December 2021.

	As of 31 December 2021		As of 31 December 2020	
	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	149,344.0	47.3	129,632.0	41.3
Debt securities measured at FVOCI	50,017.0	15.8	54,908.5	17.6
Debt securities measured at FVTPL	10,575.0	3.3	6,129.6	2.0
Allowance for impairment losses	(786.1)	(0.2)	(202.8)	(0.1)
Subtotal	209,149.9	66.2	190,467.3	60.8
Funds	18,974.0	6.0	22,051.8	7.1
Wealth management products issued by other financial institutions				
	–	–	305.4	0.1
Asset management plans and trust plans and other debt financing products, net				
Asset management plans and trust plans	70,146.4	22.2	86,763.0	27.8
Other debt financing products	18,180.0	5.7	14,531.1	4.7
Allowance for impairment losses	(2,761.3)	(0.9)	(3,828.7)	(1.2)
Subtotal	85,565.1	27.0	97,465.4	31.3
Equity investments				
Equity investments measured at FVTPL	908.3	0.3	468.6	0.2
Equity investments measured at FVOCI	1,642.2	0.5	1,564.7	0.5
Subtotal	2,550.5	0.8	2,033.3	0.7
Total investment securities and other financial assets, net	316,239.5	100.0	312,323.2	100.0

Management Discussion and Analysis

Debt securities

The following table sets forth the components of our debt securities as of 31 December 2020 and 31 December 2021.

	As of 31 December 2021		As of 31 December 2020	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
PRC government bonds	73,684.9	35.1	65,170.7	34.2
Debt securities issued by PRC policy banks	63,194.0	30.1	75,766.1	39.8
Debt securities issued by PRC corporate issuers	40,920.5	19.5	24,080.4	12.6
Debt securities issued by PRC banks and other financial institutions	6,517.0	3.1	3,659.3	1.9
Asset-backed securities	25,619.7	12.2	21,993.6	11.5
Total	209,936.1	100.0	190,670.1	100.0

Our holding of debt securities issued by the PRC government increased by 13.1% from RMB65,170.7 million as of 31 December 2020 to RMB73,684.9 million as of 31 December 2021, 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.

Our holding of debt securities issued by PRC policy banks decreased by 16.6% from RMB75,766.1 million as of 31 December 2020 to RMB63,194.0 million as of 31 December 2021, primarily due to the Bank's proper adjustment in the asset structure, which decreased the scale of deployment of such assets.

Our holding of debt securities issued by PRC corporate issuers increased by 69.9% from RMB24,080.4 million as of 31 December 2020 to RMB40,920.5 million as of 31 December 2021, 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 proportion of corporate bonds was recorded.

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Our holding of debt securities issued by PRC banks and other financial institutions increased by 78.1% from RMB3,659.3 million as of 31 December 2020 to RMB6,517.0 million as of 31 December 2021, primarily due to the Bank's proper adjustment in the asset structure, which increased the deployment of investment in financial bonds.

Our holding of asset-backed securities increased by 16.5% from RMB21,993.6 million as of 31 December 2020 to RMB25,619.7 million as of 31 December 2021, primarily due to the fact that the Bank adjusted its asset structure properly, stepped up its efforts in financing entities and increased high-grade assets to support the scale of deployment of securities assets.

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 investment intention as of 31 December 2020 and 31 December 2021.

	As of 31 December 2021		As of 31 December 2020	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Debt instruments at amortised cost	190,702.0	60.3	187,348.8	60.0
Financial assets measured at FVOCI	51,796.9	16.4	59,488.0	19.0
Financial assets measured at FVTPL	73,740.6	23.3	65,486.4	21.0
Total	316,239.5	100.0	312,323.2	100.0

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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 31 December 2020 and 31 December 2021.

	As of 31 December 2021		As of 31 December 2020	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Analysed by collateral type:				
Bills	993.5	100.0	993.5	100.0
Total	993.5	100.0	993.5	100.0
Allowance for impairment losses	(393.3)		(393.3)	
Net amount	600.2		600.2	

Our financial assets held under resale agreements amounted to RMB600.2 million as of 31 December 2021, which was the same as compared to RMB600.2 million as of 31 December 2020.

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.

Our cash and balances with central bank amounted to RMB39,831.6 million as of 31 December 2021, representing a decrease of 16.7% as compared to RMB47,831.5 million as of 31 December 2020.

Deposits with banks and other financial institutions amounted to RMB5,286.5 million as of 31 December 2021, representing a decrease of 32.5% as compared to RMB7,831.2 million as of 31 December 2020, primarily due to the Bank's active adjustment of asset structure and proper decrease in the asset scale of deposits with banks and other financial institutions.

Our placements with banks and other financial institutions amounted to RMB19,063.0 million as of 31 December 2021, representing an increase of 78.3% as compared to RMB10,693.2 million as of 31 December 2020, primarily due to Bank's active adjustment of the asset structure, higher gains achievement and proper increase in the asset scale of placements.

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Our derivative financial assets amounted to RMB16.8 million as of 31 December 2021, representing an increase of 73.2% as compared to RMB9.7 million as of 31 December 2020, primarily due to a year-on-year increase in the changes in fair value which was mainly due to market fluctuation.

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. Our other assets increased by 12.1% from RMB12,718.9 million as of 31 December 2020 to RMB14,258.9 million as of 31 December 2021, primarily due to the increase in other receivables.

Pledge of assets

As of 31 December 2021, the details of pledge of our assets are set out in note 52 and note 53.1(viii) (4) to the consolidated financial statements in this annual report.

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4.2 Liabilities

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

	As of 31 December 2021		As of 31 December 2020	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Due to customers	382,478.9	57.7	355,981.9	56.2
Debt securities issued	98,511.1	14.9	108,711.6	17.1
Deposits from banks and other financial institutions	41,412.8	6.3	47,492.0	7.5
Financial assets sold under repurchase agreements	59,110.7	8.9	60,492.7	9.5
Placements from banks and other financial institutions	21,409.8	3.2	25,809.8	4.1
Financial liabilities held for trading	519.1	0.1	472.8	0.1
Borrowings from central bank	53,070.3	8.0	25,318.8	4.0
Income tax payable	15.6	0.0	437.6	0.1
Derivative financial liabilities	156.7	0.0	675.0	0.1
Other liabilities ⁽¹⁾	5,678.1	0.9	8,420.0	1.3
TOTAL LIABILITIES	662,363.1	100.0	633,812.2	100.0

Note:

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

As of 31 December 2021, our total liabilities were RMB662,363.1 million, representing an increase of 4.5% as compared to RMB633,812.2 million as of 31 December 2020.

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Due to customers

As of 31 December 2021, our due to customers amounted to RMB382,478.9 million, representing an increase of 7.4% as compared to RMB355,981.9 million as of 31 December 2020.

The following table sets forth our due to customers by product type and maturity profile of deposits as of 31 December 2020 and 31 December 2021.

	As of 31 December 2021		As of 31 December 2020	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Corporate deposits				
Demand	175,494.9	45.9	174,256.3	49.0
Time ⁽¹⁾	80,556.1	21.1	78,449.5	22.0
Subtotal	256,051.0	67.0	252,705.8	71.0
Personal deposits				
Demand	19,811.2	5.2	19,588.6	5.5
Time ⁽¹⁾	87,308.2	22.8	68,220.1	19.2
Subtotal	107,119.4	28.0	87,808.7	24.7
Others ⁽²⁾	19,308.5	5.0	15,467.4	4.3
Total due to customers	382,478.9	100.0	355,981.9	100.0

Notes:

- (1) Includes principal-guaranteed wealth management products, which we classify as due to customers pursuant to the rules of the People's Bank of China.
- (2) Consist primarily of pledged deposits, funds deposited with us for remittance and temporary deposits.

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Our corporate deposits increased by 1.3% from RMB252,705.8 million as of 31 December 2020 to RMB256,051.0 million as of 31 December 2021. The increase in our corporate deposits was primarily due to the fact that the Bank enhanced client acquisition capability, stabilised our customer base and increased the deposits contribution through our Bank's enhanced marketing and maintenance of corporate deposit clients, improvement of refined management of deposits and accurate marketing.

Our personal deposits increased by 22.0% from RMB87,808.7 million as of 31 December 2020 to RMB107,119.4 million as of 31 December 2021. The increase in personal deposits was primarily because the Bank continued to strengthen the refined management of personal deposit products and optimise product functions. Giving full play to 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)", the Bank developed a product system covering the needs of customers at all levels. The Bank took the improvement of wealth management ability of front-line marketing service personnel as an important operation and management objective, so as to enhance comprehensive service capabilities and asset allocation capabilities to cope with market changes. Our personal deposits growth was boosted by the increase in personal integrated financial assets. The personal deposits of the Bank reached a new level by successfully exceeding RMB100 billion.

Debt securities issued

As of 31 December 2021, our debt securities issued amounted to RMB98,511.1 million, representing a decrease of 9.4% as compared to RMB108,711.6 million as of 31 December 2020. The decrease in our debt securities issued was primarily due to the Bank's active adjustment of liability structure and extension to multiple financing channels to obtain fund support at low costs through other means.

Deposits from banks and other financial institutions

As of 31 December 2021, our deposits from banks and other financial institutions amounted to RMB41,412.8 million, representing a decrease of 12.8% as compared to RMB47,492.0 million as of 31 December 2020. The decrease in our deposits from banks and other financial institutions mainly represents our active adjustment of liability structure and extension to multiple financing channels to obtain fund support at low costs through other means.

Financial assets sold under repurchase agreements

As of 31 December 2021, our financial assets sold under repurchase agreements amounted to RMB59,110.7 million, representing a decrease of 2.3% as compared to RMB60,492.7 million as of 31 December 2020. The decrease in our financial assets sold under repurchase agreements was primarily due to our active adjustment of liability structure and extension to multiple financing channels to obtain fund support through other means.

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Placements from banks and other financial institutions

As of 31 December 2021, our placements from banks and other financial institutions amounted to RMB21,409.8 million, representing a decrease of 17.0% as compared to RMB25,809.8 million as of 31 December 2020. The decrease in our placements from banks and other financial institutions was primarily due to the Bank's active adjustment of liability structure and extension to multiple financing channels to obtain fund support through other means.

Financial liabilities held for trading

As of 31 December 2021, our financial liabilities held for trading amounted to RMB519.1 million, representing an increase of 9.8% as compared to RMB472.8 million as of 31 December 2020. The increase in our financial liabilities held for trading was primarily due to the Bank's active adjustment of liability structure which increased the scale of such business.

Borrowings from central bank

As of 31 December 2021, our borrowings from central bank amounted to RMB53,070.3 million, representing an increase of 109.6% as compared to RMB25,318.8 million as of 31 December 2020. The increase in our borrowings from central bank was mainly attributable to the Bank's active adjustment of liability structure and the stable fund support obtained through borrowings from central bank.

Income tax payable

As of 31 December 2021, our income tax payable amounted to RMB15.6 million, representing a decrease of 96.4% as compared to RMB437.6 million as of 31 December 2020.

Derivative financial liabilities

As of 31 December 2021, our derivative financial liabilities amounted to RMB156.7 million, representing a decrease of 76.8% as compared to RMB675.0 million as of 31 December 2020.

Other liabilities

Our other liabilities mainly include lease liabilities, other payables, settlement payable, salaries and benefits payable, dividends payable, provision related to litigation and sundry taxes payable, etc. Our other liabilities decreased by 32.6% from RMB8,420.0 million as of 31 December 2020 to RMB5,678.1 million as of 31 December 2021, primarily due to the decrease in other payables.

Contingent liabilities

As of 31 December 2021, details of the Bank's contingent liabilities are set out in note 50 to the consolidated financial statements in this annual report.

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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 2021		As of 31 December 2020	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Equity				
Share capital	6,070.6	10.6	6,070.6	11.3
Capital reserve	10,731.1	18.6	10,731.1	19.9
Investment revaluation reserve	(12.3)	0.0	(390.9)	(0.7)
Surplus reserve	3,352.5	5.8	3,352.5	6.2
General reserve	9,216.7	16.0	9,213.6	17.1
Retained earnings	27,346.2	47.5	24,153.3	44.7
Equity attributable to equity holders of the Bank	56,704.8	98.5	53,130.2	98.5
Non-controlling interests	836.0	1.5	817.8	1.5
Total equity	57,540.8	100.0	53,948.0	100.0

As of 31 December 2021, our shareholders' equity amounted to RMB57,540.8 million, representing an increase of 6.7% as compared to RMB53,948.0 million as of 31 December 2020. As of 31 December 2021, our equity attributable to equity holders of the Bank was RMB56,704.8 million, representing an increase of 6.7% as compared to RMB53,130.2 million as of 31 December 2020. The increase in shareholders' equity for the year ended 31 December 2021 was mainly due to the supplement to equity from the net profit of the Bank.

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5 Analysis of Off-balance Sheet Items

The following table sets forth the contractual amounts of our credit commitments as of 31 December 2020 and 31 December 2021.

	As of 31 December 2021	As of 31 December 2020
	<i>(Amounts in millions of RMB)</i>	
Acceptances	30,581.0	24,312.1
Undrawn corporate loans limit	19,343.7	20,591.2
Undrawn credit card limit	14,812.0	13,950.7
Letters of credit	13,759.1	7,921.4
Letters of guarantee	1,924.4	944.6
Total	80,420.2	67,720.0

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 31 December 2020 and 31 December 2021.

	As of 31 December 2021		As of 31 December 2020	
	Amount	% of total ⁽¹⁾ (%)	Amount	% of total ⁽¹⁾ (%)
	<i>(Amounts in millions of RMB, except for percentages)</i>			
Normal	312,735.1	92.79	286,945.6	93.22
Special mention	16,238.5	4.82	14,297.3	4.64
Subtotal	328,973.6	97.61	301,242.9	97.86
Substandard	6,026.1	1.79	4,001.3	1.30
Doubtful	1,221.7	0.36	2,008.5	0.65
Loss	798.4	0.24	569.7	0.19
Subtotal	8,046.2	2.39	6,579.5	2.14
Gross loans and advances to customers	337,019.8	100.0	307,822.4	100.00

Management Discussion and Analysis

As of 31 December 2021, according to the five-category loan classification, the normal loans amounted to RMB312,735.1 million, accounting for 92.79% of all the loans of the Bank, representing an increase of RMB25,789.5 million as compared to that as of 31 December 2020. Loans classified as special mention were RMB16,238.5 million, accounting for 4.82% of all loans, representing an increase of RMB1,941.2 million as compared to that as of 31 December 2020. The non-performing loans were RMB8,046.2 million, representing an increase of RMB1,466.7 million as compared to that as of 31 December 2020, with a non-performing loan ratio⁽¹⁾ of 2.39%, representing an increase of 0.25 percentage point as compared to that as of 31 December 2020, primarily due to weakened repayment abilities of individual corporate customers and personal customers of the Bank. Meanwhile, we enhanced our asset quality classification and management in a more prudent and proactive manner according to strict regulatory requirements, leading to the increase in non-performing loans.

Note:

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

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 2021		As of 31 December 2020	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Leasing and business services	37,788.6	22.7	23,428.4	15.8
Real estate	30,891.9	18.5	35,926.5	24.2
Manufacturing	24,625.5	14.8	23,253.0	15.7
Construction	20,772.4	12.5	17,593.5	11.8
Water, environment and public facilities management	17,538.5	10.5	11,727.5	7.9
Wholesale and retail	15,212.0	9.1	22,138.6	14.9
Finance	4,210.3	2.5	3,103.9	2.1
Production and supply of electricity, heat, gas and water	3,907.1	2.3	2,603.0	1.8
Transportation, storage and postal services	3,782.8	2.3	3,188.2	2.1
Culture, sports, and entertainment	2,632.2	1.6	881.9	0.6
Resident services, repair and other services	1,228.4	0.7	1,061.7	0.7
Agriculture, forestry, animal husbandry and fishery	730.4	0.4	1,016.5	0.7
Mining	670.5	0.4	366.7	0.2
Information transmission, software and information technology services	630.9	0.4	679.7	0.5
Accommodation and catering	625.6	0.4	744.3	0.5
Education	497.8	0.3	48.7	0.0
Health and social services	479.5	0.3	354.3	0.2
Scientific research and technical services	398.6	0.3	456.4	0.3
Total corporate loans⁽¹⁾	166,623.0	100.0	148,572.8	100.0

Note:

(1) Consist of finance lease receivables.

Management Discussion and Analysis

In 2021, the Bank actively supported the development of the real economy with its loans structure further optimised. As of 31 December 2021, loans provided to customers in the industries of (i) leasing and business services, (ii) real estate, (iii) manufacturing, (iv) construction, and (v) water, environment and public utilities management represented the top five largest components of the Bank's corporate loans. As of 31 December 2021 and 31 December 2020, the balance of loans provided to the corporate customers in these five industries were RMB131,616.9 million and RMB111,928.9 million, respectively, accounting for 79.0% and 75.4% 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 2021			As of 31 December 2020		
	Amount	% of the total (%)	NPL ratio ⁽¹⁾ (%)	Amount	% of the total (%)	NPL ratio ⁽¹⁾ (%)
	<i>(Amounts in millions of RMB, except for percentages)</i>					
Manufacturing	1,918.9	34.6	7.79	1,722.9	45.6	7.41
Real estate	1,603.3	28.9	5.19	19.2	0.5	0.05
Wholesale and retail	1,191.9	21.5	7.84	1,620.3	43.0	7.32
Leasing and commercial services	282.5	5.1	0.75	47.5	1.3	0.20
Water, environment and public facilities management	114.2	2.1	0.65	–	–	–
Construction	113.0	2.0	0.54	208.6	5.5	1.19
Agriculture, forestry, animal husbandry and fishery	76.2	1.4	10.43	30.3	0.8	2.98
Accommodation and catering	74.5	1.3	11.91	74.5	2.0	10.01
Transportation, storage and postal services	60.3	1.1	1.59	41.8	1.1	1.31
Culture, sports and entertainment	60.0	1.1	2.28	–	–	–
Information transmission, software and information technology services	49.9	0.8	7.91	–	–	–
Scientific research and technical services	5.9	0.1	1.48	5.9	0.2	1.29
Total non-performing loans to corporate customers⁽²⁾	5,550.6	100.0	3.33	3,771.0	100.0	2.54

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

Our non-performing loans to corporate customers consist primarily of non-performing loans to corporate borrowers in the manufacturing industry and real estate industry. The non-performing loan ratio for our corporate loans in the manufacturing industry were 7.41% and 7.79% as of 31 December 2020 and 31 December 2021, respectively. As of 31 December 2020 and 31 December 2021, non-performing loans to corporate customers to borrowers in this industry accounted for 45.6% and 34.6% 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 manufacturing industry was primarily due to the weakened repayment ability of our individual corporate customers.

The non-performing loan ratios for our corporate loans in the real estate industry were 0.05% and 5.19% as of 31 December 2020 and 31 December 2021, respectively. As of 31 December 2020 and 31 December 2021, non-performing loans to corporate customers to borrowers in this industry accounted for 0.5% and 28.9% of our total non-performing loans to corporate customers, respectively. The increase of our non-performing loan ratio for our corporate loans to borrowers in the real estate industry was primarily due to the weakened repayment ability of our individual corporate customers.

As of 31 December 2020 and 31 December 2021, the Bank's balance of non-performing loans to corporate customers from the wholesale and retail industry were RMB1,620.3 million and RMB1,191.9 million, respectively, representing a year-on-year decrease of 26.4%, and the non-performing loan ratios were 7.32% and 7.84%, respectively. As of 31 December 2020 and 31 December 2021, non-performing loans to corporate customers to borrowers in this industry accounted for 43.0% and 21.5% 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 wholesale and retail industry was primarily due to the weakened repayment ability of our individual corporate customers.

The non-performing loan ratios for our corporate loans in the leasing and business services were 0.20% and 0.75% as of 31 December 2020 and 31 December 2021, respectively. As of 31 December 2020 and 31 December 2021, non-performing loans to corporate customers to borrowers in this industry accounted for 1.3% and 5.1% 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 leasing and business services industry was primarily due to the weakened repayment ability of individual corporate customers of the Bank.

The non-performing loan ratios for our corporate loans in the water, environment and public facilities management industry were 0 and 0.65% as of 31 December 2020 and 31 December 2021, respectively. As of 31 December 2020 and 31 December 2021, non-performing loans to corporate customers to borrowers in this industry accounted for 0 and 2.1% 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 industry was primarily due to the weakened repayment ability of individual corporate customers of the Bank.

Management Discussion and Analysis

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 2021			As of 31 December 2020		
	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	4,010.5	49.8	5.16	3,508.9	53.3	4.78
Fixed asset loans	1,276.9	15.9	1.91	129.2	2.0	0.21
Finance lease receivables	170.2	2.1	10.30	–	–	–
Others ⁽³⁾	93.0	1.2	0.46	132.9	2.0	3.77
Subtotal	5,550.6	69.0	3.33	3,771.0	57.3	2.54
Personal loans						
Personal loans for consumption	1,340.4	16.7	1.99	2,092.4	31.8	2.41
Personal loans for business purposes	937.0	11.6	2.84	572.9	8.7	2.82
Residential mortgage loans	124.5	1.5	0.42	100.0	1.5	0.39
Credit card overdrafts	93.7	1.2	3.73	43.2	0.7	1.93
Subtotal	2,495.6	31.0	1.89	2,808.5	42.7	2.08
Total non-performing loans	8,046.2	100.0	2.39	6,579.5	100.0	2.14

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.

The non-performing loan ratio for our corporate loans increased from 2.54% as of 31 December 2020 to 3.33% as of 31 December 2021, with a 47.2% increase in our non-performing loans to corporate customers from RMB3,771.0 million to RMB5,550.6 million. The increase in our non-performing loans to corporate customers was primarily due to the weakened repayment ability of our individual corporate customers.

Management Discussion and Analysis

The non-performing loan ratio for our personal loans decreased from 2.08% as of 31 December 2020 to 1.89% as of 31 December 2021, with a 11.2% decrease in our non-performing personal loans from RMB2,808.5 million as of 31 December 2020 to RMB2,495.6 million as of 31 December 2021. The decrease in the scale of our non-performing loans and the non-performing loan ratio for our personal loans was primarily because the Bank strengthened the collection and resolution of individual non-performing loans.

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 31 December 2020 and 31 December 2021.

	As of 31 December 2021			As of 31 December 2020		
	Amount	% of the total (%)	NPL ratio ⁽¹⁾ (%)	Amount	% of the total (%)	NPL ratio ⁽¹⁾ (%)
<i>(Amounts in millions of RMB, except for percentages)</i>						
Tianjin	1,549.7	19.3	1.04	1,463.0	22.2	1.16
Beijing	395.1	4.9	2.28	514.7	7.8	3.24
Shandong Province	1,122.9	14.0	3.11	1,175.0	17.9	3.31
Shanghai	1,538.0	19.1	1.92	1,960.3	29.8	2.43
Hebei Province	2,810.9	34.9	9.95	808.1	12.3	3.09
Sichuan Province	618.5	7.7	2.48	641.3	9.7	2.81
Others	11.1	0.1	1.18	17.1	0.3	1.81
Total non-performing loans	8,046.2	100.0	2.39	6,579.5	100.0	2.14

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 31 December 2020 and 31 December 2021.

	As of 31 December 2021		As of 31 December 2020	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Unsecured loans	157,750.0	46.8	118,069.5	38.4
Guaranteed loans	81,270.3	24.1	96,701.7	31.4
Collateralised loans ⁽¹⁾	78,158.6	23.2	70,600.8	22.9
Pledged loans ⁽¹⁾	19,840.9	5.9	22,450.4	7.3
Gross loans and advances to customers	337,019.8	100.0	307,822.4	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 31 December 2021, the Bank's total loans to its largest single borrower accounted for 5.49% of its regulatory capital while total loans to its top ten customers accounted for 39.26% of its regulatory capital, which was in compliance with regulatory requirements.

a. Indicators of concentration

Major regulatory indicators	Regulatory standard	As of 31 December 2021	As of 31 December 2020
Loan concentration ratio for the largest single customer (%)	<=10	5.49	4.35
Loan concentration ratio for the top ten customers (%)	<=50	39.26	32.79

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 2021			
			% of the	% of	
			total loans	regulatory	
			(%)	capital ⁽¹⁾	
Industry		Amount	(%)	(%)	Classification
<i>(Amounts in millions of RMB, except for percentages)</i>					
Borrower A	Manufacturing	3,889.2	1.15	5.49	Normal
Borrower B	Water, environment and public facilities management	3,163.0	0.94	4.48	Normal
Borrower C	Construction	2,998.5	0.89	4.23	Normal
Borrower D	Construction	2,938.3	0.87	4.15	Normal
Borrower E	Leasing and commercial services	2,883.0	0.86	4.07	Normal
Borrower F	Real estate	2,803.2	0.83	3.96	Normal
Borrower G	Leasing and commercial services	2,699.7	0.80	3.81	Normal
Borrower H	Manufacturing	2,295.3	0.68	3.24	Normal
Borrower I	Manufacturing	2,229.0	0.66	3.15	Normal
Borrower J	Leasing and commercial services	1,895.0	0.57	2.68	Normal
Total		27,794.2	8.25	39.26	

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 31 December 2021, the loan balance of the largest single borrower of the Bank was RMB3,889.2 million, accounting for 1.15% of our total amount of loans, and the total amount of loans of the top ten single borrowers was RMB27,794.2 million, representing 8.25% of the total amount of loans of the Bank.

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Aging schedule of loans past due

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

Past due	As of 31 December 2021		As of 31 December 2020	
	Amount	As a percentage of gross loans and advances to customers (%)	Amount	As a percentage of gross loans and advances to customers (%)
<i>(Amounts in thousands of RMB, except percentages)</i>				
Past due 1 to 90 days	4,483,913	1.33	4,577,681	1.49
Past due 90 days to 1 year	4,800,869	1.42	5,496,738	1.78
Past due 1 to 3 years	2,626,806	0.78	1,531,285	0.50
Past due more than 3 years	664,889	0.20	679,052	0.22
Total	12,576,477	3.73	12,284,756	3.99

Changes to allowance for impairment losses of loans

The allowance for impairment losses of loans increased by 2.8% from RMB12,070.1 million as of 31 December 2020 to RMB12,412.4 million as of 31 December 2021. The increase was mainly due to the fact that the Bank strengthened the overall provision of our assets.

	As of 31 December 2021		As of 31 December 2020	
	Amount	NPL ratio⁽²⁾ (%)	Amount	NPL ratio⁽²⁾ (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Beginning of the year	12,070.1	2.14	12,716.4	1.96
Net provisions for the year ⁽¹⁾	10,023.1		7,297.5	
Write-off and transfers	(9,981.4)		(8,126.5)	
Recovery	440.4		297.5	
Other changes	(139.8)		(114.8)	
End of the year	12,412.4	2.39	12,070.1	2.14

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).

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II. BUSINESS REVIEW

1 Business segment report

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

	For the year ended 31 December			
	2021		2020	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Corporate Banking Business	6,157.5	34.8	6,267.9	36.4
Personal Banking Business	6,647.4	37.6	6,534.3	38.1
Treasury Operations Business	4,901.8	27.7	4,341.2	25.2
Others ⁽¹⁾	(12.7)	(0.1)	53.3	0.3
Total	17,694.0	100.0	17,196.7	100.0

Note:

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

1.1 Corporate Banking Business

In 2021, with focus on serving the real economy, the Bank insisted on returning to the origins and steadily promoted the innovation and development of corporate business. We continued to optimise the layout of corporate banking business and the structure of corporate customers according to the principle of "Four Tailor-made Approaches", allocated credit resources into strategically emerging industries and technological innovation to precisely support various industries with financial needs for post-epidemic resumption of production and work and assurance of supply. The Bank expanded credit allocation to industries such as green and environmental protection industries, strategically emerging industries, advanced manufacturing industries, and industries including new generations of information technology, integrated circuits, high-end equipment, new materials and biomedicine, so as to provide high-quality financial services for development of the real economy.

For the year ended 31 December 2021, our operating income from corporate banking business amounted to RMB6,157.5 million, accounting for 34.8% of the total operating income over the same period, representing a decrease of 1.8% as compared to the same period last year.

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As of 31 December 2021, the balance of our corporate loans (excluding discounted bills and finance leases receivables) amounted to RMB164,971.1 million, representing an increase of 13.4% as compared to that of 31 December 2020. As of 31 December 2021, our total corporate deposits amounted to RMB256,051.0 million, representing an increase of 1.3% as compared to that of 31 December 2020.

The Bank actively adhered to and implemented the concept of green development, attached great importance to and actively fulfilled its ESG responsibilities, promoted green finance from a strategic perspective, continuously increased financial support for green and low-carbon fields and continuously improved its comprehensive service capabilities for green finance. The Bank also constantly empowered green finance and actively contributed to high-quality economic and social development and comprehensive green and low-carbon transformation with focus on clear strategic planning, optimisation of loan portfolio, enrichment of product portfolios, and improvement of technological support. During the Reporting Period, the Bank actively carried out product innovation and completed the first carbon quota pledged loan. As of the end of the Reporting Period, our balance of green loans reached RMB12.07 billion, representing an increase of 29.4% year-on-year.

In 2021, the Bank's transaction banking business firmly implemented the requirements of Strategic Planning of "14th Five-Year Plan" for "building a modern transaction bank", further strengthening product innovation. Through trade financing, supply chain finance, free trade and cross-border business, treasury management and so forth, the Bank promoted a "four-in-one (四位一體) collaborative customer service model to support the development of the real economy and take the business to a new level. For the year ended 31 December 2021, the business volume of our transaction banking business exceeded RMB100 billion.

1.2 Personal Banking Business

In 2021, our Bank's retail business firmly carried out the direction of building a "citizen's bank". We further implemented the business strategy of "focus on key areas, optimised its strengths, and mended its weaknesses" to efficiently promote the implementation of various measures. We launched peak season marketing activities in advance at the beginning of the year, adhered to the target and put more emphasis on key business assessment weight; we strengthened our refined process management by the normal supervision mechanism of daily notifications, regular special scheduling meetings and monthly business analysis; by expanding product advantages and timely adjusting product strategies, we increased the promotion and marketing of "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 our own distinctive advantages in low-tier cities. By continuously improving the asset allocation capability of our front-line marketing service staff, we fully utilised the role of wealth management products as a reservoir for personal deposits and promoted the continuous and steady development of retail business.

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For the year ended 31 December 2021, the operating income from our personal banking business amounted to RMB6,647.4 million, accounting for 37.6% of our total operating income over the same period and representing an increase of 1.7% as compared to the same period of last year.

As of 31 December 2021, the balance of our personal loans reached RMB132,296.2 million, accounting for 39.3% of our total loans to customers. As of 31 December 2021, our personal loans for consumption, residential mortgage loans, personal loans for business purpose and credit card overdrafts amounted to RMB67,429.5 million, RMB29,403.7 million, RMB32,953.0 million and RMB2,510.0 million, respectively, and accounted for 51.0%, 22.2%, 24.9% and 1.9%, respectively, of our total personal loans. As of the same date, our total personal deposits amounted to RMB107,119.4 million, representing an increase of 22.0% as compared to that of 31 December 2020.

Adhering to the concept of building a “citizen’s bank”, the Bank continued to develop the “Smart Xiao Er (智慧小二)” financial scenario ecosystem with an aim to cover small and micro enterprises and individual entrepreneurs in Tianjin’s commercial, trading and retail businesses. In addition to provision of personal collection and processing of data account, the Bank also provided unsecured loans that allow borrowing and repaying online anytime according to accounts’ transaction records of which the lowest interest rate could be 3.95% in Tianjin. As of the end of 2021, the accumulative number of merchants in the network of the “Smart Xiao Er” scenario ecosystem reached over 200,000, covering 35,000 community convenience stores, 50,000 restaurants, nearly 20,000 merchant booths in 283 traditional markets, more than 3,000 breakfast carts and more than 10,000 taxis across the city, which fulfil the daily payment needs of about 1,200,000 citizens in Tianjin.

In 2021, the Bank proactively explored local markets, continued to strengthen cooperation with social security authorities of Tianjin, expanded the functions and rights of social security cards and actively promoted the issuance of the third-generation social security card, thus significantly increasing the number of pension fund customers and the amount of retained deposit. The Bank intensively explored the financial and non-financial needs of customers in various scenarios so as to explore financial innovation close to the lives of the general public and serve for people’s livelihood, providing customers with comprehensive three-dimensional services.

In 2021, the Bank’s credit card business conducted marketing activities such as “Gold rewards for activated new customers (激活新客享金喜)”, “Order take-away and save RMB6 every day (外賣天天減6元)”, “Swipe card every day and get a red packet for every pay (天天刷·筆筆抽紅包)”, “Super 50% off (超級5折)” and “Super discount every day (超級天天減)” for Meituan Joint Credit Card customers. Together with the online promotion of Bank of Tianjin Jingdong PLUS Co-branded credit card, our new product, the Bank conducted marketing activities such as “Get Jingdong PLUS annual membership card from full-quota first swipe (首刷滿額領取京東PLUS京典年卡)”, “Shopping discount for every week (周周購物滿減)” and “Gifts for rewards collected from spending (消費集獎章兌好禮). The Bank also actively promoted the development of “payment + scenario + finance” ecosystem, which was to be fully integrated with the

Management Discussion and Analysis

"Smart Xiao Er" scenario ecosystem, and continued to carry out the activities such as "Instant discount for first payment (首單立減)" and "Instant discount for every Tianhang Pay payment (天行支付·筆筆立減)" for Meituan Joint Credit Card. As of 31 December 2021, we issued 1,290.1 thousand credit cards, representing a year-on-year increase of 21.01%, and the credit card overdraft amounted to RMB2,510.0 million, representing a year-on-year increase of 12.0%.

1.3 Small and Micro Inclusive Financial Services

In 2021, our Bank continued thoroughly implementing the work arrangement and requirements of the Central Committee of the CCP, 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 comprehensively improving 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, the Bank focused on the promotion of small and micro loan products targeting individuals to "launch new products, achieve the amount and reduce costs", and continued to utilise central financial policies, so as to benefit more small and micro enterprises.

Our Bank has established a comprehensive small and micro inclusive financial services system. In terms of organisational system, special committees under the Board of Directors and senior management 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. In 2021, our Bank actively connected to relevant authorities, implemented a series of central financial policies including re-lending facilities, rediscount, unsecured loans support plans and periodic deferment of repayment of the principal and interest, and further enriched the small and micro online product supply. By fully utilising financial technologies, our Bank set the small and micro online loan targeting individuals as the driving force for inclusive small and micro business, and provided more financing channels and choices of products for small and micro clients, to realise full access to long-tail, first loan and inclusive customer groups. While "increasing in volume, expanding coverage" and "launching new products and achieving the amount", our Bank continued to maintain the reduction and benefits for small and micro enterprises, lower the financing costs and optimise and enhance the small and micro financial services. As of 31 December 2021, our inclusive loans to small and micro enterprises amounted to RMB36,361.6 million, representing an increase of 42.5% as compared to that of 31 December 2020. Number of clients for inclusive loans to small and micro clients increased by 78.7% to 907,165. In 2021, the weighted average interest rate of newly released inclusive loans to small and micro enterprises was 6.82%, representing a decrease of 0.74 percentage point over the same period in 2020.

Management Discussion and Analysis

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 carried out solid work in areas including agriculture-related inclusive finance product innovation and continued to enhance financial support for “agriculture, rural areas and farmers,” steadily enhancing the efficiency and level of financial services for rural revitalisation. The Bank enhanced the R&D and promotion of products such as “Hui Nong Loan” and “Farmer Loan Program” to contribute to the continuous growth of agriculture-related loans. As of 31 December 2021, our inclusive agriculture-related loan balance amounted to RMB4,202.4 million, among which, the inclusive agriculture-related loan balance in Tianjin reached RMB1,529.9 million, representing an increase of 49.1% as compared to that of 31 December 2020.

1.4 Treasury operation business

In 2021, 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 (回歸本源)”, 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, interbanks, 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.

As of 31 December 2021, our operating income in treasury operations business was RMB4,901.8 million, accounting for 27.7% of our total operating income, representing an increase of 12.9% as compared to the same period last year.

As of 31 December 2021, our Bank possessed business qualifications such as member of Ministry of Finance book-entry treasury bond underwriting syndicates; member of local government bond underwriting syndicates in Tianjin, Shanghai, Hebei, Shandong and Sichuan; member of financial debt underwriting syndicates of the three major policy banks (China Development Bank, China Export-Import Bank and Agricultural Development Bank of China); one of the first batch of institutions qualified for the trading of interest rate swap options and interest rate collar options in the inter-bank market. The Bank also possessed A-class lead underwriting qualification for debt financing instruments of non-financial enterprises in the inter-bank market; the business qualification as trustee 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, business qualification for interbank gold price asking transactions through the Shanghai Gold Exchange; business qualifications for interest rate swaps and standard bond forward business; membership of China Foreign Exchange Trade System for inter-bank forex trading in Shanghai Free-Trade Zone;

Management Discussion and Analysis

qualification to undertake real-time interest rate swap transactions and qualification as type A member of the Shanghai Gold Exchange international business. In 2021, with the approval of our filing by the China Foreign Exchange Trade System, the Bank became one of the first batch of spot bond market makers in the interbank bond market after the promulgation of the new regulations on market makers by the People's Bank of China. The Bank also successfully obtained the qualification of lead underwriter of Tianjin government bonds from 2022 to 2024. In addition, the Bank obtained the qualification of lead participant of online interbank depository of China Foreign Exchange Trading System and successfully carried out the first interbank depository business of pledge for bonds under custody in Shanghai Clearing House, laying a solid foundation for exploration into and development of our new business.

In 2021, in terms of financial market business, the Bank won the "Annual Market Influence Award-Core Dealer" in the Interbank Local Currency Market in 2021 issued by the National Interbank Funding Centre, and the "Top 100 Settlement" in 2021 issued by the China Central Depository & Clearing Co., Ltd. The Bank was awarded three awards, including "Outstanding Underwriter in the Interbank Market", "Innovation Award", and "Green and Low-Carbon Pioneer Award" in 2021 by China Development Bank. With outstanding performance in the "X-Series" trading in the China Foreign Exchange Trade System, we were listed on the monthly "X-Repo" list for 6 times, named the "Best Progressive Dealer (最佳進步交易商)" among July's innovative and active dealers in repurchasing, awarded "X-Lending" for 10 times as an active institution and won the title of quarterly iDeal FX Star. In addition, with the exceptional performance on green bonds investments, our Bank ranked third of the green bond investor among urban and rural commercial banks in 2021 as published by the National Association of Financial Market Institutional Investors. Regarding investment banking business, the Bank won four awards issued by Wind in 2021 including the "Bond Underwriting Fast Progress Award-Bank (債券承銷快速進步獎-銀行)", the "Best Interbank Debt Financing Instrument Underwriter-Outstanding City Commercial Bank Award (最佳銀行間債務融資工具承銷商-卓越城商行)", the "Best Underwriter of Credit Bonds-Outstanding City Commercial Bank Award (最佳信用類債券承銷商-卓越城商行獎)", the "Best Financial Bond Underwriter-Outstanding Bank Award (最佳金融債承銷商-卓越銀行獎)" and "Excellent Underwriter (優秀承銷商)" and "Market Innovation Driven Award (市場創新驅動獎)" of 2021 excellent organisations of domestic RMB financial bond underwriting market group awarded by the Export-Import Bank of China. In terms of asset management business, in 2021, the Bank continued to enrich its net worth product system, adhering to the concept of "customer-oriented" and meeting the multi-level and diversified investment and wealth management needs of customers from the perspectives of risk-return characteristics, liquidity and investment convenience. With excellent asset management capabilities, in 2021, 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, 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.

Management Discussion and Analysis

Money Market Transactions

In 2021, 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

In 2021, our Bank 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 improve profitability and profit quality.

Firstly, we studied the market trend in advance, took advantage in market fluctuations, sought value-based bonds that were undervalued on the market, and effectively enhanced active trading capabilities to increase spread income from spot trading. Meanwhile, during the year, the Bank's local currency bond programmatic trading system was successfully launched, realising the function of automatic provision of market and quotation for the bond market. The Bank was one of the first institutions to carry out automated trading among city commercial banks, and its trading capabilities and market influence have been significantly improved.

Secondly, we effectively increased the proportion of non-interest income through marketing making of bonds, underwriting and distribution, gold leasing, trading of foreign exchange and note trading that were traded on behalf of clients as well as intermediary business. Meanwhile, we actively implemented the responsibility as a bond underwriter, effectively fulfilled social responsibility, and expanded income sources of the intermediary business. During the year, the Bank underwrote RMB168.2 billion in aggregate of national bonds, local government bonds and policy bank bonds, including the first "Carbon Neutrality" bond of RMB1.26 billion issued by China Development Bank (CDB) in which we acted as the lead underwriter, the first green financial bond in 2021 of RMB1 billion under the theme of "Development of Yangtze River Economic Belt (長江經濟帶發展)" issued by CDB in which we acted as the lead underwriter, the green financial bond of RMB1.7 billion under the theme of "Low-Carbon Transportation System (低碳交通運輸體系建設)" issued by CDB in which we acted as the lead underwriter, and the financial bonds of RMB1 billion under the theme of "the 'petals' of Beijing-Tianjin-Hebei coordinated development (京津冀協同發展『花瓣』)" issued by CDB. We actively implemented the material decisions of the Central Government, such as "Carbon Peaking", "Carbon Neutrality" and Beijing-Tianjin-Hebei joint development strategy.

Management Discussion and Analysis

Thirdly, we continued to optimise our investment portfolio, enhanced the quality of investment in assets and improved the comprehensive contribution to business. In 2021, we continued to moderately invest in standardised high-grade credit bonds, asset-backed securities and other corporate credit bonds, while actively engaged in the ESG bond investment in green corporate bonds in order to support the real economy without compromising on economic and social benefits.

Forex and Precious Metal Transactions

In 2021, 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. During the year, our total volume of foreign currency lending, foreign exchange transactions including repurchase, spot, forward and swap, as well as precious metal transactions amounted to RMB2.61 trillion, representing a year-on-year increase of 60.5%.

Treasury Business Conducted on Behalf of Customers

In 2021, our wealth management business continued to develop steadily. Under the guidance of the new regulatory requirements on asset management business, we accelerated the product transformation towards the net worth type and successively launched products such as Hong Ding 15-month (鴻鼎15個月) and regular-accessible products such as Golden Life (金色人生), as well as hybrid products such as Guanchao (觀潮) Series. By the end of 2021, the size of our existing net worth wealth management products reached RMB101,761.88 million, representing an increase in its proportion to the overall figure to 100% from 89% at the beginning of the year. 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 investment in non-standard assets, strengthened investment research, and increased the frequency of transactions according to market changes to enhance profitability.

Investment Banking Business

In 2021, regarding investment banking business, the Bank actively fulfilled social responsibilities. In terms of empowering new economy, developing service area and promoting innovation leadership, the Bank, as the lead underwriter, underwrote the first high-growth bonds in the national interbank market and issued the first credit risk mitigation warrant in cooperation with China Bond Insurance Co., Ltd. (中債信用增進投資股份有限公司), underwrote the first Chinese central enterprise green sustainable note (carbon-neutral bond) in the national interbank market, the first sustainability-linked bond in Tianjin, the first public offering green asset-backed note in Tianjin (carbon-neutral ABN), and the first energy supply guarantee bond for enterprises in Hebei Province. As a result, we precisely promoted the development of the real economy.

Management Discussion and Analysis

Throughout the year, the Bank's volume of lead underwriting of bonds was RMB133 billion, ranking us 1st among Beijing-Tianjin-Hebei local corporate banks. We ranked 10th in the banking industry and 2nd among city commercial banks in terms of the lead underwriting volume of asset securitisation products, and we ranked 10th in the banking industry and 2nd among city commercial banks in terms of the lead underwriting volume of non-policy financial bonds.

1.5 *International business*

For the year ended 31 December 2021, our international settlement volume amounted to US\$8,285.7 million, representing a year-on-year growth of 41.5%. In 2021, the Bank improved retention of customers regarding its international business, vigorously expanded its market, strengthened the support for bulk commodity import and export business, and stabilised foreign trade and investment. Through quality services and advantageous products, the Bank strived to explore the international business markets, which had driven a rapid business development.

1.6 *Integrated operation of subsidiaries*

Since 2008, the Bank has started its setup for integrated operations, founding a total of 8 county banks in poor counties and districts 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., 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.

In 2021, the Bank continued to strengthen the strategic guidance of its subsidiaries, enhanced subsidiary results assessment and promoted the improvement of the quality and efficiency of county banks. The Bank improved the construction of systems, enhanced shareholder management, improved subsidiaries governance systems, and raised the Group's operation efficiency and level of intensive management.

For the year ended 31 December 2021, total assets and net profit of Bank of Tianjin Financial Leasing Co., Ltd. amounted to RMB9,291.9 million and RMB5.1 million, respectively. Ningxia Yuanzhou Village Bank(寧夏原州村鎮銀行), our consolidated subsidiary, recorded operating income of RMB32.7 million and net profit of RMB0.9 million in 2021, respectively. Ningxia Tongxin Village Bank(寧夏同心村鎮銀行), our another consolidated subsidiary, recorded operating income of RMB53.4 million and net profit of RMB32.9 million in 2021, respectively.

Management Discussion and Analysis

2 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			
	2021		2020	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Tianjin	10,540.9	59.5	8,974.7	52.2
Shanghai	3,041.7	17.2	3,297.3	19.2
Shandong Province	1,394.1	7.9	1,276.3	7.4
Sichuan Province	1,313.2	7.4	1,408.1	8.2
Beijing	773.2	4.4	1,361.6	7.9
Hebei Province	544.8	3.1	797.1	4.6
Others	86.1	0.5	81.6	0.5
Total	17,694.0	100.0	17,196.7	100.0

III. ANALYSIS ON CAPITAL ADEQUACY RATIO

Our Bank calculated and disclosed the capital adequacy ratios at all levels 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 and used the weighting method to calculate the credit risk-weighted assets, used the standard method to calculate the market risk-weighted assets, and used the basic index method to calculate the operational risk-weighted assets.

As of 31 December 2021, our Bank's capital adequacy ratio met the regulatory requirements under such regulations. As of 31 December 2021, the capital adequacy ratio was 13.49%, which dropped by 0.99 percentage point in comparison to the ratio as of 31 December 2020. Tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 10.74% and 10.73%, which were 0.38 and 0.39 percentage point lower than those as of 31 December 2020, respectively. The decrease in our capital adequacy ratio was primarily due to the increase in total risk-weighted assets.

Management Discussion and Analysis

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

	As of 31 December 2021	As of 31 December 2020
Core capital		
– Share capital	6,070.6	6,070.6
– Capital reserve and investment revaluation reserve	10,718.8	10,340.2
– Surplus reserve	3,352.5	3,352.5
– General reserve	9,216.7	9,213.6
– Retained earnings	27,346.2	24,153.3
– Non-controlling interests that may be included	268.8	213.8
Total core capital	56,973.6	53,344.0
Core tier-one capital	56,973.6	53,344.0
Core tier-one capital deductible items	(643.7)	(484.8)
Net core tier-one capital	56,329.9	52,859.2
Net tier-one capital	56,365.7	52,887.7
Tier-two capital		
– Net tier-two capital instruments and related premiums	10,000.0	10,420.0
– Surplus allowance for impairment losses on loans	4,366.2	5,490.6
– Non-controlling interests that may be included	71.7	57.0
Total tier-two capital	14,437.9	15,967.6
Net capital	70,803.6	68,855.3
Total risk-weighted assets	525,028.2	475,546.0
Core tier-one capital adequacy ratio <i>(expressed in percentage)</i>	10.73	11.12
Tier-one capital adequacy ratio <i>(expressed in percentage)</i>	10.74	11.12
Capital adequacy ratio <i>(expressed in percentage)</i>	13.49	14.48

Management Discussion and Analysis

As of 31 December 2021, the Bank's leverage ratio was 7.44%.

	As of 31 December 2021	As of 31 December 2020
Leverage ratio	7.44%	7.38%

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.

IV. RISK MANAGEMENT

Our Bank is exposed to the following primary risks: credit risk, operational risk, market risk, liquidity risk and information technology risk. In 2021, 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.

Management Discussion and Analysis

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.

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 in market 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 the 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 primarily uses repricing gap analysis, interest rate sensitivity analysis, and stress testing to weigh our exposure to potential interest rate changes. 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.

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.

Management Discussion and Analysis

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 of the Bank, 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 ("IT") 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 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, since the outbreak of the epidemic, the Bank timely formulated a bank-wide business continuity management work plan in response to the epidemic, carried out the information technology outsourcing risk screening, and strictly prevented the epidemic and information technology risks.

Changes in Share Capital and Information on Shareholders

I. CHANGES IN SHARES OF THE BANK

Share capital

As of 31 December 2021, 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 2021		Changes during the Reporting Period	31 December 2021	
	Number of Shares	Percentage of total share capital		Number of Shares	Percentage of total share capital
Domestic legal persons	3,978,132,102	65.53%	(3,871,585)	3,974,260,517	65.47%
Domestic natural persons	327,820,657	5.40%	3,871,585	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	100.00%	–	6,070,551,822	100.00%

Changes in Share Capital and Information on Shareholders

Particulars of Shareholdings of the Top Ten Shareholders of Domestic Shares of our Bank

No.	Name of Shareholder	Total number of shares held at the beginning of the Reporting Period	Total number of shares held at the end of the Reporting Period	Shareholding percentage held at the end of the Reporting Period (%)
1	Tianjin Port Free Trade Zone Investment Co., Ltd.	966,425,534	967,157,584	15.93
2	Tianjin Pharmaceutical Holdings Ltd.	487,078,366	487,078,366	8.02
3	Tianjin Bohai Chemical Industry Group Co., Ltd.	487,078,366	487,078,366	8.02
4	Harbin Economic Development and Investment Co., Ltd.	166,657,161	166,657,161	2.75
5	Tianjin Hi-tech Holding Group Co., Ltd. ⁽¹⁾	149,056,239	149,056,239	2.46
6	Tianjin Jinrong Investment Service Group Co., Ltd. ⁽²⁾	117,378,125	117,378,125	1.93
7	Tianjin Ningfu Investment Co., Ltd.	114,278,299	114,278,299	1.88
8	Bohai Industrial Investment Fund Management Co., Ltd.	100,000,000	100,000,000	1.65
9	Tianjin Economic and Technology Development Zone Finance Bureau	99,370,826	99,370,826	1.64
10	Tianjin Food Group Co., Ltd	879,858	71,859,019	1.18
	Total	2,688,202,774	2,759,913,985	45.46

Notes:

- (1) Tianjin Hi-tech Holding Group Co., Ltd. pledged its 149,056,239 Shares to Tianjin Branch of Industrial and Commercial Bank of China Limited.
- (2) 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

II. INFORMATION ON SHAREHOLDERS

As at 31 December 2021, the Bank had a total of 7,264 Shareholders. During the Reporting Period, the Bank had no de facto controllers.

Interests and Short Positions in Hong Kong in accordance with the SFO

As at 31 December 2021, 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	967,157,584	15.93	22.46
Tianjin Port Free Trade Zone Investment Holdings Co., Ltd. ⁽¹⁾	Interest of a controlled corporation	Domestic Shares	967,157,584	15.93	22.46
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	Domestic Shares	489,857,052	8.07	11.38
	Interest of a controlled corporation				
Tianjin Pharmaceutical Holdings Ltd. ⁽⁴⁾	Beneficial owner	Domestic Shares	489,107,183	8.06	11.36
	Interest of a controlled corporation				
Jinshushen Biological Medical Science and Technology Co., Ltd. ⁽⁴⁾	Interest of a controlled corporation	Domestic Shares	489,107,183	8.06	11.36
CSSC International Holding Company Limited ⁽⁵⁾	Beneficial owner	H Shares	303,193,000	4.99	17.18

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
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. (天津保稅區投資有限公司) is wholly-owned by Tianjin Port Free Trade Zone Investment Holdings Co., Ltd.(天津保稅區投資控股集團有限公司), which is in turn wholly-owned by Tianjin Port Free Trade Zone State-owned Assets Administration Bureau (天津港保稅區國有資產管理局). 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 (澳大利亞和新西蘭銀行集團有限公司), a Shareholder of our Bank, was incorporated in the State of Victoria, Australia on 14 July 1977, and is listed on the Australian Securities Exchange (Stock Code: ANZ) and the New Zealand Exchange (Stock Code: ANZ).
- (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.

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

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

IV. 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.

V. SUBSTANTIAL SHAREHOLDERS PRESCRIBED UNDER THE INTERIM MEASURES FOR EQUITY MANAGEMENT OF COMMERCIAL BANKS

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. Pursuant to the Interim Measures for Equity Management of Commercial Banks, a commercial bank shall manage its substantial shareholders and their controlling shareholders, de facto controllers, related parties, persons acting in concert and ultimate beneficiaries as its own related parties under the transparency principle.

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.	15.93%	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

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 509. As of the end of the Reporting Period, balance of the related party 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 RMB11.442 billion in total, representing 15.86% of the net capital as at the end of last quarter.

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. 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.

VII. 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 Liguo	58	Executive Director	28 February 2022
		Chairman	28 February 2022
Mr. WU Hongtao	50	Executive Director	28 February 2022
		President	28 February 2022
Ms. SUN Jingyu	53	Non-executive Director	28 February 2022
Ms. DONG Guangpei	41	Non-executive Director	28 February 2022
Mr. Alistair Marshall BULLOCH	64	Non-executive Director	28 February 2022
Mr. ZHAO Wei	52	Non-executive Director	28 February 2022
Mr. WANG Shunlong	45	Non-executive Director	28 February 2022
Ms. LI Jun	49	Non-executive Director	28 February 2022
Mr. FENG Heping	61	Independent Non-executive Director	11 May 2018
Mr. LAW Yee Kwan, Quinn	69	Independent Non-executive Director	11 May 2018
Mr. JIN Qingjun	64	Independent Non-executive Director	28 February 2022
Mr. HUA Yaogang	64	Independent Non-executive Director	28 February 2022
Mr. HE Jia	67	Independent Non-executive Director	28 February 2022

Note:

Other than Mr. FENG Heping and Mr. LAW Yee Kwan, Quinn, 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. For details of the term of office of Mr. FENG Heping and Mr. LAW Yee Kwan, Quinn, please refer to the section under "II. Changes of Directors, Supervisors and Senior Management Officers During the Reporting Period" of this annual report.

According to the Articles of Association, a Director may be re-elected and re-appointed upon expiry of his/her term of office. Where re-election is not carried out promptly after a Director's term of office expires, the Director shall continue to perform the duties owed by a Director before a new Director is elected to take up office, according to the laws, administrative regulations, departmental rules and the Articles of Association.

Directors, Supervisors, Senior Management Officers and Employees

2. Supervisors

Name	Age	Position	Date of Appointment
Ms. FENG Xia	50	Employee Representative Supervisor	5 January 2022
		Chairwoman of Board of Supervisors	28 February 2022
		Trade Union President	23 July 2019
Mr. Jiang Zhengjun	45	Employee Representative Supervisor	28 February 2022
Mr. YU Yang	42	Shareholder Representative Supervisor	28 February 2022
Mr. LIU Baorui	64	External Supervisor	28 February 2022
Mr. ZHANG Lianming	58	External Supervisor	11 May 2018

Note:

1. Other than Mr. ZHANG Lianming, 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. For details of the term of office of Mr. ZHANG Lianming, please refer to the section under "II. Changes of Directors, Supervisors and Senior Management Officers During the Reporting Period" of this annual report.

According to the Articles of Association, a Supervisor may be re-elected and re-appointed upon expiry of his/her term of office. Where re-election is not carried out promptly after a Supervisor's term of office expires, the Supervisor shall continue to perform the duties owed by a Supervisor before a new Supervisor is elected to take up office, according to the laws, administrative regulations and the Articles of Association.

Directors, Supervisors, Senior Management Officers and Employees

3. Other Senior Management Officers

Name	Age	Position	Date of First Appointment as Senior Management Officers
Mr. JIANG Hua	48	Vice President	November 2020
Mr. LIU Gangling	45	Vice President	March 2021
Mr. ZHENG Ke	47	Vice President	January 2022
Mr. XIA Zhenwu	52	Assistant to President	January 2008
Ms. DONG Xiaodong	43	Secretary of the Board	March 2021

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

Directors, Supervisors, Senior Management Officers and Employees

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

On 29 December 2020, due to the reason of age, Ms. ZHANG Furong tendered her resignation from the position of the executive Director of the Bank, members of the related party transactions control committee, the nomination and remuneration committee and the inclusive finance development and consumer rights protection committee under the Board, the secretary of the Board, a joint company secretary of the Bank and an authorised representative (appointed pursuant to Rule 3.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited). According to the Company Law of the People's Republic of China and other relevant laws and regulations as well as the Articles of Association of the Bank, the resignation of Ms. ZHANG in relation to the Director and members of each committee of the Board took effect on 15 January 2021. For details, please refer to the announcement of the Bank headed "(I) Resignation of Executive Director, Secretary of the Board and Joint Company Secretary; (II) Appointment of Secretary of the Board and Joint Company Secretary; (III) Change of Authorised Representative; and (IV) Proposed Changes of Members of Committees of the Board" dated 29 December 2020 and the announcement headed "Announcement on Approval of the Qualification of Directorship by the Regulatory Body" dated 15 January 2021.

The Shareholders of the Bank approved the appointment of Mr. WU Hongtao as an executive Director of our Bank at the 2020 First Extraordinary General Meeting held on 1 December 2020. The qualification of Mr. WU as an executive Director of the Bank was approved by CBIRC Tianjin Office on 15 January 2021. For details, please refer to the announcement of the Bank headed "Appointment of Executive Director; Appointment of President and Vice Presidents" dated 12 October 2020; the announcement headed "(I) Poll Results of the 2020 First Extraordinary General Meeting Held on Tuesday, December 1, 2020; (II) Appointment of Director" dated 1 December 2020 and the announcement headed "Announcement on Approval of the Qualification of Directorship by the Regulatory Body" dated 15 January 2021.

On 12 October 2020, the Bank convened a Board meeting, and elected Mr. LIU Gangling as the vice president of the Bank, and the qualification of Mr. LIU was approved by CBIRC Tianjin Office on 18 March 2021. For details, please refer to the announcement of the Bank headed "Appointment of Executive Director; Appointment of President and Vice Presidents" dated 12 October 2020.

On 29 December 2020, the Bank convened a Board meeting, and elected Ms. DONG Xiaodong as the secretary of the Board of the Bank, whose qualification was approved by CBIRC Tianjin Office on 18 March 2021. For details, please refer to the announcement of the Bank headed "(I) Resignation of Executive Director, Secretary of the Board and Joint Company Secretary; (II) Appointment of Secretary of the Board and Joint Company Secretary; (III) Change of Authorised Representative; and (IV) Proposed Changes of Members of Committees of the Board" dated 29 December 2020 and the announcement headed "Announcement on Approval of the Qualification of Secretary of the Board by the Regulatory Body" dated 18 March 2021.

Directors, Supervisors, Senior Management Officers and Employees

On 10 September 2021, Mr. TANG Yiping tendered his resignation to the Board from the position of the Executive Vice President of the Bank due to work adjustment. Mr. TANG's resignation took effect on 10 September 2021.

On 14 October 2021, the Bank convened a Board meeting to resolve the appointment of Mr. ZHENG Ke as the Vice President of the Bank, and the qualification of Mr. ZHENG was approved by CBIRC Tianjin Office on 7 January 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.

During the period from the end of the Reporting Period to the date of this report, the following changes have been made regarding the Directors, Supervisors and senior management officers of the Bank.

On 5 January 2022, the Bank held an employee representative meeting at which Ms. FENG Xia was re-elected as an employee supervisor of the Bank and Mr. JIANG Zhengjun was elected as an employee 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.

The shareholders of the Bank approved the re-election of the seventh session of the Board of Directors at the first extraordinary general meeting of 2022 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 re-appointed 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 are subject to the approval from the CBIRC Tianjin Office. Prior to the approval of qualifications of Mr. Zeng Jianhua and Mr. LU Jianzhong as independent non-executive Directors, Mr. FENG Heping and Mr. LAW Yee Kwan, Quinn will continue to perform their duties as independent non-executive 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" 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.

Directors, Supervisors, Senior Management Officers and Employees

At the 2022 first extraordinary general meeting held on 28 February 2022, shareholders of the Bank 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 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; On the day of the qualifications of Mr. Zeng Jianhua and Mr. LU Jianzhong as independent non-executive Directors are subject to the approval from the CBIRC Tianjin Office, Mr. LAW Yee Kwan, Quinn will perform his duty as Supervisors of the seventh session of the Board of Supervisors of the Bank, when Mr. ZHANG Lianming will be automatically relieved from his duties as a Supervisor and member of related special committees of the bank on the same Day. 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.

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.

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, aged 58. 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 50. 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 and internal control and compliance work. He is also in charge of the Asset and Liability Management Department and the Internal Control and Compliance Department. From January 2020 to September 2020, Mr. WU served as a partner and the president 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

Ms. SUN Jingyu, aged 53, was appointed as our non-executive Director in 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) 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; (iii) 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; (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.

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 41, was appointed 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.

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.

Directors, Supervisors, Senior Management Officers and Employees

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 64, was appointed as our non-executive Director in 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., Votraint 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 52, was appointed as our non-executive Director in 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 45, was appointed as our non-executive Director since June 2020. Mr. WANG has been 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 49, was appointed as our non-executive Director in 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. FENG Heping, aged 61, has served as our independent non-executive Director from December 2014. 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.

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.

Directors, Supervisors, Senior Management Officers and Employees

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 69, has served as our independent non-executive Director from October 2015. 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 was 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 had 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 Public 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.

Mr. LAW is a professional accountant. Mr. LAW has been a fellow of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of 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 Institute of Chartered Secretaries and Administrators in the United Kingdom 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 Honourary University Fellowship from The Hong Kong University of Science and Technology in July 2020.

Directors, Supervisors, Senior Management Officers and Employees

Mr. JIN Qingjun, aged 64, was appointed as our independent non-executive Director in February 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.

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 64, was appointed as our independent non-executive Director in 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 67, was appointed as our independent non-executive Director in June 2018. He has been the chair professor of Chang Jiang Scholars Program since September 2008, the Qiusi 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.

Directors, Supervisors, Senior Management Officers and Employees

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.

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.

Ms. ZHANG Furong, aged 60. Ms. ZHANG served as our executive Director from December 2014 to January 2021 and served as the secretary of the Board of Directors of our Bank from July 2015 to December 2020. Ms. ZHANG served as the Vice President of the Bank from January 2016 to October 2020. Ms. ZHANG served as the chairman of Bank of Tianjin Financial Leasing Co., Ltd. from October 2017 to January 2021. Ms. ZHANG was a member of the Party Committee of our Bank from September 2009 to September 2020 and was the trade union president of our Bank from November 2009 to July 2019. From 21 December 2016 to 16 February 2017, she performed the duty of chairman of our Bank. From June 2015 to March 2016, she served as Director of Listing office, responsible for listing matters. Ms. ZHANG has over 30 years of experience in banking business operations and management. Ms. ZHANG served as Supervisor from March 2011 to November 2014, during which, she was the Acting Chairman of the Board of Supervisors from January 2014 to November 2014. From November 1996 to March 2011, she served as director of our Bank. Ms. ZHANG served as the president and the secretary of the Party Committee of the Binhai Branch of our Bank from October 2007 to November 2011, while serving as the president and the deputy secretary of the Party Committee of the Binhai branch of our Bank from May 2007 to October 2007. In addition, from May 2006 to May 2007, Ms. ZHANG was the deputy branch president and a member of the Party Committee of the Binhai branch of our Bank from July 2006 to May 2007. From November 1996 to May 2006, she served as president and party branch secretary of Tanggu Branch of Tianjin Commercial Bank, the predecessor of our Bank. Between January 1988 and November 1996, she held various positions at the Tianjin City Credit Cooperative (Tanggu District), our predecessor, including the chief of credit section, head of General Office, assistant manager and deputy manager.

Directors, Supervisors, Senior Management Officers and Employees

Ms. ZHANG served as the representative of the 13th, 14th and 15th People's Congress of Tianjin, the representative of the 1st People's Congress of Tianjin Binhai New District, and was a member of the 15th and 16th Federation of Trade Unions Committee of Tianjin. Ms. ZHANG was elected as a committee member of the 13th of the Women's Executive Committee in April 2013, became a national representative of the 16th National Congress of PRC Trade Unions in October 2013, and was elected as a member of the 17th Federation of Trade Unions Committee of Tianjin in July 2017.

Ms. ZHANG obtained a diploma in finance from the Tianjin Tanggu Professional College in March 1993, and obtained a postgraduate course certificate of advanced studies in business administration from the Tianjin University of Finance and Economics in Tianjin, China in July 1998. In September 2001, she obtained a master's degree in business administration from Wisconsin International University in Ukraine. In June 2005, she obtained a higher certificate in Finance Management for China's Professional Managers. In July 2008, she also obtained an on-job postgraduate certificate in economic law from the Central Party School of the Communist Party of China in Beijing, China. She obtained an executive master of business administration from Nankai University in Tianjin, China in June 2011.

2. Supervisors

Ms. FENG Xia, aged 50, 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), Department of Party-People Relationship (Propaganda Department of the Party Committee), 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.

Directors, Supervisors, Senior Management Officers and Employees

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.

Mr. JIANG Zhengjun, aged 45, was appointed as our employee 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 42, 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 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 as the secretary of the Party Branch and the chairman of Tianjin Jinrong Guoxin Capital Management Co., Ltd. (天津津融國信資本管理有限公司), and 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 64, 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. ZHANG Lianming, aged 58, has served as our external Supervisor from December 2014. Currently, he serves as the partner of BDO China Shu Lun Pan Certified Public Accounts LLP (立信會計師事務所(特殊普通合伙)), 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.

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.

Directors, Supervisors, Senior Management Officers and Employees

Mr. YAO Tao, aged 59, 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.

3. Other Senior Management Officers

Mr. JIANG Hua, aged 48, has served as our vice president since November 2020, and is in charge of risk and legal affairs work. He is also in charge of the Risk Management Department, the Credit Management Department, the Legal Affairs Department, the Asset Preservation Department and assists in the management of the Internal Control and Compliance Department. Mr. JIANG served as the chief marketing officer and the president of Xuzhou Branch of Laishang Bank from July 2017 to September 2020. From August 2014 to July 2017, he served successively as the general manager of human resources management department and general manager of business department I of Nanjing branch of Bank of Ningbo. From June 2008 to July 2014, he served successively as the assistant to the head, the deputy director (presiding over the work), the director of office, the general manager of compliance management department, the vice president of trade union and the general manager of market expansion department V of Nanjing branch of HengFeng Bank. From November 2003 to June 2008, he served successively as the staff member of the cooperation and financial regulatory division, the staff member of office and the deputy chief of regulatory division of state-owned bank of Xuzhou Regulatory Branch of the CBRC. From July 1996 to November 2003, he served as a clerk of monetary credit and statistics department of operation division of the People's Bank of China Xuzhou Central Sub-branch.

Mr. JIANG graduated from the department of finance at Southwestern University of Finance and Economics in July 1996 majoring in monetary banking. He also obtained a master's degree in business administration and a doctor's degree in management from the School of Management at China University of Mining and Technology in July 2002 and July 2009, respectively. Mr. JIANG has also obtained the qualifications of accountant, legal profession, qualifications of first-class enterprise human resources managing personnel and senior economist.

Directors, Supervisors, Senior Management Officers and Employees

Mr. LIU Gangling, aged 45, 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 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. ZHENG Ke, aged 47. Mr. ZHENG has served as the Vice President of our 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.

Directors, Supervisors, Senior Management Officers and Employees

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.

Mr. XIA Zhenwu, aged 52, has been serving as assistant to our president of the Bank since April 2014, and is in charge of office, administrative, infrastructure and safety work. He is also in charge of Office, Administrative Affairs Department and Security Protection Department (People's Armed Forces Department).

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

Ms. DONG Xiaodong, aged 43, has served as the secretary of the Board of Directors of the Bank since March 2021, and is in charge of the daily work of the Office of the Board and the strategic development work. She is also in charge of the Office of the Board 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. from February 2004 to January 2005; and a staff in the Tianjin Branch of the People's Bank of China from July 2002 to September 2003.

Ms. DONG graduated from Tianjin University of Finance and Economics in July 2002, majoring in International Accounting and obtained a master's degree in economics from Tianjin University of Finance and Economics in December 2008. Ms. DONG has also obtained the qualification of intermediate economist.

Mr. TANG Yiping, aged 53, served as our executive Vice President from December 2020 to September 2021, and was in charge of small and micro financial inclusion, personal banking, finance, operation and technology work. From September 2016 to December 2020, Mr. TANG served as deputy secretary of the Party Committee, vice chairman and president of Jinshang Bank; from March 2015 to September 2016, he served as director and general manager of Agricultural Bank of China (Moscow); from February 2013 to March 2015, he served as the leader of the preparatory team of Moscow branch of Agricultural Bank of China; from July 1992 to February 2013, he successively served as a staff member of the planning division, deputy section chief of the planning division and human resource division and section chief and assistant to the director of the planning division; vice president of Hongling North Road Sub-branch, the deputy director (presiding over the work) of market development division, deputy division director (presiding over the work) of the comprehensive planning division, deputy division director of the personal business division (presiding over the work) and deputy division director (presiding over the work) and division director of the assets and liabilities management division; the secretary of the Party Committee and president of the Longgang Sub-branch; head of the organization department of the Party Committee, general manager of human resources department, head of the Party Committee office, member of the Party Committee and the vice president of the Shenzhen Branch of Agricultural Bank of China.

Mr. TANG obtained a bachelor's degree in International Finance from the Economics Department of East China Normal University in September 1989 and obtained a master's degree in economics from Head Office of the People's Bank of China in July 1992. Mr. TANG has also obtained the qualification of senior economist.

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 Listing Rules.

Directors, Supervisors, Senior Management Officers and Employees

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 year ended 31 December 2021, 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.

Remuneration paid to the senior management officers ⁽¹⁾ (excluding the Directors and Supervisors) by bands for the year ended 31 December 2021 is set out below:

	Number of employees	% of the total
Nil to RMB500,000	1	16.67%
RMB500,000 to RMB10,000,000	5	83.33%

Notes:

- (1) During the year ended 31 December 2021, within the Bank's senior management officers (including present and past personnel), Mr. WU Hongtao is concurrently a Director. For the details of the remuneration of Mr. WU Hongtao, 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).

Directors, Supervisors, Senior Management Officers and Employees

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:

Supervisors

Name of Supervisor	Capacity	Class of Shares	Number of Shares	
			directly or indirectly held (long position)	Approximate % of interest in our Bank
YAO Tao ⁽¹⁾	Beneficial interest	Domestic Shares	102,487	0.00169%
LIU Baorui	Beneficial interest	Domestic Shares	15,959	0.00026%

Note:

(1) Mr. YAO Tao retired as a Supervisor of the Bank on 28 February 2022.

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 31 December 2021.

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

For the year ended 31 December 2021, 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 2020

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

Unit: RMB' 0,000

Name	Position	Current year Beginning and end date of remuneration	Remuneration paid by the Bank before tax in 2020 ¹				Whether remunerated by shareholding companies or related party companies	Total remuneration before tax received from related party companies Total
			Remuneration payable (1)	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) (3)	Sub-total (4)=(1)+(2)+(3)		
SUN Liguo	Chairman	2020.1-2020.12	84.86	16.96	-	101.82	No	-
WU Hongtao	President	2020.9-2020.12	80.92	4.28	-	85.20	No	-
FENG Xia	Chairwoman of Board of Supervisors	2020.1-2020.12	76.37	16.96	-	93.33	No	-
HE Lin	Team Leader of the Discipline Inspection and Supervision Team stationed in the Bank	2020.11-2020.12	12.73	2.94	-	15.67	No	-
JIANG Hua	Vice President	2020.10-2020.12	48.55	4.28	-	52.83	No	-
LIU Gangling	Proposed Vice President ²	2020.11-2020.12	32.36	3.27	-	35.63	No	-
LI Zongtang	Former Chairman	2020.1-2020.7	49.50	9.78	-	59.28	No	-
TANG Yiping	Former executive vice president	2020.12-2020.12	18.49	1.01	-	19.50	No	-
ZHANG Furong	Former Vice President	2020.1-2020.9	51.62	12.56	-	64.18	No	-
ZHANG Ying	Former Vice President	2020.1-2020.9	51.62	12.73	-	64.35	No	-
LIANG Jianfa	Former Vice President, Chief Financial Officer	2020.1-2020.1	6.36	1.88	-	8.24	No	-

Notes:

- 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 2020 and social insurances deposited by the Company according to the state regulations. The item (1) was approved by the State-owned Assets Supervision and Administration Commission of the Tianjin Government.
- The qualification of Mr. LIU Gangling as a Vice President was approved in March 2021, and therefore served as the Proposed Vice President in the year 2020.

Directors, Supervisors, Senior Management Officers and Employees

XII. EMPLOYEES' REMUNERATION POLICIES AND TRAINING PLANS FOR EMPLOYEES

(I) Overview of the employees

As of 31 December 2021, we had 6,587 regular employees in total, of which 1,227 employees at our head office and 5,242 employees at our branches and sub-branches, 76 employees at our consolidated county banks and 42 employees at Bank of Tianjin Financial Leasing Co., Ltd. As of 31 December 2021, we had 5,817 or 88.31% employees who had bachelor's degrees or above, and our staff's average age was 39.

(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.

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, standardised 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, the total staff costs of the Bank amounted to RMB2,375.05 million.

Directors, Supervisors, Senior Management Officers and Employees

(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, we adopt deferred payment to staff whose positions can have significant impact on our risk exposure to mitigate risks. Moreover, to consolidate performance assessment orientation and make remuneration match contribution, employees will be given disciplinary actions or subject to other penalties for violations of rules and dereliction of duty, and their remuneration will be deducted accordingly.

(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, new products and services, 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 14,354 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.

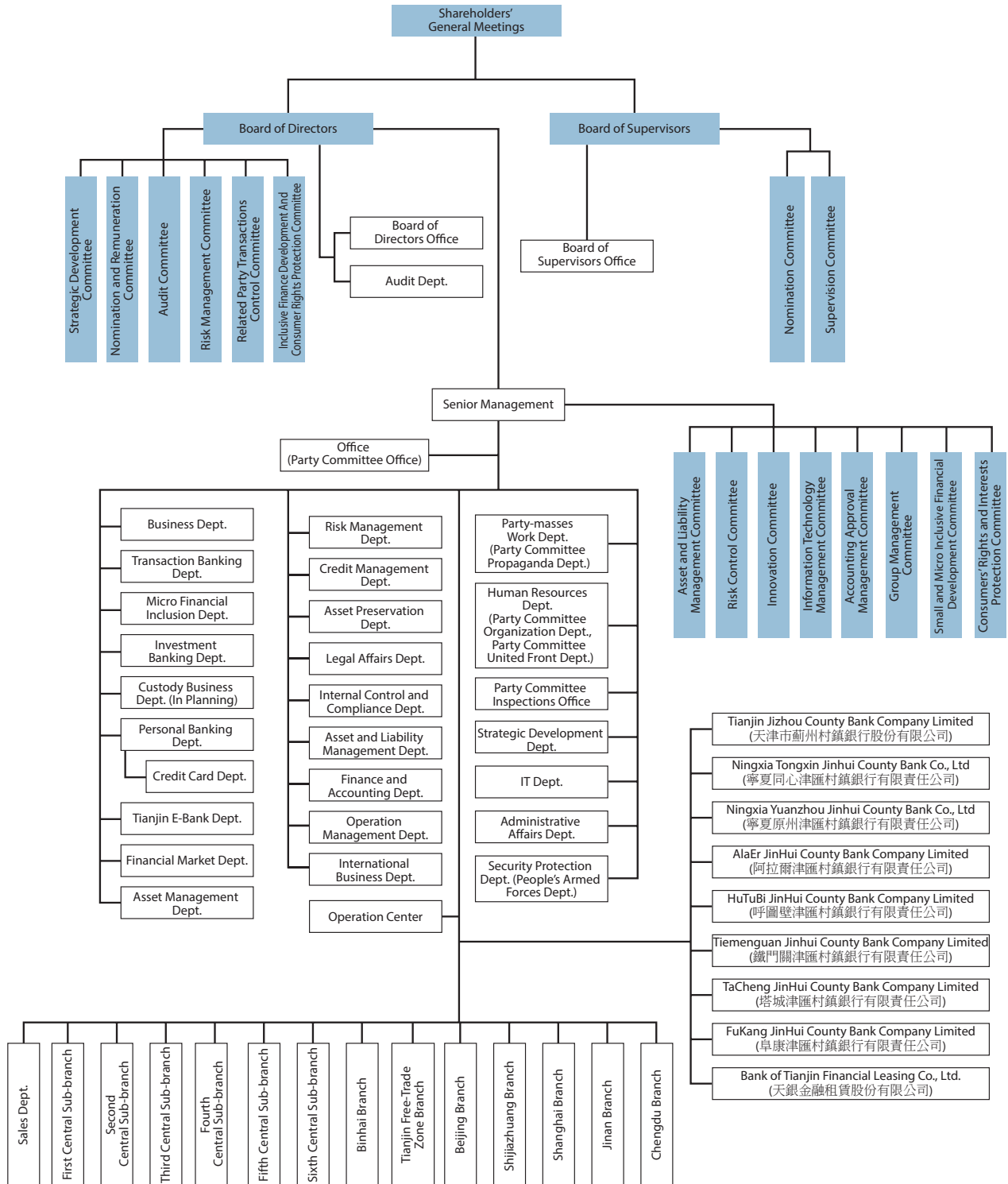
Our Bank has established a relatively comprehensive corporate governance structure in accordance with the requirements of the Hong Kong Listing Rules. The composition of the Board and the special committees of the Board is in compliance with the requirements of the Hong Kong Listing Rules. Our Bank clearly 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 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 2021, the Bank held two Shareholders' general meetings, details of which are set out below:

At the 2021 first extraordinary general meeting of the Bank held at Tianjin Guoxin Building on 24 February 2021, Shareholders and proxies attending the 2021 first extraordinary general meeting represented an aggregate of 3,120,995,382 Shares of the Bank carrying voting rights on the resolution proposed, being approximately 62.79% of the total number of Shares carrying voting rights on the resolution proposed of the Bank as at the date of the 2021 first extraordinary general meeting, and the major transaction matter in relation to the disposal of part of the existing financial assets of Bank of Tianjin Co., Ltd. was considered and approved.

At the 2020 annual general meeting of the Bank held at Tianjin Geneva Hotel on 18 May 2021, Shareholders and proxies attending the 2020 annual general meeting represented an aggregate of 3,823,584,746 Shares of the Bank carrying voting rights, being approximately 69.83% of the total number of Shares carrying voting rights of the Bank as at the date of the 2020 annual general meeting. Seven proposals were considered and approved, including the Work Report of the Board of Directors for 2020, Work Report of the Board of Supervisors for 2020, the Report for Final Financial Accounts for 2020, the Profit Distribution Plan for 2020, the Report for Financial Budget for 2021, the Capital Replenishment Plan (2021-2025) of the Bank and the Tier-2 Capital Bonds Issuance Plan of the Bank. 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 2020, the Work Report of Independent Non-executive Directors for 2020 and the Report of Related Party Transactions and Management of Related Party Transactions of the Bank for 2020.

The notices and convening and voting procedures of the 2021 first extraordinary general meeting and the 2020 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 announcement published on the websites of the Bank and the Hong Kong Stock Exchange on the date of convening the meeting for details.

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 physical meetings or by way of telecommunication. The Board shall inform all Directors in advance of the meetings and provide sufficient information to all Directors timely, including background materials for the proposed resolutions and other information and data to assist the Directors to make informed 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.

Corporate Governance Report

As the daily administrative body of the Board of Directors, the Board of Directors Office is responsible for the preparation of the Shareholders' general meetings, the Board meetings and meetings of the special committees under the Board and other matters as assigned by the Shareholders' general meetings, the Board meetings and meetings of the special committees under the Board of Directors. 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 and covering a period from 1 January 2021 to 31 December 2021. 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 thirteen Directors, including two executive Directors, namely Mr. SUN Liguó and Mr. WU Hongtao; 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. FENG Heping, Mr. LAW Yee Kwan, Quinn, Mr. JIN Qingjun, Mr. HUA Yaogang and Mr. HE Jia. Mr. SUN Liguó 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.

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.

Corporate Governance Report

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) within the scope authorised by our Shareholders' general meetings, to decide on significant matters that are not daily business, such as external investments, purchases and sales of assets, pledges of assets, external guarantees, entrusted wealth management and connected transaction;
- (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 head of finance department, 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;

Corporate Governance Report

- (l) to establish our basic management system, to decide on policies in respect of our risk management, internal control and compliance, and to consider and approve green credit strategies;
- (m) to formulate proposals for any amendment to our Articles of Association;
- (n) to approve our Bank's internal audit charter and audit planning and work plan;
- (o) to manage or authorise the related transaction management by Related Party Transactions Control Committee;
- (p) 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;
- (q) 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;
- (r) to propose to the Shareholders' general meeting the appointment, change, or non re-appointment of the accounting firms which carries out audit for our Bank;
- (s) 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;
- (t) to review any material capital expenses, contracts and commitments which beyond the expense limits set by the Board for the senior management;
- (u) to develop the shareholding incentive or repurchase scheme of the Bank;
- (v) to regularly evaluate and improve our Bank's corporate governance, and to make necessary adjustments for the existing problems; and
- (w) to exercise any other power prescribed by relevant laws, administrative regulations, departmental rules, as well as other duties and powers conferred by our Articles of Association and Shareholders' general meetings.

Corporate Governance Report

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 ended 31 December 2021, 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 154 to 163.

Meetings of the Board of Directors and the Directors' Attendance

During the Reporting Period, our Bank held 9 meetings of the Board of Directors, considering and approving 62 proposals on matters mainly including adoption and/or amendments to various corporate governance measures, profit distribution plans, development 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 21st meeting of the 6th Board of Directors	18 January 2021	Resolution in writing
The 22nd meeting of the 6th Board of Directors	10 February 2021	Resolution in writing
The 23rd meeting of the 6th Board of Directors	26 March 2021	On-site
The 24th meeting of the 6th Board of Directors	18 May 2021	On-site
The 25th meeting of the 6th Board of Directors	29 July 2021	Resolution in writing
The 26th meeting of the 6th Board of Directors	27 August 2021	On-site
The 27th meeting of the 6th Board of Directors	10 September 2021	On-site
The 28th meeting of the 6th Board of Directors	14 October 2021	On-site
The 29th meeting of the 6th Board of Directors	26 November 2021	On-site

Corporate Governance Report

The attendance of each Director in the meetings of the Board of Directors 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
Mr. SUN Liguó	9	9	0	2/2
Mr. WU Hongtao ⁽¹⁾	9	9	0	2/2
Ms. ZHANG Furong ⁽²⁾	0	0	0	0/0
Ms. SUN Jingyu ⁽³⁾	9	7	1	1/2
Ms. DONG Guangpei ⁽³⁾	9	8	0	1/2
Mr. Alistair Marshall BULLOCH	9	9	0	0/2
Mr. ZHAO Wei	9	9	0	0/2
Mr. WANG Shunlong	9	9	0	2/2
Ms. LI Jun	9	8	1	0/2
Mr. FENG Heping	9	8	1	0/2
Mr. LAW Yee Kwan, Quinn	9	9	0	0/2
Mr. JIN Qingjun	9	9	0	1/2
Mr. HUA Yaogang	9	9	0	2/2
Mr. HE Jia	9	9	0	1/2

Note: (1) Appointed as member of the Board on 15 January 2021.

(2) Resigned as member of the Board on 15 January 2021.

(3) Absent from one Board meeting in 2021.

Corporate Governance Report

Independent Non-executive Director

The Board of our Bank now 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.

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 and the supervision 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 Listing Rules in respect of their independence.

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.

Corporate Governance Report

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 6 meetings, considering and approving 26 proposals on matters mainly including the strategic development plan for 2021-2025, the Profit Distribution Plan for 2020 and the issuance plan for the tier-two capital bonds. The attendance of each member in the meetings of the Strategic Development Committee in 2021 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	6	6	0
Mr. WU Hongtao ⁽¹⁾	5	5	0
Ms. SUN Jingyu	6	5	1
Mr. Alistair Marshall BULLOCH	6	6	0
Mr. HE Jia	6	6	0

Note: (1) Appointed as member of the Strategic Development Committee on 15 January 2021.

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. FENG Heping, Mr. WANG Shunlong, Ms. LI Jun, Mr. LAW Yee Kwan, Quinn and Mr. HUA Yaogang. The chairman of the Audit Committee is Mr. FENG Heping. Mr. WANG Shunlong and Ms. LI Jun are non-executive Directors, whereas Mr. FENG Heping, Mr. LAW Yee Kwan, Quinn 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 and accounts, 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 reporting 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;

Corporate Governance Report

- making recommendations to the Board on the appointment or change of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- monitoring and evaluating the external auditor's independence and objectivity and the effectiveness of the audit process;
- reviewing the management letter (or equivalent document) presented by the external auditors to the management and ensuring that the Board of Directors will provide a timely response to it, and reviewing any material queries raised by the external auditors to the management about meeting records, financial accounts or systems of control, and the management's response;
- 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 while informing the senior management and the Board of Supervisors; and
- listening to the audit report of the internal audit department regularly, and submitting it to the Board of Directors and informing the senior management and the Board of Supervisors.

During the Reporting Period, the Audit Committee held 6 meetings, considering and approving 20 proposals on matters mainly including 2020 Annual Results Announcement (2020年度業績公告), 2020 Annual Report (2020年度報告), Evaluation Report on 2020 Internal Control (2020年內部控制評價報告), The Report on 2020 Internal Audit Work (2020年內部審計工作報告), and 2021 Internal Audit Work Plan (2021年內部審計工作計劃).

The Audit Committee also organised the preparation and review of the 2020 Annual Report and 2021 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 2022, the Audit Committee reviewed the audited consolidated financial statements for the year ended 31 December 2021 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.

Corporate Governance Report

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. FENG Heping	6	6	0
Mr. WANG Shunlong	6	6	0
Ms. LI Jun	6	3	3
Mr. LAW Yee Kwan, Quinn	6	6	0
Mr. HUA Yaogang	6	6	0

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 three Directors, being Mr. JIN Qingjun, Mr. FENG Heping and, Mr. HUA Yaogang. The chairman of the Related Party Transactions Control Committee is Mr. JIN Qingjun. Mr. JIN Qingjun, Mr. FENG Heping and Mr. HUA Yaogang are independent non-executive Directors. The primary duties of the Related Party Transactions Control Committee include the following:

- identifying related parties and connected persons; and
- conducting review of related party transactions and connected transactions subject to review by the Board and the Shareholders' general meeting, reporting such Related Parties and connected transactions to the Board, and reviewing the related party transactions and connected transactions within the scope of authority of the Board.

During the Reporting Period, the Related Party Transactions Control Committee held 5 meetings, considering and approving 8 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 2020 (天津銀行股份有限公司2020年度關聯交易及關聯交易管理情況報告) and the Action Plan for Special Improvement and Self Review on the Equity and Related Transactions of Bank of Tianjin Co., Ltd. (天津銀行股份有限公司股權和關聯交易專項整治自查方案).

Corporate Governance Report

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	5	5	0
Ms. ZHANG Furong ⁽¹⁾	0	0	0
Mr. FENG Heping	5	5	0
Mr. HUA Yaogang	5	5	0

Note: (1) Resigned as member of the Related Party Transactions Control Committee on 15 January 2021.

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 four Directors, being Mr. WU Hongtao, Ms. DONG Guangpei, Mr. ZHAO Wei and Mr. JIN Qingjun. 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 is an independent non-executive Director 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.

Corporate Governance Report

During the Reporting Period, the Risk Management Committee held 5 meetings, considering and approving 14 proposals on matters mainly including the 2020 Risk and Risk Management Status Report (2020年度風險及風險管理狀況報告), the Report on IT Risk Management of 2020 (2020年度信息科技風險管理報告), the 2021 Risk Appetite (2021年風險偏好), the Reputation Risk Management Policies (聲譽風險管理政策) and the Internet Loans Management Policies (互聯網貸款管理政策). 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.

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. SUN Liguó ⁽¹⁾	0	0	0
Mr. WU Hongtao ⁽²⁾	5	5	0
Ms. DONG Guangpei ⁽³⁾	5	4	0
Mr. ZHAO Wei	5	5	0
Mr. JIN Qingjun	5	5	0

Note: (1) Resigned as member of the Risk Management Committee on 15 January 2021.

(2) Appointed as member of the Risk Management Committee on 15 January 2021.

(3) Absent from one Risk Management Committee meeting.

Corporate Governance Report

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 four Directors, being Mr. HE Jia, Mr. SUN Ligu, Mr. FENG Heping and Mr. LAW Yee Kwan, Quinn. The chairman of the Nomination and Remuneration Committee is Mr. HE Jia. Mr. SUN Ligu is an executive Director of our Bank. Mr. HE Jia, Mr. FENG Heping and Mr. LAW Yee Kwan, Quinn 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:

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; and
- 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.

Corporate Governance Report

During the Reporting Period, the Nomination and Remuneration Committee held 5 meetings, considering and approving 10 proposals on matters mainly including the Evaluation Comment on Performance of Duty of Directors and Senior Management for 2020 (2020年度董事和高級管理人員履職評價意見), the 2021 Performance Appraisal Index (2021年度公司績效考核指標), Measures for Remuneration Management of Professional Managers (職業經理人薪酬管理辦法) and Measures for Performance Appraisal of Professional Managers (職業經理人績效考核辦法).

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	5	5	0
Mr. SUN Liguo	5	5	0
Ms. ZHANG Furong ⁽¹⁾	0	0	0
Mr. FENG Heping	5	4	1
Mr. LAW Yee Kwan, Quinn	5	5	0

Note: (1) Resigned as member of the Nomination and Remuneration Committee on 15 January 2021.

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.

In designing the composition of the Board, our Bank has considered various measurable factors to achieve Board diversity, including gender, age, cultural and education background as well as professional experiences. As at the date of this annual report, the Board is comprised of 13 Directors, among which 3 are female, 3 are within the age group of 40 to 49, 4 are within the age group of 50 to 59, 6 are 60 and above; 5 with professional financial background, 5 with professional accounting and audit background, 1 with professional economic and management background, 1 with professional legal background and 1 with educational background.

Corporate Governance Report

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 three Directors, being Mr. HUA Yaogang, Mr. SUN Liguang and Mr. WU Hongtao. 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.

During the Reporting Period, the Inclusive Finance Development and Consumer Rights Protection Committee held 2 meetings, considering and approving 7 proposals on matters mainly including the 2020 Report on Financial Consumer Rights Protection Work (2020年度金融消費權益保護工作情況報告), the Plan for Consumer Rights Protection Strategies (消費者權益保護工作戰略規劃), the 2020 Report on Small and Micro financial work (2020年小微金融工作報告) and the 2021 Credit Scheme (2021年信貸計劃), the 2020 Report on Sannong Financial Service work (2020年「三農」金融服務工作情況匯報) and the 2021 Credit Scheme (2021年信貸計劃), etc.

Corporate Governance Report

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	2	2	0
Mr. SUN Liguao	2	2	0
Mr. WU Hongtao ⁽¹⁾	2	2	0
Ms. ZHANG Furong ⁽²⁾	0	0	0

Note: (1) Appointed as member of the Inclusive Finance Development and Consumer Rights Protection Committee on 15 January 2021.

(2) Resigned as member of the Inclusive Finance Development and Consumer Rights Protection Committee on 15 January 2021.

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. ZHANG Lianming. The number and composition of our Board of Supervisors are in compliance with the applicable laws and regulations.

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.

Corporate Governance Report

Meetings of the Board of Supervisors and the Supervisor' Attendance

During the Reporting Period, our Bank held 9 meetings of the Board of Supervisors, considering and approving 63 proposals on matters mainly including the 2020 Work Report of the Board of Supervisors of Bank of Tianjin Co., Ltd. 《天津銀行股份有限公司2020年度監事會工作報告》, the 2020 Risk and Risk Management Status Report of Bank of Tianjin Co., Ltd. 《天津銀行股份有限公司2020年度風險及風險管理狀況報告》 and the 2020 Internal Control Evaluation Report of Bank of Tianjin Co., Ltd. 《天津銀行股份有限公司2020年度內部控制評價報告》.

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	9	9	0
Mr. JIANG Zhengjun ⁽¹⁾	0	0	0
Mr. YAO Tao ⁽²⁾	9	8	1
Mr. YU Yang	9	7	2
Mr. ZHANG Lianming	9	9	0
Mr. LIU Baorui	9	8	1

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

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

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.

Corporate Governance Report

During the Reporting Period, the Supervision Committee held 6 meetings, considering and approving 65 proposals on matters mainly including the Report on 2020 Internal Audit Work of Bank of Tianjin Co., Ltd. 《天津銀行股份有限公司2020年內部審計工作報告》 and the 2020 Corporate Governance Evaluation Report of Bank of Tianjin Co., Ltd. 《天津銀行股份有限公司2020年度公司治理評估報告》. 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	6	5	1
Ms. FENG Xia	6	6	0
Mr. YU Yang	6	4	2

Nomination Committee

As of the date of this annual report, the Nomination Committee consists of three Supervisors, being Mr. ZHANG Lianming, Ms. FENG Xia and Mr. JIANG Zhengjun. The chairman of the Nomination Committee is Mr. ZHANG Lianming. 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.

Corporate Governance Report

During the Reporting Period, the Nomination Committee held 4 meetings, considering and approving 11 proposals on matters mainly including the Proposal on 2021 Performance Appraisal Index of Bank of Tianjin Co., Ltd. (《天津銀行股份有限公司2021年度公司績效考核指標的議案》), Measures for Remuneration Management of Professional Managers of Bank of Tianjin Co., Ltd. (《天津銀行股份有限公司職業經理人薪酬管理辦法》). 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. ZHANG Lianming	4	4	0
Ms. FENG Xia	4	4	0
Mr. JIANG Zhengjun ⁽¹⁾	0	0	0
Mr. YAO Tao ⁽²⁾	4	3	1

Note: (1) Appointed as member of the Nomination Committee on 28 February 2022.

(2) Retired as member of the Nomination Committee on 28 February 2022.

Attendance at Shareholders' general meetings during the Reporting Period

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

Training 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 special training on reputational risk management and special training on anti-corruption.

Corporate Governance Report

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 three 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.

CHAIRMAN AND PRESIDENT

As at the date of this annual report, Mr. SUN Liguo, 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 our President, was responsible for the overall work of operation and management of the Bank.

COMPANY SECRETARIES

Ms. DONG Xiaodong has been acting as our secretary to the Board since March 2021. 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 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.

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.

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 will be effective from the date of approval from the CBIRC Tianjin Office. 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 proactively hosts various communication activities with investors and analysts, so as to maintain a good relationship, and satisfy the reasonable requests of shareholders in a timely manner. 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 jointly holding 10% or more Shares may request the Board of Directors in writing to convene an extraordinary general meeting or a separate class Shareholders' meeting while clarifying the topic of such meeting in such request. The Board of Directors shall, within 10 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, administrative regulations and the Articles of Association. 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, the Board of Directors 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 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 an extraordinary 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 an extraordinary 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 such aforesaid 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 such aforesaid 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 more than 3% of the Bank's voting shares may propose an interim proposal and submit it in writing to the convener ten days before the Shareholders' general meeting. The convener shall review such proposal, issue a supplemental notice of the Shareholders' general meeting and announce the content of an interim proposal if it satisfies the provisions as otherwise specified in the Articles of Association within two days after receiving the proposal. If the Hong Kong Listing Rules specifies otherwise, the procedures for submitting a proposal to the Shareholders' general meeting shall follow such provisions.

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

In the 2020 first extraordinary general meeting convened on 1 December 2020, 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 2021 annual financial report of the Bank. The term of office of Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu as the auditors for 2020 expired on the date of the 2020 annual general meeting. The fee for the audit services of the financial statements for the year ended 31 December 2021 provided by PricewaterhouseCoopers to the Bank was RMB2.89 million (tax inclusive) and the fee for the review services of the interim financial statements was RMB0.09 million (tax inclusive). The fee for non-audit and review services provided by PricewaterhouseCoopers and its network member firms to the Bank for the year ended 31 December 2021 was RMB0.21 million (tax inclusive).

This was the first year that PricewaterhouseCoopers served as the auditor of the Bank.

REMUNERATION OF SENIOR MANAGEMENT OFFICERS

Details of the remuneration of the members of the senior management officers for the year ended 31 December 2021 are set out in "Directors, Supervisors, Senior Management officers and Employees – Information on Remuneration paid to Directors, Supervisors and Senior Management officers".

RISK MANAGEMENT AND INTERNAL CONTROL

For details of the risk management and internal control of the Bank, please refer to "Risk Management and Internal Control" of this annual 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.

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 ended 31 December 2021 are set out in the consolidated statement of comprehensive income on pages 164 to 165.

(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 2020 of the Bank was considered and approved by the Shareholders of the Bank at the 2020 annual general meeting of the Bank held on 18 May 2021. The Bank has not distributed any final dividend for the year of 2020.

Report of the Board of Directors

To meet regulatory requirements while strengthening the Bank's capital foundation and facilitating the sustainable and steady corporate development, it is proposed that no final dividend for 2021 be distributed to the Shareholders, as approved at the Board meeting held on 30 March 2022, and the undistributed profits are reserved for distribution in subsequent years. Such profit distribution plans will be proposed at the 2021 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. Since 2021, the Bank set up a professional team of green finance at the head office level and allocated special credit lines for green loans. Our bank also provided more favorable pricing standards for internal funds and continued to step up the assessment and evaluation of the achievement of green loans indicators. During the Reporting Period, the Bank actively conducted product innovation and completed the first pledge loan of carbon emission quota. As of the end of the Reporting Period, the balance of the Bank’s green loans amounted to RMB12.07 billion, representing a year-on-year increase of 29.4%.

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 specified training in relation to environmental and social risk management of the credit business. Also, the Bank would invite external experts to provide professional explanations on the connotation of environmental and social risks, major impacts and hazards, key points of environmental and social risk management in the credit sector, and case studies of peers, respectively, which facilitates stronger cultivation of environmental and social risk-related concepts for our employees, while providing advice for better environmental and social risk management integration with business development. At the same time, the Bank is committed to integrating climate considerations into development. We added the special topic of climate risk management to the 2021 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.

Report of the Board of Directors

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 reduced resource wastage, 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 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.

For details of the Bank's environmental policies and performance, please refer to the "2021 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 are 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 administration, non-managerial and client management sectors, which we believe could further encourage our employees to attempt to maximise his or her value.

Report of the Board of Directors

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.

(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 relatively underprivileged groups such as inclusive SME, technology-oriented enterprises and agriculture, rural areas and farmer enterprises, to further deepen our customer base of customer services, continue to implement central financial policies such as refinancing and unsecured loans support plans, 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" and "e-Loan for residential mortgage" 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. In addition, the Bank deepened its development in local markets, continuously strengthened the cooperation with Tianjin Social Security Bureau, enriched the functions and rights attached to social security cards, successfully obtained the qualification for the issuance of the third-generation social security card, and hosted the issuance ceremony of the third-generation social security card in Binhai New Area. 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 31 December 2021, we have had 152 outlets in Tianjin, covering all administrative districts of the city.

Under the unremitting efforts and excellent work of the staff across the Bank, in 2021, the Bank won various awards, such as the “2021 Outstanding City Commercial Bank in Asia”, “2021 Socially Responsible Bank with Outstanding Competitiveness”, “2021 Award of Fast-growing Bond Underwriting – Banks”, “2021 Best Interbank Debt Financing Instrument Underwriter – Excellent City Commercial Bank”, “2021 Best Credit Bond Underwriter – Excellent City Commercial Bank”, “2021 Best Financial Bond Underwriter – Excellent Bank”, “2021 Outstanding Underwriter in Interbank Market” by China Development Bank, “Excellence in Asset Management of City Commercial Bank”, “Best Growth Financial Institution in China’s Supply Chain Finance”, “2021 Golden Award for Bank Wealth Management Product: Tianji Award”, “Annual Award for Technology Finance”, “Best Transaction Bank”, “Award for Outstanding Contribution to Promotion of UnionPay Card Product” and the “Most Socially Responsible Enterprises in Tianjin”. In the “Top 1000 Global Banks 2021” list published by The Banker, a UK publication, the Bank ranked 194th in terms of tier-one capital, 8 places higher than 2020. The Bank ranked 234th in “The World’s Top 500 Banking Brands 2022” by Brand Finance, a UK brand assessment agency. The Bank ranked 190th among the “2021 Top 500 Chinese Service Enterprises” issued by China Enterprise Confederation/China Enterprise Directors Association, and 21st and 9th respectively among the “2021 Top 100 Enterprises in Tianjin” and “2021 Top 100 Service Enterprises in Tianjin” issued by Tianjin Enterprise Confederation/Tianjin Entrepreneur Association.

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 5 consecutive years.

Report of the Board of Directors

(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 covert 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 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.

To safeguard the consumer rights, our Bank was principally engaged in the following activities: (1) we further improved the system for consumer rights protection. In 2021, the Bank added and revised 9 consumer rights protection systems, continued to improve the system of consumer rights protection, set up a consumer rights protection system framework from the aspects of operation mechanism, sales compliance, publicity and education, assessment and evaluation, personal financial information protection, review of the consumer rights protection, marketing behaviour management, complaint handling, information disclosure, contingency plans, service management and protection of special groups of consumers, to provide a strong guarantee for smooth implementation of consumer rights protection work. (2) We carried out financial knowledge publicity and education campaigns. In 2021, 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. These activities created a good environment for the public to study finance, understand finance and apply finance. According to statistics, in 2021, the Bank held 5,200 indoor and outdoor publicity and education activities, and a total of more than 390 thousand sets of promotional materials were distributed. Financial knowledge was promoted by official WeChat for 220 times, and more than 5.0 million SMS were sent for publicity, benefiting over 5.0 million people times. (3) We proactively improved the elder-friendly service level of the outlets. In 2021, we actively carried out the elder-friendly improvement work for the outlets to promote the resolution of the difficulties encountered by elders in the use of smart technology in Banking services, striving to improve the comprehensive financial service level. Our third central sub-branch was the first city commercial bank in Tianjin Province and nationwide to be awarded the financial standard qualification of "Elder-Friendly Service Model Outlet" (適老服務示範網點).

Report of the Board of Directors

In terms of handling consumer complaints, in 2021, 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 1,489 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 "2021 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.

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.

Report of the Board of Directors

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.

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 RMB0.33 million for the year ended 31 December 2021.

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).

Report of the Board of Directors

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 Liguo

Chairman

Tianjin, China

30 March 2022

Report of the Board of Supervisors

In 2021, 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 various duties and functions of the Board of Supervisors conferred by the Articles of Association, as well as performed supervision on the corporate governance of the Bank and on the performance of duties of the Board, senior management and other members, so as to ensure the legitimate rights and interests of the Bank and shareholders. The major work of the Board of Supervisors in 2021 is set forth hereunder:

I. MAJOR WORK

In 2021, the Board of Supervisors strengthened the supervision and review over operating conditions, financial activities and fulfilment of duties by the directors and senior management of the Bank through convening regular meetings, attending relevant meetings held by the Board of Directors and senior management and conducting specific examinations and surveys.

(I) Organised, Convened and Presented at Meetings in Compliance with Laws and Regulations to Actively Perform the Obligations of Supervision

The first was to earnestly organise and convene the meetings of the Board of Supervisors. In 2021, a total of 9 meetings of the Board of Supervisors were held, with 63 resolutions considered and 33 reports reviewed. The second was to present and attend at Shareholders' general meetings and meetings of the Board of Directors in compliance with requirements. In 2021, members of the Board of Supervisors of the Bank attended 2 Shareholder's general meetings, 6 meetings of the Board of Directors, and 5 meetings of the special committees of the Board of Directors. By attending relevant meetings, the Board of Supervisors could effectively supervise meeting process, the content of resolutions and voting procedures, so as to ensure that all meetings were in compliance with laws and regulations in terms of form and content. The third was to organise trainings for supervisors. In 2021, the Board of Supervisors of the Bank organised 2 special training sessions, which covered reputation risk management and anti-corruption, etc., in a bid to further enhance the performance of supervisors.

Report of the Board of Supervisors

(II) Completed the Performance Evaluation Work on Schedule, and Assumed Ultimate Responsibility for the Performance Evaluation

The first was to carry out the fundamental work of performance evaluation properly. The Board of Supervisors of the Bank continuously strengthened daily supervision over the performance of directors and senior management, established performance files, regularly updated the contents of such files and truthfully recorded their performance activities. The second was to increase the number of performance interviews. In April 2021, the Board of Supervisors conducted performance interviews with certain selected directors, received briefings on directors' annual performance and gained understanding on directors' opinions and suggestions of the Bank in relation to corporate governance, business development and other aspects. In addition, the Report of the Board of Supervisors of Bank of Tianjin Co., Ltd. on the Performance Interviews with Directors 《關於天津銀行股份有限公司監事會對董事履職訪談情況的報告》 was considered and approved. The third was to complete the 2020 performance evaluation work of the Board of Directors, directors, Board of Supervisors, supervisors, senior management and its members on schedule and to prepare a performance evaluation report to report to the Shareholders' general meeting.

(III) Improved the System Construction to Further Enhance Efficient Performance of Duty of the Board of Supervisors

In 2021, according to regulatory requirements and the actual situation of the Bank, the Board of Supervisors of the Bank had amended the Working Rules of the Nomination Committee of the Supervisory Board of Bank of Tianjin Co., Ltd. 《天津銀行股份有限公司監事會提名委員會工作規則》, the Working Rules of the Supervision Committee of the Supervisory Board of the Bank of Tianjin Co., Ltd. 《天津銀行股份有限公司監事會監督委員會工作規則》, and the Performance Evaluation Measures for Supervisors of Bank of Tianjin Co., Ltd. 《天津銀行股份有限公司監事履職評價辦法》, which were then considered and approved by the Board of Supervisors. Through the improvement of relevant systems, the effective performance of duty of the special committees of the Board of Supervisors has been facilitated, and a comprehensive and objective performance evaluation of the supervisors has been facilitated.

(IV) Strengthened Surveys and Inspections, and Effectively Performed its Supervision Obligations

With the Bank's progress towards its major tasks, the Board of Supervisors of the Bank determined that the development of the internet loan business in 2021 and the implementation of the "13th Five-Year Plan" strategic plan would be the annual special supervision work of the Board of Supervisors. The members of the Board of Supervisors strictly followed the arrangement of special supervision and actively participated in inspections and investigations. They carefully reviewed the written reports submitted by the senior management and relevant departments, and went to relevant branches for on-site investigations. The 2021 special supervision work report has been reviewed and approved by the Board of Supervisors, and the performance supervisory function of the Board of Supervisors has been well exerted.

Report of the Board of Supervisors

(V) Completed the Economic Responsibility Audit of Relevant Personnel in a Timely Manner to Ensure the Smooth Operation of the Board of Directors and Senior Management

In accordance with the Articles of Association of the Bank and the duties of the Board of Supervisors, the Board of Supervisors convened timely meetings to select working institutions to form an audit team to complete the economic responsibility audits on a resigned member of the senior management team, and prepared an economic responsibility audit report to report to the Board of Directors and the Board of Supervisors, and submitted the report to the regulatory authorities as material requirements for the departure audit or qualification review of the Bank's directors or senior management team members.

(VI) Continuously Strengthened the Four Supervision Aspects and Constantly Enhanced the Quality and Efficiency of the Work of the Board of Supervisors

In 2021, the Board of Supervisors supervised the compliance with laws and regulations as well as the Articles of Association of the Bank by the Board of Directors and the senior management and its members, and supervised the execution of resolutions of Shareholders' general meetings and board meetings as well as opinions for supervision, thus continuously improving the quality and efficiency of the work of the Board of Supervisors.

For the supervision on performance of duty, the Board of Supervisors of the Bank further strengthened the supervision over the performance of the Board of Directors and senior management and its members by considering and approving the evaluation report of the implementation of Bank's strategic plan for 2016-2020 and the Bank's strategic development plan for 2021-2025, and listened to relevant work reports submitted by the senior management on a regular basis.

For the supervision on finance in 2021, the Board of Supervisors of the Bank considered and approved proposals including the Bank's 2020 Annual Report, 2020 Annual Results Announcement, 2021 Interim Report and 2021 Interim Results Announcement, listened to the audit opinions from external auditors, and strengthened the supervision over the Bank's operating performance, financial implementation, and profit distribution.

For the supervision on risk management in 2021, the Board of Supervisors of the Bank effectively assumed the responsibility of overseeing comprehensive risk management. It regularly listened to reports on comprehensive risks (including operational risks, liquidity risks, market risks, reputation risks and other major risks) and risk management, and considered and approved proposals including the 2021 risk preferences statements and reputation risk policy. It reviewed reports such as the 2020 information technology risk management, strengthened the supervision on performance of duties of the Board of Directors and senior management in various aspects of risk management, and regularly listened to relevant specialized audit conclusions and opinions of the internal audit department.

Report of the Board of Supervisors

For the supervision on internal control in 2021, the Board of Supervisors of the Bank reviewed the annual internal control evaluation reports, and continuously tracked the implementation status of rectifications. It reviewed the internal audit work report submitted by the internal audit department of the Bank, paid attention to the quality and effectiveness of internal audit work, and guided internal audit work. It listened to the work report of the senior management, paid attention to the duty fulfilment of the Board of Directors and senior management's crime prevention work responsibilities, and supervised the implementation of the crime prevention and control management system, etc. The Board of Supervisors regularly listened to the report on related party transactions and management of related party transactions, as well as listened to and considered the report on material related party transactions, while supervising the performance of the related party transactions management duties of the Board of Directors and senior management.

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

During the Reporting Period, the Board of Supervisors earnestly fulfilled its duty of supervising the duty performance by the Board of Directors and senior management of our Bank in accordance with the Articles of Association. The opinions issued in respect of the relevant matters are as follows:

(I) Operation in Compliance with Laws

During the Reporting Period, the Bank conducted business under laws and regulations, and continued to improve internal control mechanisms. The decision-making procedure during the operation complied with laws and regulations and relevant provisions of the Articles of Association. Members of the Board of Directors and senior management duly fulfil their duties, and none of the Directors and senior management was found to violate any laws and regulations or prejudice the interests of the Bank and Shareholders.

(II) Preparation of Annual Report

During the Reporting Period, the procedures of preparation and review of this annual report are in compliance with laws, regulations and regulatory requirements, and the contents of the report give a true, accurate and complete view on the actual situations of the Bank.

(III) Related-party Transactions

During the Reporting Period, the Board of Supervisors supervised the management of our related-party transactions and found no act of damaging the interests of the Bank and its shareholders.

Report of the Board of Supervisors

(IV) Implementation of the Resolutions of the Shareholders' General Meeting

During the Reporting Period, the Bank convened 2 general meetings. Members of the Board of Supervisors attended the meetings in accordance with the relevant terms of the Company Law of the People's Republic of China, and the Articles of Association of Bank of Tianjin Co., Ltd. We had no objection to the reports and proposals submitted by the Board of Directors to the general meetings for consideration, supervised the implementation of the resolutions of the general meetings, and considered that the Board of Directors was able to conscientiously implement relevant resolutions of the Shareholders' general meetings.

On Behalf of the Board of Supervisors

FENG Xia

Chairwoman

Tianjin, China
30 March 2022

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 25 December 2019, the Bank issued the financial bonds for 2019 of Bank of Tianjin Co., Ltd. in the national inter-bank bond market and the payment was completed on 27 December 2019. This tranche of bonds issued were 3-year fixed rate bonds, with a total amount of RMB5 billion and a nominal interest rate of 3.88%.

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.

Important Events

On 27 December 2012, the Bank issued the 10-year fixed-rate subordinated bonds at a total face value of RMB1.5 billion with a fixed nominal interest rate of 5.90% per annum. Interests are payable annually.

On 27 December 2012, the Bank issued the 15-year fixed-rate subordinated bonds at a total face value of RMB1.2 billion with a fixed nominal interest rate of 5.99% per annum. Interests are payable annually.

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 abovementioned 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. Due to changes in relevant circumstances, we filed a civil lawsuit with the Shanghai Financial Court after withdrawing the case from the Shanghai High People's Court in October 2020. On 30 December 2021, the Shanghai Financial Court delivered the first instance court verdict regarding the case, 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 People's Courts on the day of the first instance judgement.

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 for the year ended 31 December 2021 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 for the year ended 31 December 2021 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 31 December 2021 were RMB27,346.2 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.

SIGNIFICANT 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.

Risk Management and Internal Control

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

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.

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 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".

Our Bank has formulated systems including the Personnel Conduct Management Policy of Bank of Tianjin Co., Ltd. and the Work Ethics and Code of Conduct of 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.

Risk Management and Internal Control

The Measures to Manage Disclosure of Information about Bank of Tianjin, 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.

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, International Financial Reporting Standards 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.

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 timely report of potential internal control issues to the management.

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.

Risk Management and Internal Control

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 headquarters 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.

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 company. 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 control, conducted various audit assessments by on-site and off-site audit and expanded gradually the functions of internal audit.

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 164 to 314, comprise:

- the consolidated statement of financial position as at 31 December 2021;
- 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 2021, 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 2021, gross loans and advances to customers as presented in the Group's consolidated statement of financial position, amounted to RMB337,020 million, for which the management recognized an impairment allowance of RMB12,455 million; total debt instruments measured at amortized cost amounted to RMB194,249 million, for which management recognized an impairment allowance of RMB3,547 million.</p> <p>Management recognized an impairment allowance of RMB9,547 million for the purpose of expected credit losses for loans and advances to customers and debt instruments measured at amortized cost in consolidated statement of comprehensive income for the year ended 31 December 2021.</p> <p>The balances of loss allowances for the loans and advances to customers and debt instruments measured at amortized cost represent the 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 assess 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 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 coding for 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 corporate loans and advances to 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 corporate loans and advances to 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
<p>Consolidation of structured entities</p> <p><i>Refer to Note 2.3, 3.6 and 48</i></p> <p>Structured entities primarily included asset management plans, asset-backed securities, trust plans and funds, managed or invested by the Group. As at 31 December 2021, the carrying amount of unconsolidated structured entities sponsored by third party institutions invested by the Group amounted to RMB114,740 million. In addition, as at 31 December 2021, 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 RMB101,762 million.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <ol style="list-style-type: none"> (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. <p>Based on the procedures performed, we found management's consolidation judgement of these structured entities acceptable.</p>

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 and 54</i></p> <p>As at 31 December 2021, the amount of fair value of financial instruments measured at Level 3 is RMB83,012 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 2022

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Year ended 31 December	
		2021	2020
Interest income		30,371,879	30,553,932
Interest expense		(17,446,541)	(16,907,490)
Net interest income	5	12,925,338	13,646,442
Investment income	6	2,339,241	1,738,108
Fee and commission income		2,082,280	2,447,096
Fee and commission expense		(298,654)	(136,561)
Net fee and commission income	7	1,783,626	2,310,535
Net trading gains/(losses)	8	649,678	(446,873)
Net gain arising from derecognition of financial assets measured at amortised cost	9	40,212	25,832
Other income, gains or losses	10	(44,106)	(77,340)
Operating income		17,693,989	17,196,704
Operating expenses	11	(4,424,654)	(3,952,952)
Impairment losses under expected credit loss model, net of reversals	12	(9,852,127)	(8,230,793)
Share of results of associates		24,535	22,125
Profit before tax		3,441,743	5,035,084
Income tax expense	13	(227,436)	(691,671)
Profit for the year		3,214,307	4,343,413

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021
(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Year ended 31 December	
		2021	2020
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	781,211	(578,233)
Amount reclassified to profit or loss upon disposal of:			
- financial assets measured at fair value through other comprehensive income	43	(304,076)	(439,305)
Impairment loss for financial assets measured at fair value through other comprehensive income included in profit or loss	43	27,587	378,195
Income tax relating to items that may be reclassified subsequently	43	(126,181)	159,836
Other comprehensive income/(expense) for the year, net of income tax		378,541	(479,507)
Total comprehensive income for the year		3,592,848	3,863,906
Profit for the year attributable to:			
Equity holders of the Bank		3,196,026	4,307,585
Non-controlling interests		18,281	35,828
		3,214,307	4,343,413
Total comprehensive income for the year attributable to:			
Equity holders of the Bank		3,574,567	3,828,078
Non-controlling interests		18,281	35,828
		3,592,848	3,863,906
Total comprehensive income for the year:			
- from continuing operations		3,592,848	3,863,906
Earnings per share attributable to equity holders of the Bank (Expressed in RMB Yuan per share)			
From continuing operations			
- Basic and diluted	14	0.53	0.71

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

Consolidated Statement of Financial Position

As at 31 December 2021

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	31 December 2021	31 December 2020
ASSETS			
Cash and balances with central bank	17	39,831,551	47,831,475
Deposits with banks and other financial institutions	18	5,286,491	7,831,165
Placements with banks and other financial institutions	19	19,063,025	10,693,212
Derivative financial assets	20	16,776	9,744
Financial assets held under resale agreements	21	600,197	600,197
Financial assets at fair value through profit or loss	22	73,740,567	65,486,367
Debt instruments at fair value through other comprehensive income	23	50,154,686	57,923,347
Loans and advances to customers	24	324,607,358	295,752,349
Debt instruments at amortised cost	25	190,702,029	187,348,850
Equity instruments at fair value through other comprehensive income	26	1,642,224	1,564,660
Deferred tax assets	27	4,514,145	4,808,896
Other assets	28	5,942,697	4,063,300
Property and equipment	29	2,555,066	2,569,826
Right-of-use assets	30	990,057	1,044,283
Interests in associates	31	257,063	232,528
Total assets		719,903,932	687,760,199
LIABILITIES			
Borrowings from central bank	32	53,070,305	25,318,850
Deposits from banks and other financial institutions	33	41,412,833	47,491,951
Placements from banks and other financial institutions	34	21,409,841	25,809,846
Financial liabilities held for trading	35	519,111	472,762
Financial assets sold under repurchase agreements	36	59,110,735	60,492,664
Derivative financial liabilities	20	156,724	675,034
Income tax payable		15,553	437,562
Other liabilities	37	4,662,187	7,367,280
Lease liabilities	38	1,015,819	1,052,790
Due to customers	39	382,478,890	355,981,854
Debt securities issued	40	98,511,096	108,711,616
Total liabilities		662,363,094	633,812,209

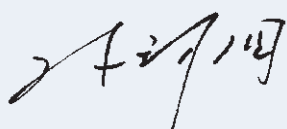
Consolidated Statement of Financial Position

As at 31 December 2021
(Amounts in thousands of Renminbi, unless otherwise stated)

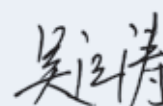
	Notes	31 December 2021	31 December 2020
EQUITY			
Share capital	41	6,070,552	6,070,552
Capital reserve	42	10,731,130	10,731,130
Investment revaluation reserve	43	(12,335)	(390,876)
Surplus reserve	44	3,352,480	3,352,480
General reserve	45	9,216,746	9,213,596
Retained earnings		27,346,218	24,153,342
Equity attributable to equity holders of the Bank		56,704,791	53,130,224
Non-controlling interests		836,047	817,766
Total equity		57,540,838	53,947,990
Total equity and liabilities		719,903,932	687,760,199

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

The consolidated financial statements on pages 164 to 314 were approved and authorised for issue by the Board of Directors on 30 March 2022 and are signed on its behalf by:



EXECUTIVE DIRECTOR



EXECUTIVE DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Attributable to equity holders of the Bank						Subtotal	Non – controlling interests	Total
		Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings			
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
As at 1 January 2020		6,070,552	10,731,130	88,631	3,352,480	9,198,347	20,953,705	50,394,845	781,938	51,176,783
Profit for the year		-	-	-	-	-	4,307,585	4,307,585	35,828	4,343,413
Other comprehensive income for the year		-	-	(479,507)	-	-	-	(479,507)	-	(479,507)
Total comprehensive income for the year		-	-	(479,507)	-	-	4,307,585	3,828,078	35,828	3,863,906
Dividend distribution	15	-	-	-	-	-	(1,092,699)	(1,092,699)	-	(1,092,699)
Appropriation to general reserve	45	-	-	-	-	15,249	(15,249)	-	-	-
As at 31 December 2020		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

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2021
(Amounts in thousands of Renminbi, unless otherwise stated)

	Year ended 31 December	
	2021	2020
OPERATING ACTIVITIES		
Profit before tax	3,441,743	5,035,084
Adjustments for:		
Depreciation and amortisation	794,039	676,088
Impairment losses under expected credit loss model, net of reversal	9,852,127	8,230,793
Share of results of associates	(24,535)	(22,125)
Interest income arising from debt instruments at FVOCI and at amortised costs	(9,115,228)	(10,030,445)
Interest expense arising from lease liabilities	41,941	49,357
Interest expense arising from debt securities issued	3,588,642	3,877,096
Investment income	(2,339,241)	(1,738,108)
Net trading (gains)/losses	(649,678)	446,873
Net gains arising from derecognition of financial assets measured at amortised cost	(40,212)	(25,832)
Dividend income from investment securities	(68,096)	(1,440)
Other income, gains or losses	(139,876)	657,149
Operating cash flows before movements in working capital	5,341,626	7,154,490
(Increase)/Decrease in balances with central bank and deposits with banks and other financial institutions	(344,278)	4,551,899
Increase in placements with banks and other financial institutions	(6,716,430)	(5,738,754)
(Increase)/Decrease in financial assets held for trading and derivative financial assets	(4,007,924)	21,725
Increase in loans and advances to customers	(39,456,427)	(22,727,786)
Increase/(Decrease) in borrowings from central bank	27,700,729	(11,197,813)
(Decrease)/Increase in deposits from banks and other financial institutions	(6,048,136)	2,192,711
(Decrease)/Increase in placements from banks and other financial institutions	(4,347,872)	4,718,018
(Decrease)/Increase in financial liabilities held for trading and derivative financial liabilities	(424,820)	102,957
(Decrease)/Increase in financial assets sold under repurchase agreements	(1,358,915)	27,457,507
Increase in due to customers	26,184,521	6,599,244
Increase in other operating assets	(625,050)	(1,488,119)
Decrease in other operating liabilities	(2,890,811)	(1,437,172)
Cash generated by operating activities	(6,993,787)	10,208,907
Income tax paid	(478,491)	(1,798,990)
Net cash generated by operating activities	(7,472,278)	8,409,917

Consolidated Statement of Cash Flows

For the year ended 31 December 2021
(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Year ended 31 December	
		2021	2020
INVESTING ACTIVITIES			
Cash received from disposal and redemption of investment securities		493,360,837	380,424,989
Cash received from disposal of property and equipment and other assets		9,656	4,928
Cash paid for purchases of investment securities		(490,952,159)	(396,165,937)
Cash paid for purchase of property and equipment and other assets		(708,097)	(883,657)
Interest income received from investment securities		10,444,570	11,507,666
Dividend income received from investment securities		68,096	1,440
Net cash generated/(used in) by investing activities		12,222,903	(5,110,571)
FINANCING ACTIVITIES			
Cash received from debt securities issued	46	162,978,918	137,743,802
Repayment of debt securities issued	46	(174,820,000)	(149,790,000)
Repayment of lease liabilities	46	(321,603)	(300,281)
Interest paid on financing activities	46	(1,948,080)	(3,788,961)
Dividends paid		(29,623)	(1,082,139)
Net cash used in financing activities		(14,140,388)	(17,217,579)
Net decrease in cash and cash equivalents		(9,389,763)	(13,918,233)
Cash and cash equivalents at beginning of the year		24,604,025	38,610,708
Effect of foreign exchange rate changes		(57,249)	(88,450)
Cash and cash equivalents at end of the year	47	15,157,013	24,604,025
Net cash generated by operating activities include:			
Interest received		24,512,182	23,237,049
Interest paid		(13,859,919)	(15,230,538)
Net interest received from operating activities		10,652,263	8,006,511

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021
(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 2021 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 2021, the Bank was approved to open 2 new branches. 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; bank cards business; issuing financial bonds; acting as agent to issue, settle and underwrite government bonds; trading of government bonds; engaging in inter-bank placement; providing guarantee; acting as agent on inward and outward payments, acting as insurance agent; providing safe-box service; entrusted loan business on credit turnover funds of local public finance. 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 (certain projects are subject to approval of authorities), and other business activities approved by the CBIRC (business operations subject to approval are carried out upon approval by relevant departments).

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(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.

To conform with the presentation of the financial statements, the Group adjusted certain items for comparative period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021
(Amounts in thousands of Renminbi, unless otherwise stated)

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 2021

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Amendments - Interest Rate Benchmark Reform - Phase 2

The IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Phase 2 amendments provide a practical expedient to account for these changes in the basis for determining contractual cash flows because of interest rate benchmark reform. Under the practical expedient, entities will account for these changes by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9 without the recognition of an immediate gain or loss. This practical expedient applies only to such a change and only to the extent that it is necessary as a direct consequence of interest rate benchmark reform, and the new basis is economically equivalent to the previous basis.

Amendment to IFRS 16 'Leases' - COVID-19 related rent concessions Extension of the practical expedient.

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. The amendment is effective for annual reporting periods beginning on or after 1 April 2021, with earlier application permitted. The Group has early adopted this amendment for the current period.

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 2021.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(Amounts in thousands of Renminbi, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

Application of amendments to international financial reporting standards ("IFRSs") Effective date on 1 January 2021 (Continued)

Amendment to IFRS 16 'Leases' – COVID-19 related rent concessions Extension of the practical expedient. *(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
IFRS 3 Amendments	Reference to the Conceptual Framework	1 January 2022
IAS 16 Amendments	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
IAS 37 Amendments	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRSs 2018-2020 Cycle (issued in May 2020)		1 January 2022
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 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021
(Amounts in thousands of Renminbi, unless otherwise stated)

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(Amounts in thousands of Renminbi, unless otherwise stated)

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021
(Amounts in thousands of Renminbi, unless otherwise stated)

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(Amounts in thousands of Renminbi, unless otherwise stated)

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 custodial fee, etc.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021
(Amounts in thousands of Renminbi, unless otherwise stated)

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 recognized the right-of-use assets at the commencement date, and recognized 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 exercises 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(Amounts in thousands of Renminbi, unless otherwise stated)

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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For the year ended 31 December 2021
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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.

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.

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)*

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 by the 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.

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.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Taxation *(Continued)*

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.

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.

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For the year ended 31 December 2021

(Amounts in thousands of Renminbi, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Taxation *(Continued)*

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.

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.

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For the year ended 31 December 2021
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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments *(Continued)*

Classification of financial instruments (Continued)

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.

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.

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For the year ended 31 December 2021

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments *(Continued)*

Classification of financial instruments (Continued)

(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.

(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.

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For the year ended 31 December 2021
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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 *(Continued)*

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.

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.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments *(Continued)*

Measurement of financial instruments (Continued)

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.

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.

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For the year ended 31 December 2021
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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments *(Continued)*

Measurement of financial instruments (Continued)

Subsequent measurement *(Continued)*

(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.

(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.

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For the year ended 31 December 2021

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments *(Continued)*

Measurement of financial instruments (Continued)

Subsequent measurement *(Continued)*

(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.

(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.

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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

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.

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.

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.

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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

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.

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, especially when the borrower is downgraded to grade 6 or below; or
- Significant downgrade in external rating, especially the borrower is downgraded to below A (domestic rating agency) or BBB- (international rating agency); or
- Appearance on internal watch-list developed by the Group; or
- Significant widening of credit spreads in the market.

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. The Group considers a debt instrument to have low credit risk when it has an external credit rating of higher than A.

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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.

(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:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- 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;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- 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.

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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 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.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature and industry of debtors; and
- External credit ratings where available, if any.

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.

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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.

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For the year ended 31 December 2021
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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Repossessed assets

The transferee's (The Group) foreclosed assets of the type of financial assets are initially recognized at fair value; Debt assets of the type of financial assets transferred by the Group are initially measured at fair value; Debt assets other than the transferred 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.

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.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Impairment on property and equipment, right-of-use assets and intangible assets *(Continued)*

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).

Notes to the Consolidated Financial Statements

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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 members of the family 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

- (1) Significant increase of credit risk: ECL are measured as an allowance equal to 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.
- (2) 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.
- (3) 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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For the year ended 31 December 2021
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3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

3.1 Impairment under ECL model *(Continued)*

- (4) 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.
- (5) 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.
- (6) 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.
- (7) The financial uncertainty triggered by the Covid-19 pandemic 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 interests is only included 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 RMB83,012 million as at 31 December 2021 (31 December 2020: RMB64,583 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. Whilst the Group considers these valuations are the best estimates, the ongoing Covid-19 pandemic has resulted in certain market volatility and may cause further disruptions to the investees'/issuers' businesses, which have led to some degree of uncertainties in respect of the valuations in the current year. 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 transferred 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 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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4. SEGMENT ANALYSIS (Continued)

Operating Segments (Continued)

Others (Continued)

	Corporate banking	Personal banking	Treasury operations	Others	Total
Year ended 31 December 2020					
External interest income	8,951,714	9,989,597	11,612,621	–	30,553,932
External interest expense	(7,025,828)	(1,739,050)	(8,142,612)	–	(16,907,490)
Inter-segment interest income/(expense)	3,374,480	(2,555,328)	(819,152)	–	–
Net interest income	5,300,366	5,695,219	2,650,857	–	13,646,442
Investment income	–	–	1,738,108	–	1,738,108
Fee and commission income	1,013,359	885,647	548,090	–	2,447,096
Fee and commission expense	(45,776)	(46,613)	(44,172)	–	(136,561)
Net fee and commission income	967,583	839,034	503,918	–	2,310,535
Net trading losses	–	–	(446,873)	–	(446,873)
Net gains arising from the derecognition of financial assets measured at amortised cost	–	–	25,832	–	25,832
Other income, gains or losses	–	–	(130,682)	53,342	(77,340)
Operating income	6,267,949	6,534,253	4,341,160	53,342	17,196,704
Operating expenses	(1,359,689)	(1,759,480)	(833,783)	–	(3,952,952)
Impairment losses under expected credit loss model, net of reversals	(4,165,862)	(3,388,707)	(676,224)	–	(8,230,793)
Share of results of associates	–	–	–	22,125	22,125
Profit before tax	742,398	1,386,066	2,831,153	75,467	5,035,084
Income tax expense	–	–	–	–	(691,671)
Profit for the year	–	–	–	–	4,343,413
Depreciation and amortisation	(246,166)	(259,428)	(170,494)	–	(676,088)
Capital expenditure	(230,772)	(359,605)	(90,509)	(202,771)	(883,657)
As at 31 December 2020					
Segment assets	175,282,745	135,569,679	375,142,833	1,764,942	687,760,199
Segment liabilities	(269,008,394)	(89,682,236)	(274,601,406)	(520,173)	(633,812,209)
Supplementary information Credit commitments	53,769,302	13,950,734	–	–	67,720,036

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5. NET INTEREST INCOME

	Year ended 31 December	
	2021	2020
Interest income:		
Loans and advances to customers, including:		
Corporate loans and advances	9,145,050	8,669,788
Personal loans and advances	9,726,056	9,989,597
Discounted bills	795,681	481,188
Finance lease	128,569	232,772
Balances with central bank	562,384	557,465
Deposits with banks and other financial institutions	35,788	41,696
Placements with banks and other financial institutions	679,004	348,692
Financial assets held under resale agreements	184,119	202,289
Investments, including:		
Debt instruments at FVOCI	1,741,969	1,679,820
Debt instruments at amortised cost	7,373,259	8,350,625
Subtotal	30,371,879	30,553,932
Interest expense:		
Borrowings from central bank	(672,965)	(1,176,408)
Deposits from banks and other financial institutions	(1,210,797)	(1,157,864)
Placements from banks and other financial institutions	(439,922)	(520,240)
Financial assets sold under repurchase agreements	(1,620,480)	(903,109)
Due to customers	(9,871,794)	(9,223,416)
Debt securities issued	(3,588,642)	(3,877,096)
Lease liabilities	(41,941)	(49,357)
Subtotal	(17,446,541)	(16,907,490)
Net interest income	12,925,338	13,646,442

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6. INVESTMENT INCOME

	Year ended 31 December	
	2021	2020
Investment income from financial instruments at fair value through profit or loss	2,339,241	1,738,108

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	
		2021	2020
Fee and commission income	(1)		
Wealth management service fees		887,220	1,516,890
Agency commissions and underwriting service fees		759,186	552,353
Settlement and clearing fees		203,783	169,704
Consultancy fees		118,572	91,771
Acceptance and guarantee commitment fees		61,454	75,811
Bank card fees		49,548	37,993
Others		2,517	2,574
Subtotal		2,082,280	2,447,096
Fee and commission expense		(298,654)	(136,561)
Total		1,783,626	2,310,535

- (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/(LOSSES)

	Year ended 31 December	
	2021	2020
Net gains/(losses) arising from trading of financial assets at fair value through profit or loss	334,708	(643,613)
Net gains on disposal of debt instruments at fair value through other comprehensive income	304,076	239,305
Net gains/(losses) arising from fair value changes of derivative financial instruments	10,894	(42,565)
Total	649,678	(446,873)

9. NET GAIN ARISING FROM DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST

	Year ended 31 December	
	2021	2020
Net gain on disposal of financial assets measured at amortised cost	40,212	25,832

During the year ended 31 December 2021, the Group sold some financial assets measured at amortised cost to meet the demand of liquidity.

10. OTHER INCOME, GAINS OR LOSSES

	Notes	Year ended 31 December	
		2021	2020
Dividend income		68,096	1,440
Rental income		50,455	30,758
Government subsidies	(1)	23,222	26,463
Exchange differences		(111,254)	(164,749)
Others		(74,625)	28,748
Total		(44,106)	(77,340)

(1) Government subsidies primarily represented tax rebates of RMB19.6 million (2020: RMB17.7 million).

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11. OPERATING EXPENSES

	Notes	Year ended 31 December	
		2021	2020
Staff costs	(1)	2,375,049	2,068,550
Office expenses		423,383	421,901
Depreciation of property and equipment		365,900	262,350
Depreciation of right-of-use assets		296,662	309,014
Sundry taxes		210,911	203,950
Amortisation		131,477	104,724
Rental and property management expenses		80,864	74,053
Other general and administrative expenses	(2)	540,408	508,410
Total		4,424,654	3,952,952

(1) Staff costs

	Year ended 31 December	
	2021	2020
Salaries, bonuses and allowances	1,678,665	1,579,536
Social insurance	300,640	115,887
Housing funds	134,042	124,117
Staff welfare	96,424	81,088
Labor union fees and staff education expenses	41,720	36,390
Contribution to annuity funds	123,558	131,532
Total	2,375,049	2,068,550

(2) The Group's statutory audit fee for the year ended 31 December 2021 was RMB2.89 million (2020: RMB2.65 million).

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12. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended 31 December	
	2021	2020
Deposits with banks and other financial institutions	(2,214)	6,000
Placements with banks and other financial institutions	(63,252)	4,786
Financial assets held under resale agreements	-	(9)
Debt instruments at FVOCI	19,872	356,316
Loans and advances to customers at amortised cost	10,023,107	7,297,429
Loans and advances to customers at FVOCI	7,715	21,879
Debt instruments at amortised cost	(484,017)	597,634
Credit commitments	62,890	(41,455)
Others	288,026	(11,787)
Total	9,852,127	8,230,793

13. INCOME TAX EXPENSE

	Year ended 31 December	
	2021	2020
Income tax expense comprises:		
Current income tax		
– PRC Enterprise Income Tax	58,866	543,085
Deferred tax (Note 27)	168,570	148,586
Total	227,436	691,671

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	
		2021	2020
Profit before tax		3,441,743	5,035,084
Tax calculated at applicable statutory tax rate of 25%		860,436	1,258,771
Income tax at concessionary rate		(4,144)	(1,392)
Income tax adjustment for prior years		7,096	2,462
Tax effect of expense not deductible for tax purpose		59,453	36,511
Tax effect of income not subject to tax	(1)	(695,405)	(604,681)
Income tax expense		227,436	691,671

- (1) Tax effect of income not subject to tax mainly represents interest income arising from all 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	
	2021	2020
Earnings:		
Profit for the year attributable to equity holders of the Bank for the purpose of basic earnings per share	3,196,026	4,307,585
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)	0.53	0.71

For the year ended 31 December 2021, there are no potential dilutive ordinary shares in issue, so the diluted earnings per share is same as the basic earnings per share (2020: same).

15. DIVIDENDS

No dividend was proposed for the 2021 and 2020.

A final dividend of RMB18 cents per share (tax inclusive) in respect of the year ended 31 December 2019 amounting in a total of RMB1,093 million was proposed by the Board of Directors and approved by the 2019 annual general meeting on 12 May 2020.

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16. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(I) Directors' and supervisors' remunerations

Year ended 31 December 2021

Name	Fees	Paid remuneration and other benefits	Bonus	Contribution to pension schemes	Total
Executive directors					
SUN Ligu ⁽¹⁾	–	266	–	169	435
ZHANG Furong ⁽²⁾	–	–	–	–	–
WU Hongtao ⁽³⁾	–	1,174	–	169	1,343
Non-executive directors					
SUN Jingyu ⁽⁴⁾	–	–	–	–	–
DONG Guangpei ⁽⁴⁾⁽⁵⁾	–	–	–	–	–
Alistair Marshall Bulloch ⁽⁴⁾	–	–	–	–	–
ZHAO Wei ⁽⁴⁾	–	–	–	–	–
WANG Shunlong ⁽⁴⁾⁽⁵⁾	–	–	–	–	–
LI Jun ⁽⁴⁾	–	–	–	–	–
Independent non-executive directors					
FENG Heping	202	–	–	–	202
LAW Yee Kwan, Quinn	214	–	–	–	214
JIN Qingjun	202	–	–	–	202
HUA Yaogang	202	–	–	–	202
HE Jia	214	–	–	–	214
Supervisors					
FENG Xia	–	244	–	169	413
YAO Tao	–	474	–	170	644
YU Yang ⁽⁴⁾	–	–	–	–	–
ZHANG Lianming	202	–	–	–	202
LIU Baorui	202	–	–	–	202
Total	1,438	2,158	–	677	4,273

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16. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(Continued)

(I) Directors' and supervisors' remunerations (Continued)

Year ended 31 December 2020

Name	Fees	Paid remuneration and other benefits	Bonus	Contribution to pension schemes	Total
Executive directors					
SUN Ligu ⁽¹⁾	–	255	631	131	1,017
ZHANG Furong ⁽²⁾	–	323	602	128	1,053
WU Hongtao ⁽³⁾	–	–	–	–	–
Non-executive directors					
SUN Jingyu ⁽⁴⁾	–	–	–	–	–
DONG Guangpei ⁽⁴⁾⁽⁵⁾	–	–	–	–	–
Alistair Marshall Bulloch ⁽⁴⁾	–	–	–	–	–
ZHAO Wei ⁽⁴⁾	–	–	–	–	–
WANG Shunlong ⁽⁴⁾⁽⁵⁾	–	–	–	–	–
LI Jun ⁽⁴⁾	–	–	–	–	–
Independent non-executive directors					
FENG Heping	202	–	–	–	202
LAW Yee Kwan,Quinn	214	–	–	–	214
JIN Qingjun	202	–	–	–	202
HUA Yaogang	202	–	–	–	202
HE Jia	214	–	–	–	214
Supervisors					
FENG Xia	–	234	568	131	933
YAO Tao	–	467	741	131	1,339
YU Yang ⁽⁴⁾	–	–	–	–	–
ZHANG Lianming	202	–	–	–	202
LIU Baorui	202	–	–	–	202
Former directors					
LI Zongtang ⁽⁶⁾	–	149	368	74	591
LIANG Jianfa ⁽⁷⁾	–	19	48	14	81
XIAO Jingxi ⁽⁴⁾⁽⁸⁾	–	–	–	–	–
Total	1,438	1,447	2,958	609	6,452

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16. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(Continued)

(I) Directors' and supervisors' remunerations *(Continued)*

- (1) On 28 July 2020, Mr. Sun Liguo was appointed as chairman of the Bank. The appointment was approved by the CBIRC Tianjin Bureau on 27 August 2020.
- (2) On 29 December 2020, Ms. Zhang Furong resigned from the position of executive director of the Bank with effect from 15 January 2021.
- (3) 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.
- (4) All non-executive directors and the supervisor Mr. Yu Yang were not remunerated by the Bank.
- (5) On 12 May 2020, Ms. Dong Guangpei and Mr. Wang Shunlong were appointed as non-executive directors of the Bank. Their appointments were approved by the CBIRC Tianjin Bureau on 30 June 2020.
- (6) On 28 July 2020, Mr. Li Zongtang resigned from the position of chairman and executive director of the Bank.
- (7) On 9 January 2020, Mr. Liang Jianfa resigned from the position of the executive director of the Bank.
- (8) On 20 March 2020, Mr. Xiao Jingxi resigned from the position of non-executive director of the Bank with effect from 30 June 2020.

The bonus for these directors and supervisors for the year 2021 have not been finalised in accordance with regulations of the relevant authorities in the PRC. The bonus for the year 2020 has been approved and restated at the approved amount.

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 2021, among the five highest paid individuals, none of them are directors or supervisors (2020: 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	
	2021	2020
Salaries and other emoluments	1,417	992
Discretionary bonuses	8,430	9,523
Contribution to pension schemes	586	275
Total	10,433	10,790

Remunerations of the five highest paid individuals were within the following bands:

	Year ended 31 December	
	2021	2020
HKD2,000,001 – HKD3,000,000	4	5
HKD3,000,001 – HKD4,000,000	1	–
Total	5	5

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17. CASH AND BALANCES WITH CENTRAL BANK

	Notes	As at 31 December 2021	As at 31 December 2020
Cash		677,709	693,221
Mandatory reserve deposits	(1)	31,798,326	31,467,867
Surplus reserve deposits	(2)	7,346,366	15,669,609
Other deposits	(3)	9,150	778
Total		39,831,551	47,831,475

- (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 2021	As at 31 December 2020
RMB reserve deposits rates:		
The Bank	8.00%	9.00%
Bank of Tianjin Financial Leasing Co., Ltd.	5.00%	6.00%
Ningxia Yuanzhou Jinhui County Bank Co., Ltd.	5.00%	6.00%
Ningxia Tongxin Jinhui County Bank Co., Ltd.	5.00%	6.00%
Foreign currencies reserve deposits rates:		
The Bank	9.00%	5.00%

- (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 2021	As at 31 December 2020
Banks and other financial institutions in Mainland China	4,642,236	7,013,681
Overseas banks	651,592	827,035
Subtotal	5,293,828	7,840,716
Allowance for 12m ECL	(7,337)	(9,551)
Total	5,286,491	7,831,165

19. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December 2021	As at 31 December 2020
Other financial institutions in Mainland China	18,430,809	10,435,070
Banks in Mainland China	–	326,828
Overseas banks	637,650	–
Subtotal	19,068,459	10,761,898
Allowance for impairment losses		
Including: 12m ECL	(5,434)	(5,012)
Lifetime ECL	–	(63,674)
Total	19,063,025	10,693,212

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20. DERIVATIVE FINANCIAL INSTRUMENTS

The derivatives held are primarily for risk management purposes.

	As at 31 December 2021			As at 31 December 2020		
	Contract/ Notional Principal	Assets	Liabilities	Contract/ Notional Principal	Assets	Liabilities
	Foreign exchange derivatives					
– Foreign exchange forward swap	7,158,695	822	(151,146)	9,078,812	–	(652,139)
Precious metals forward swap	523,390	–	(5,454)	471,982	–	(21,731)
Commodity derivatives and others	1,060,000	15,954	(124)	918,000	9,744	(1,164)
Total	8,742,085	16,776	(156,724)	10,468,794	9,744	(675,034)

21. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

Analysed by counterparties:

	Notes	As at 31 December 2021	As at 31 December 2020
Banks in Mainland China		993,500	993,500
Allowance for impairment losses of Lifetime ECL	(1)	(393,303)	(393,303)
Total		600,197	600,197

Analysed by collateral type:

	As at 31 December 2021	As at 31 December 2020
Bills	600,197	600,197

(1) The lifetime ECL loss allowance was related to a dispute over certain bills.

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22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	As at 31 December 2021	As at 31 December 2020
Held for trading purposes:			
Asset management plans	(1)	29,989,680	25,018,286
Funds	(2)	18,973,950	22,051,825
Trust beneficiary rights	(3)	12,242,838	10,475,957
Corporate bonds		5,301,102	2,519,505
Financial institution bonds			
– Commercial banks and other financial institutions bonds		2,709,781	1,339,877
– Policy banks bonds		137,560	–
Asset-backed securities		2,396,181	1,037,625
Other debt financing products		1,050,714	1,036,713
Unlisted equity		614,194	268,915
Listed equity		294,060	199,675
Government bonds		30,507	1,232,559
Wealth management products		–	305,430
Total		73,740,567	65,486,367
Listed outside Hong Kong			
Listed		29,843,140	28,310,866
Unlisted		43,897,427	37,175,501
Total		73,740,567	65,486,367

(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 2021	As at 31 December 2020
Financial institutions bonds		
– Policy banks bonds	21,391,385	27,807,489
– Commercial banks and other financial institutions	3,012,495	1,848,800
Government bonds	19,721,696	22,488,433
Corporate bonds	5,171,226	2,531,809
Asset-backed securities	720,171	231,923
Other debt financing products	98,383	3,014,893
Asset management products	39,330	–
Total	50,154,686	57,923,347
	As at 31 December 2021	As at 31 December 2020
Listed in Hong Kong	540,885	–
Listed outside Hong Kong	48,882,180	54,908,454
Unlisted	731,621	3,014,893
Total	50,154,686	57,923,347

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24. LOANS AND ADVANCES TO CUSTOMERS

	Notes	As at 31 December 2021	As at 31 December 2020
Loans and advances to customers at amortised cost	(1)	299,684,702	284,924,188
Allowance for impairment losses		(12,412,416)	(12,070,056)
Subtotal		287,272,286	272,854,132
Loans and advances to customers at FVOCI	(2)	37,335,072	22,898,217
Total loans and advances to customers		324,607,358	295,752,349

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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 2021	As at 31 December 2020
Corporate loans and advances			
– Loans		164,971,082	145,451,500
– Discounted bills		765,490	1,369,045
– Finance lease receivable	(i)	1,651,966	3,121,296
Subtotal		167,388,538	149,941,841
Retail loans and advances			
– Personal loans for consumption		67,429,502	86,895,055
– Residential mortgage loans		29,403,672	25,506,173
– Personal loans for business purposes		32,952,977	20,339,431
– Credit card		2,510,013	2,241,688
Subtotal		132,296,164	134,982,347
Gross loans and advances to customers		299,684,702	284,924,188
Allowance for impairment losses			
Including: 12m ECL		(3,888,787)	(3,080,552)
Lifetime ECL		(8,523,629)	(8,989,504)
Net loans and advances to customers		287,272,286	272,854,132

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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 2021	As at 31 December 2020
Minimum finance lease receivables:		
Within 1 year (inclusive)	953,691	1,951,742
1-2 years (inclusive)	542,394	1,136,267
2-3 years (inclusive)	222,559	185,913
3-4 years (inclusive)	-	4,381
Gross amount of finance lease receivables	1,718,644	3,278,303
Less: Unearned finance income	(66,678)	(157,007)
Net amount of finance lease receivables	1,651,966	3,121,296
Less: Allowance for impairment losses	(276,081)	(326,071)
Carrying amount of finance lease receivables	1,375,885	2,795,225
Present value of minimum finance lease receivables:		
Within 1 year (inclusive)	922,525	1,858,267
1-2 years (inclusive)	516,481	1,081,848
2-3 years (inclusive)	212,960	177,010
3-4 years (inclusive)	-	4,171
Total	1,651,966	3,121,296

(2) Loss allowance of RMB43 million (31 December 2020: RMB36 million) was recorded for loan and advances to customers at FVOCI. This loss allowance does not reduce the carrying amounts of these loans and advances.

Movements of allowance on loans and advances to customers in 2021 and 2020 is disclosed in Note 53.1.

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25. DEBT INSTRUMENTS AT AMORTISED COST

	As at 31 December 2021	As at 31 December 2020
Government bonds	53,490,235	41,136,419
Financial institution bonds		
– Policy banks bonds	41,665,017	47,958,621
– Commercial banks and other financial institutions	794,752	470,645
Corporate bonds	30,448,197	19,029,053
Asset-backed securities	22,503,316	20,724,085
Asset management plans	18,218,313	30,422,278
Other debt financing products	17,030,949	10,479,466
Trust beneficiary rights	9,656,215	20,846,458
Certificate of government bonds	442,437	313,244
Subtotal	194,249,431	191,380,269
Listed in Hong Kong	4,899,397	4,101,922
Listed outside Hong Kong	142,789,597	125,021,002
Unlisted	46,560,437	62,257,345
Subtotal	194,249,431	191,380,269
Allowance for impairment losses		
Including: 12m ECL	(163,882)	(1,240,207)
Lifetime ECL	(3,383,520)	(2,791,212)
Total	190,702,029	187,348,850

The balance of ECL of asset management plans, trust plans and asset-backed securities is RMB2,629.7 million (31 December 2020: RMB3,831.8 million).

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26. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2021	As at 31 December 2020
Unlisted equity	1,642,224	1,564,660

27. DEFERRED TAXATION

The followings are the major deferred tax assets and liabilities recognised and movements thereon:

	As at 31 December 2021		As at 31 December 2020	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Provision for impairment of assets	14,756,383	3,685,619	15,273,921	3,815,004
Accrued salaries, bonuses and allowances	1,360,106	340,027	1,185,474	296,369
Fair value changes of FVTPL	1,105,613	276,403	1,997,601	499,400
Deductible losses	431,792	107,948	–	–
Provisions	403,993	100,998	341,103	85,276
Fair value changes and ECL of FVOCI	319,600	79,901	796,735	199,185
Liabilities of early retirement benefits	70,581	17,645	66,932	16,733
Right-of-use assets and lease liabilities	69,671	17,418	44,218	11,054
Depreciation of property, plant and equipment	(447,255)	(111,814)	(456,500)	(114,125)
Total	18,070,484	4,514,145	19,249,484	4,808,896

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27. DEFERRED TAXATION (Continued)

	Allowance for impairment losses	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 2020	4,313,525	263,293	95,640	(5,200)	160,320	-	(29,932)	4,797,646
Credit/(charge) to profit or loss (Note 13)	(498,521)	33,076	(10,364)	44,549	339,080	-	(56,406)	(148,586)
Charge to other comprehensive income	-	-	-	159,836	-	-	-	159,836
As at 31 December 2020	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

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28. OTHER ASSETS

	Notes	As at 31 December 2021	As at 31 December 2020
Other receivables	(1)	3,106,226	1,658,085
Reposessed assets	(2)	2,146,239	1,590,983
Intangible assets		386,616	252,323
Prepaid expense		303,616	256,219
Continued involvement in assets transferred	(3)	–	305,690
Total		5,942,697	4,063,300

- (1) Included in balances of other receivables were balances of RMB2,424 million (31 December 2020: RMB874 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 2021	As at 31 December 2020
Properties	2,146,239	1,588,883
Other	–	2,100
Total	2,146,239	1,590,983

- (3) Disclosure of continued involvement in assets transferred is made in Note 52.

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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 2020	2,069,365	717,189	40,320	311,926	487,597	3,626,397
Additions	21,310	337,797	–	56,588	286,413	702,108
Transfers	152,104	72,103	–	5,243	(229,450)	–
Transfers out	–	–	–	–	(153,846)	(153,846)
Disposals	(6,137)	(6,884)	–	(76,025)	–	(89,046)
As at 31 December 2020	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
ACCUMULATED DEPRECIATION						
As at 1 January 2020	(658,221)	(435,534)	(37,839)	(205,973)	–	(1,337,567)
Provided for the year	(71,441)	(157,840)	(727)	(32,342)	–	(262,350)
Disposals	4,026	6,563	–	73,541	–	84,130
As at 31 December 2020	(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)
NET BOOK VALUE						
As at 31 December 2020	1,511,006	533,394	1,754	132,958	390,714	2,569,826
As at 31 December 2021	1,700,803	443,348	4,337	155,909	250,669	2,555,066

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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 2021 amounted to RMB79.75 million (31 December 2020: RMB85.70 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 2021, buildings of the Group with net book value amounted to RMB13.14 million (31 December 2020: RMB13.59 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 2021			
Carrying amount	948,053	42,004	990,057
As at 31 December 2020			
Carrying amount	999,300	44,983	1,044,283
For the year ended 31 December 2021			
Depreciation charge	(293,683)	(2,979)	(296,662)
For the year ended 31 December 2020			
Depreciation charge	(306,815)	(2,199)	(309,014)
		As at	As at
		31 December	31 December
		2021	2020
Expense relating to short-term leases		25,863	25,216
Total cash outflow for leases		347,466	325,497
Additions to right-of-use assets		262,749	243,102

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 2021	As at 31 December 2020
Unlisted shares, at cost	223,000	223,000
Share of post-acquisition losses and other comprehensive income	34,063	9,528
Total	257,063	232,528

Details of the Bank's associates as at 31 December 2021 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 31 December 2021 (In RMB'000)	Proportion of ownership and voting rights held by the Group		Principal activities
					As at 31 December 2021 %	As at 31 December 2020 %	
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 2021, the total amount of associated companies' operating income was RMB144 million (2020: RMB150 million). Total assets and total equity of these associates as at 31 December 2021 were RMB4,846 million (31 December 2020: RMB4,347 million) and RMB649 million (31 December 2020: RMB574 million) respectively. The Group's share of these amounts represents 0.28%, 0.29% and 0.46% (31 December 2020: 0.28%, 0.27% and 0.39%) 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 2021	As at 31 December 2020
Medium-term lending facilities	36,867,390	14,704,364
Refinancing	7,097,071	5,601,326
Credit support programs	6,694,210	1,867,580
Rediscounting	2,411,634	3,145,580
Total	53,070,305	25,318,850

33. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December 2021	As at 31 December 2020
Banks in Mainland China	15,292,055	25,270,453
Other financial institutions in Mainland China	26,120,778	22,221,498
Total	41,412,833	47,491,951

34. PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December 2021	As at 31 December 2020
Banks in Mainland China	12,482,892	19,232,829
Other domestic financial institutions	2,690,603	500,356
Overseas banks	6,236,346	6,076,661
Total	21,409,841	25,809,846

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35. FINANCIAL LIABILITIES HELD FOR TRADING

	As at 31 December 2021	As at 31 December 2020
Financial liabilities related to precious metal	519,111	472,762

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 2021	As at 31 December 2020
Banks in Mainland China	59,110,735	60,492,664

Analysed by collateral type:

	As at 31 December 2021	As at 31 December 2020
Bonds	31,644,882	40,818,554
Bills	27,465,853	19,674,110
Total	59,110,735	60,492,664

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37. OTHER LIABILITIES

	Notes	As at 31 December 2021	As at 31 December 2020
Settlement payable		1,643,837	1,445,530
Salaries and benefits payable	(1)	1,460,107	1,282,421
Other payables		775,497	3,612,424
Provision related to credit commitments	(2)	403,993	341,103
Sundry taxes payable		340,943	312,679
Dividends payable		37,810	67,433
Proceeds from financial assets transferred	(3)	–	305,690
Total		4,662,187	7,367,280

(1) Salaries and benefits payable are listed below:

	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		–	295,586	(295,586)	–
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

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37. OTHER LIABILITIES (Continued)

(1) Salaries and benefits payable are listed below: (Continued)

	Notes	As at 1 January 2020	Increase	Decrease	As at 31 December 2020
Salaries, bonuses, allowances and subsidies payable		1,074,314	1,579,536	(1,439,474)	1,214,376
Social insurance		–	96,466	(96,466)	–
Housing fund		–	124,117	(124,117)	–
Employee benefits		–	75,301	(75,301)	–
Early retirement benefits	(i)	75,039	5,787	(13,894)	66,932
Labor union expenditure and education costs		1,135	36,390	(36,412)	1,113
Defined contribution plans		–	150,953	(150,953)	–
Basic endowment insurance		–	17,770	(17,770)	–
Unemployment insurance		–	1,651	(1,651)	–
Annuity schemes	(ii)	–	131,532	(131,532)	–
Total		1,150,488	2,068,550	(1,936,617)	1,282,421

(i) Early retirement benefits contain cost of living, monthly/yearly 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.

(3) Disclosure of proceeds from financial assets transferred is made in Note 52.

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38. LEASE LIABILITIES

	As at 31 December 2021	As at 31 December 2020
Lease liabilities payable:		
Within one year	284,643	361,526
Within a period of more than one year but not more than two years	212,554	232,987
Within a period of more than two year but not more than five years	442,533	372,457
Within a period of more than five years	76,089	85,820
Total	1,015,819	1,052,790

The weighted average incremental borrowing rates applied to lease liabilities range from 3.06% to 4.66% (31 December 2020: from 3.06% to 4.66%).

39. DUE TO CUSTOMERS

	As at 31 December 2021	As at 31 December 2020
Demand deposits		
Corporate customers	175,494,898	174,256,290
Individual customers	19,811,247	19,588,554
Time deposits		
Corporate customers	80,556,092	78,449,463
Individual customers	87,308,203	68,220,121
Pledged deposits	19,255,113	15,423,984
Others	53,337	43,442
Total	382,478,890	355,981,854

Notes

(1)

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39. DUE TO CUSTOMERS *(Continued)*

(1) Pledged deposits analysed by products for which deposits are required:

	As at 31 December 2021	As at 31 December 2020
Acceptances	9,118,583	7,878,022
Guarantees	467,819	359,885
Letters of guarantee	280,782	110,552
Letters of credit	2,222,350	1,892,276
Others	7,165,579	5,183,249
Total	19,255,113	15,423,984

40. DEBT SECURITIES ISSUED

	Notes	As at 31 December 2021	As at 31 December 2020
12 Tianjin Bank bonds 01	(1)	1,500,000	1,500,000
12 Tianjin Bank bonds 02	(2)	1,200,365	1,200,150
18 Tianjin Bank bonds	(3)	10,447,998	10,445,236
18 Tianjin Bank bonds 01	(4)	–	10,319,495
18 Tianjin Bank bonds 02	(5)	–	6,155,277
18 Tianjin Bank bonds 03	(6)	–	4,022,260
19 Tianjin Bank bonds	(7)	5,001,883	5,001,127
20 Tianjin Bank bonds 01	(8)	5,174,912	5,174,131
Tianjin Bank 1 – month negotiable certificates of deposit	(9)	209,804	2,875,240
Tianjin Bank 3 – month negotiable certificates of deposit	(10)	11,636,275	12,930,795
Tianjin Bank 6 – month negotiable certificates of deposit	(11)	6,612,235	14,385,295
Tianjin Bank 9 – month negotiable certificates of deposit	(12)	13,664,745	1,341,254
Tianjin Bank 1 – year negotiable certificates of deposit	(13)	43,062,879	33,361,356
Total		98,511,096	108,711,616

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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.
- (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.
- (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. If no early redemption is exercised, the interest rate will remain at 4.80% per annum. These tier-two capital bonds have write-down feature of a tier-two capital instrument, which allows the Bank to write down the entire principal of the bonds and any accumulated unpaid interests when regulatory trigger events as stipulated in the offering documents occur. 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 24 April 2018 by the Bank at a face value of RMB10.0 billion with a fixed coupon rate of 4.70% per annum, payable annually, which were due on 23 April 2021 and fully repaid.
- (5) The 3 year fixed-rate financial bonds were issued on 15 June 2018 by the Bank at a face value of RMB6.0 billion with a fixed coupon rate of 4.90% per annum, payable annually, which were due on 14 June 2021 and fully repaid.
- (6) The 3 year fixed-rate financial bonds were issued on 6 November 2018 by the Bank at a face value of RMB4.0 billion with a fixed coupon rate of 4.08% per annum, payable annually, which were due on 8 November 2021 and fully repaid.
- (7) 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.
- (8) 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.
- (9) The Bank issued a series of 1-month negotiable certificates of deposit ("CD") at a discount. As at 31 December 2021, the face value of outstanding CD amounted to RMB0.21 billion, with a reference interest rate range of 2.5%-2.85% (31 December 2020: 2.70%-3.00%) per annum, payable at maturity.

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40. DEBT SECURITIES ISSUED *(Continued)*

- (10) The Bank issued a series of 3-month CD at a discount. As at 31 December 2021, the face value of outstanding CD amounted to RMB11.69 billion, with a reference interest rate range of 2.50%-2.75% (31 December 2020: 2.75%-3.40%) per annum, payable at maturity.
- (11) The Bank issued a series of 6-month CD at a discount. As at 31 December 2021, the face value of outstanding CD amounted to RMB6.67 billion, with a reference interest rate range of 2.58%-2.82% (31 December 2020: 2.40%-3.45%) per annum, payable at maturity.
- (12) The Bank issued a series of 9-month CD at a discount. As at 31 December 2021, the face value of outstanding CD amounted to RMB13.81 billion, with a reference interest rate range of 2.72%-3.05% (31 December 2020: 1.80%-3.43%) per annum, payable at maturity.
- (13) The Bank issued a series of 1-year CD at a discount. As at 31 December 2021, the face value of outstanding CD amounted to RMB43.72 billion, with a reference interest rate range of 2.80%-3.30% (31 December 2020: 1.80%-3.50%) per annum, payable at maturity.

41. SHARE CAPITAL

	Year ended 31 December	
	2021	2020
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 2020	118,175	(29,544)	88,631
Fair value changes in financial assets at fair value through other comprehensive income	(578,233)	144,559	(433,674)
Amount reclassified to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	(439,305)	109,826	(329,479)
Impairment loss for financial assets at fair value through other comprehensive income	378,195	(94,549)	283,646
As at 31 December 2020	(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)

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 2021 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 2021 and 2020.

46. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2021							
	As at 1 January	Cash received from financing activities	Repayment of financing activities	Interest accruals	Interest payments	New leases	Others	As at 31 December
	Lease liabilities (Note 38)	1,052,790	-	(321,603)	41,941	-	262,749	(20,058)
Debt securities issued (Note 40)	108,711,616	162,978,918	(174,820,000)	3,588,642	(1,948,080)	-	-	98,511,096

	2020							
	As at 1 January	Cash received from financing activities	Repayment of financing activities	Interest accruals	Interest payments	New leases	Others	As at 31 December
	Lease liabilities (Note 38)	1,067,299	-	(300,281)	49,357	-	242,886	(6,471)
Debt securities issued (Note 40)	120,669,679	137,743,802	(149,790,000)	3,877,096	(3,788,961)	-	-	108,711,616

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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 2021	As at 31 December 2020
Cash	677,709	693,221
Balances with central bank	7,346,366	15,669,609
Deposits with banks and other financial institutions	5,293,179	7,840,085
Placements with banks and other financial institutions	1,839,759	401,110
Total	15,157,013	24,604,025

48. STRUCTURED ENTITIES

(1) Structured entities sponsored by third party institutions in which the Group holds interests

In July 2020, the regulatory authorities declared the extension of the transition period of the Guiding Opinions on Regulating the Asset Management Business of Financial Institutions to the end of 2021, encouraging the orderly disposal of stock assets in a variety of ways such as new product acquisition, market-based transfer, and return to financial statements. For the year ended 31 December 2021 and 2020, the Bank included part of the stock assets of unsecured wealth management products issued in financial assets. According to regulatory requirements, the Bank pragmatically, efficiently, actively and orderly promotes net worth product, asset standardization, disposal of existing portfolio, etc., and strives to achieve the smooth transition and steady development of wealth management business.

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 beneficiary rights 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 are as follow as at 31 December 2021 in the structured entities sponsored by third party institutions.

	As at 31 December 2021	As at 31 December 2020
Asset-backed securities	25,619,668	21,581,982
Wealth management products	–	305,430
Asset management plans	48,247,323	55,440,564
Trust beneficiary rights	21,899,053	31,322,415
Funds	18,973,950	22,051,825
Total	114,739,994	130,702,216

(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 2021, the amount of assets held by the unconsolidated structured entities sponsored by the Group amounted to RMB101,762 million (31 December 2020: RMB98,068 million). During the year ended 31 December 2021, the Group's interest in these wealth management products included net fee and commission income of RMB887 million (2020: RMB1,517 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			Legal representative	Place of registration	Registered capital	
	31 December	31 December	Main business			31 December	31 December
	2021	2020				2021	2020
Tianjin Bonded Zone Investment Co., Ltd.	15.93%	15.92%	Investment and management	Dong Guangpei	Tianjin	8,832,650	8,800,000
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	7,224,387
Tianjin Pharmaceutical Holdings Ltd. (ii)	8.06%	8.06%	Wholesale and retail of various commodities and logistics	Guo Min	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 2021	As at 31 December 2020
Assets		
Loans and advances to customers	3,999,583	4,278,518
Financial assets at fair value through profit or loss	1,659,398	–
Debt instruments at amortised cost	–	430,923
Deposits with banks and other financial institutions	20,208	15,632
Debt instruments at fair value through other comprehensive income	408,456	146,050
Total	6,087,645	4,871,123
Liabilities		
Due to customers	3,398,396	1,803,881
Total	3,398,396	1,803,881

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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	
	2021	2020
Transactions during the year:		
Interest income	314,312	281,317
Interest expense	70,665	7,614
Trading net profit and loss	488	–
Interest rate ranges during the year:	%	%
Debt instruments at amortised cost	–	6.00~6.25
Debt instruments at fair value through other comprehensive income	4.89-6.50	5.60
Loans and advances to customers	4.45-9.50	4.55-9.50
Due to customers	0.005~4.18	0.01~4.18

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 transaction balance accounts for more than 5% of the Bank's net capital. As of 31 December 2021, the Bank transferred part of its financial assets to Tianjin State-owned Capital Investment and Operation Co., LTD., in accordance with general commercial terms, with an amount of RMB8.011 billion.

Related Party name	Main business	Legal representative	Registered place	Registered capital on	Registered capital on	Relationship with the Bank
				31 December 2021 (RMB)	31 December 2020 (RMB)	
Tianjin State-owned Capital Investment and Operation Co., Ltd.	Investment and Management	ZHOU Hongbin	Tianjin	19,140,755	10,131,370	A related party to a major shareholder of the Bank

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49. RELATED PARTY TRANSACTIONS *(Continued)*

(2) An associate

	As at 31 December 2021	As at 31 December 2020
Guarantee given to PBOC for an associate	–	40,000

(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.

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 2021	As at 31 December 2020
Deposits from banks and other financial institutions	837,117	909,827

	Year ended 31 December	
	2021	2020
Transactions during the year:		
Interest expense	32,894	38,186
Interest rate ranges during the year:		
Deposit from banks and other financial institutions	1.61%~3.35%	1.80%~3.60%

In 2021 and 2020, 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 2021 and 2020, transactions between the Bank and its subsidiaries include lending out funds, interbank deposits and other businesses.

On 31 December 2021 and 31 December 2020, the Bank's principal balance of loans to subsidiaries is RMB2.70 billion and RMB2.67 billion respectively. The principal balance of funds deposited by the subsidiaries with the Bank was RMB1.334 billion and RMB3.257 billion respectively.

In 2021 and 2020, the interest income corresponding to transactions between the Bank and its subsidiaries was RMB134.55 million and RMB17.44 million respectively, and the interest expense was RMB24.11 million and RMB21.58 million respectively.

In 2021 and 2020, 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 2021 other than the emoluments paid to them (being the key management personnel compensation).

	Notes	Year ended 31 December	
		2021	2020
Fees		1,437	1,437
Basic salaries, bonuses and allowances	(i)	6,397	9,862
Contribution to pension schemes		1,484	1,064
Total		9,318	12,363

(i) Bonus for 2021 can only be determined after the shareholders' general meeting and regulatory approval. Bonus for 2020 has been restated as approved.

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49. RELATED PARTY TRANSACTIONS *(Continued)*

(6) Annuity schemes

The Group has the following transactions with the annuity scheme set up by the Bank:

	Year ended 31 December	
	2021	2020
Contribution to annuity funds (Note 11)	123,558	131,532

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 2021, the Group has assessed and measured the impact of those pending lawsuits, and no provision related to these lawsuits has been recognised (31 December 2020: the Group has assessed and measured the impact of those pending lawsuits, and no provision related to these lawsuits has been recognised).

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 2021	As at 31 December 2020
Loan commitments		
– with an original maturity within one year	5,159,469	6,241,876
– with an original maturity of one year or above	14,184,192	14,349,294
Bank acceptances	30,580,955	24,312,183
Credit card commitments	14,811,994	13,950,734
Letters of guarantee issued	1,924,517	944,585
Letters of credit issued	13,759,086	7,921,364
Total	80,420,213	67,720,036

Collateral

Assets pledged

The carrying amount of financial assets pledged as collateral in the Group's ordinary course of businesses, including repurchase agreements, etc., are disclosed as below:

	As at 31 December 2021	As at 31 December 2020
Debt securities	33,269,000	43,411,000
Discounted bills	27,610,570	19,735,499
Total	60,879,570	63,146,499

As at 31 December 2021 and 31 December 2020, 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 2021	As at 31 December 2020
Contracted but not provided for – commitments for the acquisition of property and equipment	1,027,548	567,852

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 2021, the principal balance of certificate government bonds which the Group had an obligation to pay in advance amounted to RMB2,231 million (31 December 2020: RMB2,371 million) and the principal balance of e-saving bonds amounted to RMB2,147 million (31 December 2020: RMB2,439 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 2021, the entrusted loans balance of the Group amounted to RMB13,574 million (31 December 2020: RMB15,761 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 RMB60,880 million as at 31 December 2021 (31 December 2020: RMB63,146 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 RMB59,111 million (31 December 2020: RMB60,493 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.

Transfer of financial assets

The Group enters into securitisation transactions in the normal course of business by which it transfers credit assets to third parties or to special purpose vehicles. The Group assessed, among other factors, whether or not to derecognize the transferred assets by evaluating the extent to which it retains the risks and rewards of the assets and whether it has relinquished its control over these assets.

In 2019, the Group transferred loans to special purpose vehicles and retained an interest in the subordinated tranches of these special purpose vehicles. A transaction balance of RMB640 million did not meet the derecognition criteria on the date of transfer. As at 31 December 2021, these special vehicles have expired. The underlying assets have been returned and the income has been distributed. For the year ended 31 December 2021, the Group did not transfer any loans to any special purpose vehicles. The Group acted as service agent and charged service fee amounting to RMB1 million for the year ended 31 December 2021 (For the year ended 31 December 2020: RMB6 million).

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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.

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.1 Credit risk *(Continued)*

(3) *Incorporation of forward-looking information*

The Group uses forward-looking information in its measurement of ECL. The Group employ economic factors including Total Social Financing (2021, Base: 13.05), Purchasing Managers' Index (2021, Base: 49.95), M2 (2021, Base: 8.59), etc, 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 2021, 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, and the fluctuation of macroeconomic forecasts and transition of financial assets from Stage 2 to Stage 1.

Assuming the weighting of the Upside scenario or Downside scenario would increase by 10% and the weighting of the base scenario would decrease by 10%, the absolute change rate of the balance of loss allowance as at December 31, 2020 would be no more than 10%.

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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);
- 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). In relation to the assessment of whether there has been a significant increase in credit risk it can be necessary to perform the assessment on a collective basis as noted below.

(5) *Risk concentration of loans and advances to customers at amortised cost and at FVOCI*

Analysed by geographical area

	As at 31 December			
	2021		2020	
	Gross amount of loans and advances to customers	%	Gross amount of loans and advances to customers	%
Tianjin	149,270,222	44.3	125,850,166	40.9
Shanghai	80,147,242	23.8	80,667,878	26.2
Shandong	36,151,860	10.7	35,500,260	11.5
Hebei	28,245,307	8.4	26,176,350	8.5
Sichuan	24,934,006	7.4	22,802,140	7.4
Beijing	17,337,724	5.1	15,882,537	5.2
Ningxia	933,413	0.3	943,074	0.3
Total	337,019,774	100.0	307,822,405	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			
	2021		2020	
	Gross Amount	% of total	Gross Amount	% of total
Corporate loans and advances				
Discounted bills	38,100,562	11.3	24,267,262	7.9
Leasing and business services	37,788,592	11.2	23,428,427	7.6
Real estate	30,891,932	9.2	35,926,498	11.8
Manufacturing	24,625,470	7.3	23,252,987	7.6
Construction	20,772,359	6.2	17,593,485	5.7
Water, environment and public facilities management	17,538,549	5.2	11,727,517	3.8
Wholesale and retail	15,212,006	4.5	22,138,578	7.2
Finance	4,210,316	1.2	3,103,868	1.0
Production and supply of electricity, heat, gas and water	3,907,097	1.2	2,603,003	0.8
Transportation, storage and postal services	3,782,775	1.1	3,188,185	1.0
Culture, sports and entertainment	2,632,173	0.8	881,858	0.3
Resident services, repair and other services	1,228,356	0.4	1,061,716	0.3
Agriculture, forestry, animal husbandry and fishery	730,442	0.2	1,016,525	0.3
Mining	670,468	0.2	366,652	0.1
Information transmission, software and information technology services	630,934	0.2	679,675	0.2
Accommodation and catering	625,566	0.2	744,343	0.2
Education	497,781	0.1	48,710	–
Health and social services	479,668	0.1	354,342	0.1
Scientific research and technical services	398,564	0.1	456,427	0.1
Subtotal	204,723,610	60.7	172,840,058	56.0
Personal loans and advances	132,296,164	39.3	134,982,347	44.0
Gross amount of loans and advances to customers	337,019,774	100.0	307,822,405	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 2021			
	Up to 1 year	1 to 5 years	Over 5 years	Total
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

	Gross amount as at 31 December 2020			
	Up to 1 year	1 to 5 years	Over 5 years	Total
Unsecured	119,351,926	20,628,060	786,437	140,766,423
Guaranteed	51,812,630	16,443,960	5,380,053	73,636,643
Collateralised	24,248,992	16,975,122	29,648,134	70,872,248
Pledged	7,238,248	8,487,373	6,821,470	22,547,091
Total	202,651,796	62,534,515	42,636,094	307,822,405

Analysed by borrowers

As at 31 December 2021, the largest 10 borrowers (measured in terms of individual legal entities) of the Group amounted to RMB27,794 million (31 December 2020: RMB22,581 million) accounted for 8.25% (31 December 2020: 7.34%) 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 2021	As at 31 December 2020
Acceptances	30,580,955	24,312,183
Undrawn corporate loans limit	19,343,661	20,591,170
Undrawn credit card limit	14,811,994	13,950,734
Letters of credit	13,759,086	7,921,364
Letters of guarantee	1,924,517	944,585
Total	80,420,213	67,720,036

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 2021	As at 31 December 2020
Credit commitments	17,984,535	13,493,941

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 2021	As at 31 December 2020
Balances with central bank	39,153,842	47,138,254
Deposits with banks and other financial institutions	5,286,491	7,831,165
Placements with banks and other financial institutions	19,063,025	10,693,212
Financial assets held under resale agreements	600,197	600,197
Derivative financial assets	16,776	9,744
Loans and advances to customers	324,607,358	295,752,349
Financial investments		
Financial assets at fair value through profit or loss	72,832,313	65,017,777
Debt instruments at fair value through other comprehensive income	50,154,686	57,923,347
Debt instruments at amortised cost	190,702,029	187,348,850
Other financial assets	3,106,226	1,963,775
Subtotal	705,522,943	674,278,670
Loan commitments	80,420,213	67,720,036
Total	785,943,156	741,998,706

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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 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
	As at 31 December 2020			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Internal grade 1-5	281,758,288	159,950	6,803,895	288,722,133
Internal grade 6-9	–	10,467,637	2,053,159	12,520,796
Internal grade 10-12	–	–	6,579,476	6,579,476
Total gross carrying amount	281,758,288	10,627,587	15,436,530	307,822,405
Loss allowance	(3,080,552)	(2,332,922)	(6,656,582)	(12,070,056)
Carrying amount	278,677,736	8,294,665	8,779,948	295,752,349

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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For the year ended 31 December 2021
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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 2021			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	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

	As at 31 December 2020			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Internal grade 1-5	176,146,154	–	–	176,146,154
Internal grade 6-9	–	13,140,673	–	13,140,673
Internal grade 10-12	–	–	2,093,442	2,093,442
Total gross carrying amount	176,146,154	13,140,673	2,093,442	191,380,269
Loss allowance	(1,240,207)	(1,826,061)	(965,151)	(4,031,419)
Carrying amount	174,905,947	11,314,612	1,128,291	187,348,850

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For the year ended 31 December 2021

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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 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)

	As at 31 December 2020			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Internal grade 1-5	57,661,096	–	–	57,661,096
Internal grade 10-12	–	–	262,251	262,251
Total gross carrying amount	57,661,096	–	262,251	57,923,347
Loss allowance	(3,813)	–	(236,086)	(239,899)

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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For the year ended 31 December 2021
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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 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)

	As at 31 December 2020			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Internal grade 1-5	67,706,990	–	–	67,706,990
Internal grade 6-9	2,188	3,090	–	5,278
Internal grade 10-12	–	–	7,768	7,768
Total gross carrying amount	67,709,178	3,090	7,768	67,720,036
Loss allowance	(330,727)	(2,751)	(7,625)	(341,103)

The carrying amount of the Group's financial assets at FVTPL are 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 2021	As at 31 December 2020
Loans and advances to customers	12,455,799	12,105,724
Debt instruments at amortised cost	3,547,402	4,031,419
Debt instruments at FVOCI	259,771	239,899
Credit commitments	403,993	341,103
Total	16,666,965	16,718,145

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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For the year ended 31 December 2021
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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 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)*

Loans and advances to customers (Continued)

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2020	3,469,391	4,664,809	4,596,031	12,730,231
Changes in the loss allowance				
Transfer to stage 1	182,631	(182,631)	–	–
Transfer to stage 2	(567,813)	567,813	–	–
Transfer to stage 3	–	(3,340,710)	3,340,710	–
Impact on period end ECL of exposures transferred between stages during the year	(21,721)	1,036,334	6,883,666	7,898,279
Net transactions during the year	234,740	(379,837)	(276,413)	(421,510)
Changes in assumptions and methods of models	(181,008)	(32,856)	56,403	(157,461)
Write-offs	–	–	(8,126,521)	(8,126,521)
Recovery after write-off	–	–	297,484	297,484
Others	–	–	(114,778)	(114,778)
As at 31 December 2020	3,116,220	2,332,922	6,656,582	12,105,724

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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 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 amortised cost (Continued)

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2020	1,128,396	1,613,305	692,084	3,433,785
Changes in the loss allowance				
Transfer to stage 2	(18,334)	18,334	–	–
Transfer to stage 3	–	(144,503)	144,503	–
Impact on period end ECL of exposures transferred between stages during the year	–	224,647	132,605	357,252
Net transactions during the year	(232,056)	(61,618)	(8,153)	(301,827)
Changes in assumptions and methods of models	362,201	175,896	4,112	542,209
As at 31 December 2020	1,240,207	1,826,061	965,151	4,031,419

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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 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)*

Debt instruments at FVOCI (Continued)

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2020	3,079	–	80,504	83,583
Changes in the loss allowance				
Transfer to stage 2	(145)	145	–	–
Transfer to stage 3	–	(93,504)	93,504	–
Impact on period end ECL of exposures transferred between stages during the year	–	93,359	262,078	355,437
Net transactions during the year	879	–	–	879
Write-offs	–	–	(200,000)	(200,000)
As at 31 December 2020	3,813	–	236,086	239,899

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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 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)*

(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 2020	377,539	1,379	3,640	382,558
Changes in the loss allowance				
Transfer to stage 2	(150)	150	–	–
Transfer to stage 3	–	(8,397)	8,397	–
Impact on period end ECL of exposures transferred between stages during the year	–	13,710	581	14,291
Net transactions during the year	(63,652)	(4,165)	(5,255)	(73,072)
Changes in assumptions and methods of models	16,990	74	262	17,326
As at 31 December 2020	330,727	2,751	7,625	341,103

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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 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 original write-off loans and advances	–	–	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)*

Loans and advances to customers (Continued)

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2020	266,105,116	19,622,505	8,218,063	293,945,684
Changes in the gross amount				
Transfer to stage 1	1,510,058	(1,510,058)	–	–
Transfer to stage 2	(9,719,043)	9,719,043	–	–
Transfer to stage 3	–	(15,913,913)	15,913,913	–
Net transactions during the year	23,862,157	(1,289,990)	(751,631)	21,820,536
Write-offs	–	–	(8,126,521)	(8,126,521)
Recover original write-off loans and advances	–	–	297,484	297,484
Others	–	–	(114,778)	(114,778)
As at 31 December 2020	281,758,288	10,627,587	15,436,530	307,822,405
Allowances for impairment loss as at 31 December 2020	(3,116,220)	(2,332,922)	(6,656,582)	(12,105,724)

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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 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)
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2020	179,279,044	11,652,292	1,083,076	192,014,412
Changes in the gross amount				
Transfer to stage 2	(2,903,909)	2,903,909	–	–
Transfer to stage 3	–	(1,024,523)	1,024,523	–
Net transactions during the year	(228,981)	(391,005)	(14,157)	(634,143)
As at 31 December 2020	176,146,154	13,140,673	2,093,442	191,380,269
Allowances for impairment loss as at 31 December 2020	(1,240,207)	(1,826,061)	(965,151)	(4,031,419)

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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 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)
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2020	46,897,292	–	96,748	46,994,040
Changes in the gross amount				
Transfer to stage 2	(365,503)	365,503	–	–
Transfer to stage 3	–	(365,503)	365,503	–
Net transactions during the year	11,129,307	–	–	11,129,307
Write-offs	–	–	(200,000)	(200,000)
As at 31 December 2020	57,661,096	–	262,251	57,923,347
Allowances for impairment loss as at 31 December 2020	(3,813)	–	(236,086)	(239,899)

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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 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)
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2020	72,367,926	1,462	3,640	72,373,028
Changes in the gross amount				
Transfer to stage 2	(15,266)	15,266	–	–
Transfer to stage 3	–	(9,432)	9,432	–
Net transactions during the year	(4,643,482)	(4,206)	(5,304)	(4,652,992)
As at 31 December 2020	67,709,178	3,090	7,768	67,720,036
Allowances for impairment loss as at 31 December 2020	(330,727)	(2,751)	(7,625)	(341,103)

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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 these are 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 RMB244,832 million (31 December 2020: RMB156,277 million) as at 31 December 2021. The aggregate fair value of collateral held for financial assets held under resale agreements amounted to RMB993 million (31 December 2020: RMB993 million) as at 31 December 2021.

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 2021 the net carrying amount of loans and advances to those financial assets was RMB6,795 million (31 December 2020: RMB8,780 million) and the value of the respective collateral was RMB10,189 million (31 December 2020: RMB2,038 million).

As at 31 December 2021, the balances of customer deposits that were secured by the Group's debt instruments amounted to RMB15,845 million (31 December 2020: RMB12,859 million), of which RMB15,845 million (31 December 2020: RMB12,859 million) were due over twelve months from inception.

As at 31 December 2021, the balances of borrowings from central bank that were secured by the Group's debt instruments amounted to RMB54,323 million (31 December 2020: RMB23,763 million).

(v) Bond investments are analysed by external credit rating as follows:

	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
Financial institution 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

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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 2020					Total
	AAA	AA ^(a)	A	Below A	Unrated ^(b)	
Government bonds	12,295,143	–	–	–	52,875,512	65,170,655
Financial institution bonds	3,649,166	10,158	–	–	75,766,108	79,425,432
Asset-backed securities	20,438,761	1,554,872	–	–	–	21,993,633
Corporate bonds	10,437,728	12,777,936	–	419,140	445,563	24,080,367
Total	46,820,798	14,342,966	–	419,140	129,087,183	190,670,087

(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.

Risk Management Department manages the Group's 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 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 remaining maturity of assets and liabilities (Continued)

	As at 31 December 2020							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	31,468,645	16,362,830	-	-	-	-	-	47,831,475
Deposits with banks and other financial institutions	-	7,831,165	-	-	-	-	-	7,831,165
Placements with banks and other financial institutions	308,170	-	508,877	1,866,792	8,009,373	-	-	10,693,212
Derivative financial assets	-	-	-	2,441	2,103	5,200	-	9,744
Financial assets held under resale agreements	600,197	-	-	-	-	-	-	600,197
Financial assets at fair value through profit or loss	468,590	-	22,218,608	3,287,495	25,381,343	7,741,658	6,388,673	65,486,367
Debt instruments at fair value through other comprehensive income	146,640	-	3,928,690	4,518,405	11,485,329	23,581,295	14,262,988	57,923,347
Loans and advances to customers	5,919,625	-	8,854,042	22,281,530	160,578,764	62,780,663	35,337,725	295,752,349
Debt instruments at amortised cost	3,155,820	-	3,178,925	3,175,955	37,133,081	111,527,361	29,177,708	187,348,850
Equity instruments at fair value through other comprehensive income	1,564,660	-	-	-	-	-	-	1,564,660
Other financial assets	148,036	-	119,489	238,977	1,310,886	146,387	-	1,963,775
Total assets	43,780,383	24,193,995	38,808,631	35,371,595	243,900,879	205,782,564	85,167,094	677,005,141
Borrowings from central bank	-	-	5,011,389	809,548	19,497,913	-	-	25,318,850
Deposits from banks and other financial institutions	-	12,200,240	12,032,149	8,840,213	14,398,900	20,449	-	47,491,951
Placements from banks and other financial institutions	-	-	9,877,315	8,062,412	7,870,119	-	-	25,809,846
Financial liabilities held for trading	-	-	-	-	472,762	-	-	472,762
Financial assets sold under repurchase agreements	-	-	49,242,453	10,256,435	993,776	-	-	60,492,664
Derivative financial liabilities	-	-	84,255	367,874	221,741	1,164	-	675,034
Other financial liabilities	-	108,671	3,870,681	953,814	289,002	208,909	-	5,431,077
Lease liabilities	-	-	30,127	75,318	256,081	605,444	85,820	1,052,790
Due to customers	-	216,738,864	1,243,395	2,133,760	10,958,383	120,545,482	4,361,970	355,981,854
Debt securities issued	-	-	5,659,595	29,030,461	51,331,031	22,690,529	-	108,711,616
Total liabilities	-	229,047,775	87,051,359	60,529,835	106,289,708	144,071,977	4,447,790	631,438,444
Net position	43,780,383	(204,853,780)	(48,242,728)	(25,158,240)	137,611,171	61,710,587	80,719,304	45,566,697

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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 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	31,821,789	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

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53. FINANCIAL RISK MANAGEMENT (Continued)

53.2 Liquidity risk (Continued)

Analysis of the undiscounted contractual cash flows (Continued)

	As at 31 December 2020							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and balances with central bank	31,594,184	16,390,537	-	-	-	-	-	47,984,721
Deposits with banks and other financial institutions	-	7,856,957	-	-	-	-	-	7,856,957
Placements with banks and other financial institutions	371,844	-	519,573	1,920,518	8,411,463	-	-	11,223,398
Financial assets held under resale agreements	993,500	-	-	-	-	-	-	993,500
Financial assets at fair value through profit or loss	468,590	-	22,253,663	3,613,310	26,252,867	9,034,696	6,666,439	68,289,565
Debt instruments at fair value through other comprehensive income	300,000	-	3,945,122	4,689,773	12,182,935	27,068,812	16,850,689	65,037,331
Loans and advances to customers	11,757,664	-	10,086,590	25,465,737	171,383,509	78,370,612	48,473,035	345,537,147
Debt instruments at amortised cost	4,447,615	-	3,546,769	4,031,371	41,636,052	122,829,303	33,416,451	209,907,561
Equity instruments at fair value through other comprehensive income	1,564,660	-	-	-	-	-	-	1,564,660
Other financial assets	148,036	-	122,783	245,567	1,340,540	188,133	-	2,045,059
Total financial assets	51,646,093	24,247,494	40,474,500	39,966,276	261,207,366	237,491,556	105,406,614	760,439,899
Borrowings from central bank	-	-	5,161,439	826,283	19,960,454	-	-	25,948,176
Deposits from banks and other financial institutions	-	12,269,536	12,045,452	8,900,293	14,657,763	21,980	-	47,895,024
Placements from banks and other financial institutions	-	-	9,885,014	8,087,409	8,010,177	-	-	25,982,600
Financial liabilities held for trading	-	-	-	-	502,458	-	-	502,458
Financial assets sold under repurchase agreements	-	-	49,266,088	10,298,633	1,003,699	-	-	60,568,420
Other financial liabilities	-	108,671	3,870,681	953,814	289,002	208,909	-	5,431,077
Lease liabilities	-	-	30,236	75,863	265,237	687,477	112,804	1,171,617
Due to customers	-	216,743,723	1,273,872	2,180,384	11,350,504	138,283,853	5,264,090	375,096,426
Debt securities issued	-	-	5,706,500	29,180,000	52,621,580	24,387,380	-	111,895,460
Total financial liabilities	-	229,121,930	87,239,282	60,502,679	108,660,874	163,589,599	5,376,894	654,491,258
Net position	51,646,093	(204,874,436)	(46,764,782)	(20,536,403)	152,546,492	73,901,957	100,029,720	105,948,641

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 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

	As at 31 December 2020						Total
	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	
Acceptances	-	1,225,721	4,303,110	18,783,352	-	-	24,312,183
Undrawn corporate loans limit	20,591,170	-	-	-	-	-	20,591,170
Undrawn credit card limit	13,950,734	-	-	-	-	-	13,950,734
Letters of credit	-	20,484	1,303	7,899,577	-	-	7,921,364
Letters of guarantee	-	173,531	71,835	322,051	377,168	-	944,585
Total	34,541,904	1,419,736	4,376,248	27,004,980	377,168	-	67,720,036

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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 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)

	As at 31 December 2020				Total
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	
Cash and balances with central bank	47,448,746	380,048	691	1,990	47,831,475
Deposits with banks and other financial institutions	6,206,758	1,484,387	10,815	129,205	7,831,165
Placements with banks and other financial institutions	9,996,506	696,706	–	–	10,693,212
Derivative financial assets	9,744	–	–	–	9,744
Financial assets held under resale agreements	600,197	–	–	–	600,197
Financial assets at fair value through profit or loss	65,486,367	–	–	–	65,486,367
Debt instruments at fair value through other comprehensive income	57,923,347	–	–	–	57,923,347
Loans and advances to customers	288,267,147	7,445,773	–	39,429	295,752,349
Debt instruments at amortised cost	182,582,803	4,766,047	–	–	187,348,850
Equity instruments at fair value through other comprehensive income	1,564,660	–	–	–	1,564,660
Other financial assets	1,963,775	–	–	–	1,963,775
Total financial assets	662,050,050	14,772,961	11,506	170,624	677,005,141
Borrowings from central bank	25,318,850	–	–	–	25,318,850
Deposits from banks and other financial institutions	47,490,945	1,006	–	–	47,491,951
Placements from banks and other financial institutions	11,091,053	14,718,793	–	–	25,809,846
Financial liabilities held for trading	472,762	–	–	–	472,762
Financial assets sold under repurchase agreements	60,492,664	–	–	–	60,492,664
Derivative financial liabilities	675,034	–	–	–	675,034
Other financial liabilities	5,143,093	281,002	1,634	5,348	5,431,077
Lease liabilities	1,052,790	–	–	–	1,052,790
Due to customers	347,810,645	8,066,944	3,516	100,749	355,981,854
Debt securities issued	108,711,616	–	–	–	108,711,616
Total financial liabilities	608,259,452	23,067,745	5,150	106,097	631,438,444
Net exposure	53,790,598	(8,294,784)	6,356	64,527	45,566,697
Derivatives forward purchased	–	9,078,812	–	–	9,078,812
Total	53,790,598	784,028	6,356	64,527	54,645,509

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.

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53. FINANCIAL RISK MANAGEMENT *(Continued)*

53.3 Market risk *(Continued)*

Foreign currency risk (Continued)

	Year ended 31 December	
	2021	2020
	(Decrease)/ increase in Net Profit	(Decrease)/ increase in Net Profit (Restated)
5% appreciation	(45,786)	(32,059)
5% depreciation	45,786	32,059

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 RMB222.7 million (31 December 2020: RMB308.4 million); and ii) an offsetting decrease/increase in fair value of RMB268.5 million (31 December 2020: RMB340.5 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 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)

	As at 31 December 2020						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	46,756,284	-	-	-	-	1,075,191	47,831,475
Deposits with banks and other financial institutions	7,830,537	-	-	-	-	628	7,831,165
Placements with banks and other financial institutions	761,916	1,826,187	7,920,701	-	-	184,408	10,693,212
Derivative financial assets	-	-	-	-	-	9,744	9,744
Financial assets held under resale agreements	600,197	-	-	-	-	-	600,197
Financial assets at fair value through profit or loss	22,187,830	3,247,362	25,264,651	7,719,314	6,388,673	678,537	65,486,367
Debt instruments at fair value through other comprehensive income	3,830,051	4,151,154	11,117,320	23,578,188	14,240,488	1,006,146	57,923,347
Loans and advances to customers	12,736,184	21,742,519	158,864,826	57,572,583	41,453,457	3,382,780	295,752,349
Debt instruments at amortised cost	5,986,260	2,871,192	35,203,067	111,023,981	29,177,708	3,086,642	187,348,850
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,564,660	1,564,660
Other financial assets	-	-	-	-	-	1,963,775	1,963,775
Total financial assets	100,689,259	33,838,414	238,370,565	199,894,066	91,260,326	12,952,511	677,005,141
Borrowings from central bank	4,873,426	806,116	19,322,645	-	-	316,663	25,318,850
Deposits from banks and other financial institutions	24,170,023	8,805,000	14,324,000	20,000	-	172,928	47,491,951
Placements from banks and other financial institutions	9,827,871	7,991,263	7,830,067	-	-	160,645	25,809,846
Financial liabilities held for trading	-	-	471,982	-	-	780	472,762
Financial assets sold under repurchase agreements	49,186,527	10,195,696	991,738	-	-	118,703	60,492,664
Derivative financial liabilities	-	-	-	-	-	675,034	675,034
Other financial liabilities	-	-	-	-	-	5,431,077	5,431,077
Lease liabilities	30,127	75,318	256,081	605,444	85,820	-	1,052,790
Due to customers	211,989,979	2,133,760	10,958,383	120,545,482	4,361,970	5,992,280	355,981,854
Debt securities issued	5,032,727	29,030,461	50,827,192	22,690,529	-	1,130,707	108,711,616
Total financial liabilities	305,110,680	59,037,614	104,982,088	143,861,455	4,447,790	13,998,817	631,438,444
Interest rate gap	(204,421,421)	(25,199,200)	133,388,477	56,032,611	86,812,536	(1,046,306)	45,566,697

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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.

	2021		2020	
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
+100 basis points	159,031	(1,725,506)	248,643	(1,787,757)
- 100 basis points	(159,031)	1,858,361	(248,643)	1,928,844

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 2021 and 2020, 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 2021 and 2020, 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.

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54. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

	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	–	–	37,335,072	37,335,072
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)

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

	As at 31 December 2020			Total
	Level 1	Level 2	Level 3	
Financial assets at FVTPL				
Government bonds	–	1,232,559	–	1,232,559
Financial institution bonds	–	1,339,877	–	1,339,877
Asset-backed securities	–	1,037,625	–	1,037,625
Corporate bonds	–	2,519,505	–	2,519,505
Other debt financing products	–	–	1,036,713	1,036,713
Wealth management products	–	–	305,430	305,430
Asset management plans	–	–	25,018,286	25,018,286
Trust beneficiary rights	–	–	10,475,957	10,475,957
Funds	2,472,083	19,579,742	–	22,051,825
Listed equity	199,675	–	–	199,675
Unlisted equity	–	–	268,915	268,915
Subtotal	2,671,758	25,709,308	37,105,301	65,486,367
Debt instruments at FVOCI				
Government bonds	–	22,488,433	–	22,488,433
Financial institution bonds	–	29,656,289	–	29,656,289
Asset-backed securities	–	231,923	–	231,923
Corporate bonds	–	2,531,809	–	2,531,809
Other debt financing products	–	–	3,014,893	3,014,893
Subtotal	–	54,908,454	3,014,893	57,923,347
Equity instruments at FVOCI Unlisted equity				
	–	–	1,564,660	1,564,660
Loans and advances to customers at FVOCI				
	–	–	22,898,217	22,898,217
Derivative financial assets	–	9,744	–	9,744
Derivative financial liabilities	–	(675,034)	–	(675,034)
Financial liabilities held for trading	–	(472,762)	–	(472,762)
Total	2,671,758	79,479,710	64,583,071	146,734,539

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54. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Reconciliation of Level 3 fair value measurements of financial assets

	Investments mandatorily measured at FVTPL	Debt instruments measured at FVTOCI	Equity instruments measured at FVTOCI	Loans and advances to customers at FVTOCI
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
Asset				
Balance at 1 January 2020				
Balance at 1 January 2020	34,264,499	4,270,424	1,393,601	12,681,552
Total gain/loss				
– in profit or loss	(269,043)	(27,259)	–	(84,692)
– in OCI	–	(42,363)	–	(8,007)
Acquisitions	10,334,046	–	171,059	48,705,528
Disposals and settlements	(7,224,201)	(1,185,909)	–	(38,396,164)
Balance at 31 December 2020	37,105,301	3,014,893	1,564,660	22,898,217

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54. FAIR VALUE OF FINANCIAL INSTRUMENTS *(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 1.28% to 7.00% (31 December 2020: The discount rates used in Level 3 valuations ranges from 1.09% to 8.22%).

Of the total gains or losses for the period included in profit RMB115.3 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 2020: a loss of RMB39.8 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 RMB5.1 million related to debt instruments at FVOCI measured at Level 3 fair value held at the end of the current reporting period (For the year ended 31 December 2020: a loss of RMB38.9 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 2021, by RMB115.2 million/RMB121.3 million, respectively (31 December 2020: RMB325.4 million/RMB335.9 million).

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

	As at 31 December 2021		As at 31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Debt instruments at amortised cost	190,702,029	191,426,454	187,348,850	187,557,309
Financial liabilities				
Debt securities issued	98,511,096	97,310,712	108,711,616	109,072,634

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.

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54. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (Continued)

Financial assets/financial liabilities	Fair value at		Fair value hierarchy	Valuation technique(s) and key input(s)
	As at 31 December 2021	As at 31 December 2020		
Debt securities at amortised costs	148,739,834	120,645,053	Level 2	See note 1.
Debt instruments at amortised costs	42,686,620	66,912,256	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	97,310,712	109,072,634	Level 2	See note 1.

Note 1: Debt securities traded on China Interbank Bond Market are classified into Level 2. Their fair values are provided by China Central Depository & Clearing Co., Ltd. and determined by using discounted cash flow method. Future cash flows are estimated based on contractual amounts, and then discounted at observable yield curves that reflect the credit risk of the issuers.

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 2021 are set out below:

Name of entity	Type of legal entity	Place of incorporation/ Establishment/ operations	Date of incorporation/ establishment	Registered	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities
				capital as at 31 December 2021 (In RMB '000)	As at 31 December 2021 %	As at 31 December 2020 %	As at 31 December 2021 %	As at 31 December 2020 %	
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

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56. STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK

STATEMENT OF FINANCIAL POSITION AS AT 31 December 2021

	As at 31 December	
	2021	2020
ASSETS		
Cash and balances with central bank	39,727,355	47,647,095
Deposits with banks and other financial institutions	5,258,974	7,724,948
Placements with banks and other financial institutions	21,787,289	13,372,874
Derivative financial instruments	16,776	9,744
Financial assets held under resale agreements	600,197	600,197
Financial assets at fair value through profit or loss	73,658,383	65,418,942
Debt instruments at fair value through other comprehensive income	50,154,686	57,923,347
Loans and advances to customers	315,036,017	289,617,253
Debt instruments at amortised cost	191,092,773	187,348,850
Equity instruments at fair value through other comprehensive income	1,642,224	1,564,660
Deferred tax assets	4,376,872	4,709,307
Other assets	5,858,381	4,003,369
Property and equipment	2,480,883	2,515,733
Right-of-use	983,882	1,035,905
Interests in associates	257,063	232,528
Investments in subsidiaries	1,180,000	1,180,000
Total assets	714,111,755	684,904,752
LIABILITIES		
Borrowings from central bank	52,986,551	25,209,399
Deposits from banks and other financial institutions	42,746,082	50,749,061
Placements from banks and other financial institutions	17,429,940	22,659,290
Trading financial liabilities	519,111	472,762
Financial assets sold under repurchase agreements	59,110,735	60,492,664
Derivative financial instruments	156,724	675,034
Income tax payable	–	428,568
Other liabilities	4,481,443	7,143,983
Lease liabilities	1,009,994	1,046,360
Due to customers	380,765,781	354,475,701
Debt securities issued	98,511,096	108,711,616
Total liabilities	657,717,457	632,064,438

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021
(Amounts in thousands of Renminbi, unless otherwise stated)

56. STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK *(Continued)*

STATEMENT OF FINANCIAL POSITION AS AT 31 December 2021 *(Continued)*

	As at 31 December	
	2021	2020
EQUITY		
Share capital	6,070,552	6,070,552
Capital reserve	10,699,811	10,699,811
Investment revaluation reserve	(12,335)	(390,876)
Surplus reserve	3,352,480	3,352,480
General reserve	9,062,761	9,062,761
Retained earnings	27,221,029	24,045,586
Total equity	56,394,298	52,840,314
Total equity and liabilities	714,111,755	684,904,752

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(Amounts in thousands of Renminbi, unless otherwise stated)

56. 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 2021

	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	
	2020							
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Total	
As at 1 January 2020	6,070,552	10,699,811	88,631	3,352,480	9,062,761	20,886,367	50,160,602	
Profit for the year	-	-	-	-	-	4,251,918	4,251,918	
Other comprehensive income for the year	-	-	(479,507)	-	-	-	(479,507)	
Dividend distribution	-	-	-	-	-	(1,092,699)	(1,092,699)	
As at 31 December 2020	6,070,552	10,699,811	(390,876)	3,352,480	9,062,761	24,045,586	52,840,314	

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, NET STABLE FUNDING RATIO AND LEVERAGE RATIO

(Expressed in percentage)

Liquidity Ratios

	As at 31 December 2021	As at 31 December 2020
RMB current assets to RMB current liabilities	57.6%	59.4%
Foreign currency current assets to foreign currency current liabilities	225.2%	157.8%

Average for the year ended 31 December

	2021	2020
RMB current assets to RMB current liabilities	57.37%	54.64%
Foreign currency current assets to foreign currency current liabilities	209.48%	140.79%

Liquidity Coverage Ratios

	As at 31 December 2021	As at 31 December 2020
Qualified high-quality liquid assets	106,297,261.0	119,936,045.7
Net cash outflows in the next 30 days	62,277,136.1	60,870,353.6
Liquidity Coverage Ratios	170.68%	197.04%

Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

Net Stable Funding Ratio

	As at 31 December 2021	As at 30 September 2021
Total stable funding available	388,975,282.8	400,899,263.2
Total stable funding required	326,555,833.8	322,578,523.1
Net Stable Funding Ratio	119.11%	124.28%

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.

Leverage Ratio

(Expressed in percentage)

	As at 31 December 2021	As at 31 December 2020
Leverage ratio	7.44%	7.38%

Pursuant to the Leverage Ratio Management of Commercial Bank (Amended) issued by the CBIRC (No. 1 Order of CBRC in 2015), effective from April 2015, a minimum leverage ratio of 4% is required. Information on leverage ratio of our Bank as of 31 December 2021 is disclosed on the official website of the Bank at <http://www.bankoftianjin.com/tzzgx/xxpl/jgzb/>.

The above liquidity ratios and leverage ratio are calculated in accordance with the formula promulgated by the CBIRC.

Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

CURRENCY CONCENTRATIONS

	US Dollars	Equivalent in Renminbi		Total
		Hong Kong Dollars	Other	
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)
As at 31 December 2020				
Spot assets	14,772,961	11,506	170,624	14,955,091
Spot liabilities	(23,067,745)	(5,150)	(106,097)	(23,178,992)
Net position	(8,294,784)	6,356	64,527	(8,223,901)

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.

INTERNATIONAL CLAIMS

The Group is principally engaged in business operations within mainland China, and regards all claims on third parties outside mainland 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.

Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

	As at 31 December 2021	As at 31 December 2020
INTERNATIONAL CLAIMS – DEPOSITS WITH BANKS AND PLACEMENTS WITH BANKS		
Asia Pacific (excluding mainland China)	24,028	29,020
— of which: attributed to Hong Kong	2,407	8,735
Europe	25,246	39,078
North America	602,316	758,933
Total	651,590	827,031

	As at 31 December 2021	As at 31 December 2020
INTERNATIONAL CLAIMS – LOANS		
Asia Pacific (excluding mainland China)	1,367,349	391,494
— of which: attributed to Hong Kong	1,367,349	391,494
North America	68,288	81,561
Total	1,435,637	473,055

Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

OVERDUE ASSETS

Loans and advances to customers which have been overdue are set out as follows:

	As at 31 December 2021	As at 31 December 2020
Below 3 months (inclusive)	4,483,913	4,577,681
Between 3 and 6 months (inclusive)	3,076,949	3,026,621
Between 6 and 12 months (inclusive)	1,723,920	2,470,117
Over 12 months	3,291,695	2,210,337
Total	12,576,477	12,284,756
As a percentage of gross loans and advances to customers		
Below 3 months (inclusive)	1.33%	1.49%
Between 3 and 6 months (inclusive)	0.91%	0.98%
Between 6 and 12 months (inclusive)	0.51%	0.80%
Over 12 months	0.98%	0.72%
Total	3.73%	3.99%

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

EXPOSURES TO MAINLAND CHINA NON-BANK ENTITIES

	As at 31 December 2021	As at 31 December 2020
On-balance sheet exposure	324,607,358	295,752,349
Off-balance sheet exposure	80,420,213	67,720,036

DISCLOSURE REQUIREMENTS FOR COMPOSITION OF CAPITAL

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 2021 is disclosed on the official website of the Bank at <http://www.bankoftianjin.com/tzgzg/xpl/jgzb/>.

List of Branches

As at 31 December 2021, 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	Junction of Guangming Road and Xinhua Road, Yangliuqing, Xiqing District, Tianjin	300380
8	Bank of Tianjin, Zhangjiawo sub-branch	No. 60, Yutai Road, Xiqing District, Tianjin	300380
9	Bank of Tianjin, Zhongbei Town sub-branch	1-A-2-01-05, 1/F New City Center I-A, 3 Wanhui Road, Zhongbei Town, Xiqing District, Tianjin	300393
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	North side of Xinyibai Avenue, 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, Xiazhuozhuang Street, Wuqing District, Tianjin	301700
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

List of Branches

No.	Name of Branch	Address	Postcode
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, No.107, No.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
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

List of Branches

No.	Name of Branch	Address	Postcode
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	5-5 & 5-6, Jinmao Plaza, North west side at the junction of Qingshan Street and Fuan Street, Heping District, Tianjin	300041
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
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

List of Branches

No.	Name of Branch	Address	Postcode
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, Kema Street sub-branch	No. 428, Anshan West Road, Nankai District, Tianjin	300193
72	Bank of Tianjin, Xinyuan sub-branch	No. 23, Changjiang Road, Nankai District, Tianjin	300190
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

List of Branches

No.	Name of Branch	Address	Postcode
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	Siji 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
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	Tianshan Road, Wanxin Village, 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

List of Branches

No.	Name of Branch	Address	Postcode
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
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

List of Branches

No.	Name of Branch	Address	Postcode
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 District, Tianjin	300450
125	Bank of Tianjin, Hangzhou Road sub-branch	No. 8, Zhongxin North Road, Tanggu District, Tianjin	300451
126	Bank of Tianjin, Tanggu sub-branch	No. 289, 295 & 301, Yingkou Road, Tanggu District, Tianjin	300450
127	Bank of Tianjin, Heping Road sub-branch	No. 9, Heping Road, Tanggu District, Tianjin	300450
128	Bank of Tianjin, Oil North Road sub-branch	No. 79, Dongyan Road, Tanggu District, Tianjin	300452
129	Bank of Tianjin, Hebei Road sub-branch	No. 25, Hebei Road, Tanggu District, Tianjin	300451
130	Bank of Tianjin, Station North Road sub-branch	No. 830 & 836, Station North Road, Tanggu District, Tianjin	300451
131	Bank of Tianjin, Jinzhou Road sub-branch	No. 1024, Jinzhou Road, Tanggu District, Tianjin	300451
132	Bank of Tianjin, Hekou Road sub-branch	No. 2-37, Hekou Road, Tanggu District, Tianjin	300452
133	Bank of Tianjin, Zhejiang Road sub-branch	Ground Floor, Door 1, Building 7, Huianli, Tanggu District, Tianjin	300450
134	Bank of Tianjin, Gangkou Road sub-branch	Xingang Road No. 2, Tanggu, Binhai New Area, Tianjin	300450

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No.	Name of Branch	Address	Postcode
135	Bank of Tianjin, Road No. 3 sub-branch	No.3438, Xingang 3rd Road, Tanggu, Binhai New Area, Tianjin	300456
136	Bank of Tianjin, Baoshan Road sub-branch	No. 3807, Tangguxin North Road, 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, Tanggu, Binhai New Area, Tianjin	300454
138	Bank of Tianjin, Hebin Road sub-branch	No.BF104, Binhai Trade Centre, No.2064, Bohaishiyou 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 District, Tianjin	300270
142	Bank of Tianjin, Xingfu Road sub-branch	East No. 1, No. 666, Xingfu Avenue, Dagangyoutian, Dagang District, Tianjin	300280
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, Xuri Road, Dagang, Binhai New Area, Tianjin (West of Haijing 7th Road and north of Xuri Road, Gangdongxincheng, Dagang)	300450
146	Bank of Tianjin, Development Area sub-branch	No. 76, Dongting Road, Economic Development Zone, 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, the Third Avenue, Tianjin Economic- Technological Development Area	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	No. 188, Rixin Road, Binhai Science Park, Binhai Hi-tech Zone, No. 13888, Jinhan Road, 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	Building 2, Finance Center, No. 158, West 3rd Road, Tianjin Airport Logistics Processing Zone	300308

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No.	Name of Branch	Address	Postcode
153	Bank of Tianjin, Beijing branch	Xuanwumen Building, No. 73, Dongheyan 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
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

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No.	Name of Branch	Address	Postcode
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
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, Kaiyuanjiezu, 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

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No.	Name of Branch	Address	Postcode
188	Bank of Tianjin, Shanghai Jing'an sub-branch	Street Front Shop, 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
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 Jie Fang 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, Mingshuishuangshan Street, Zhangqiu District, Jinan	250299
205	Bank of Tianjin, Dongying branch	No. 55, Fuqian Street, Dongying District, Dongying	257000

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No.	Name of Branch	Address	Postcode
206	Bank of Tianjin, Dongying Xicheng sub-branch	Jindu Tower, No. 680-1, Yellow River Road, Dongying District, Dongying City	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 Development Zone, 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 Renbei sub-branch	No. 1-3, 6-13 & 15, 1/F, Building 1, No. 1, Section 3, Renmin Middle Road, Qingyang District, Chengdu, Sichuan	610014
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, Luzhou branch	No. 189, Chunjingxia Road, Jiangyang District, Luzhou, Sichuan Province	646000



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