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**BANK OF TIANJIN CO., LTD.\***

**天津銀行股份有限公司\***

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

**(Stock Code: 1578)**

## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021**

The board of directors (the “**Board**”) of Bank of Tianjin Co., Ltd. (the “**Bank**”) hereby announces the unaudited consolidated interim results of the Bank for the six months ended 30 June 2021 (the “**Reporting Period**”). The content of this results announcement has been prepared in accordance with applicable disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) in relation to preliminary announcements of interim results. The interim financial statements of the Bank for the six months ended 30 June 2021 have been prepared in accordance with the International Accounting Standard 34-Interim Financial Reporting (the “**IAS 34**”) and the Hong Kong Listing Rules and reviewed by PricewaterhouseCoopers Limited in accordance with International Standard on Review Engagements. Such interim results have also been reviewed and confirmed by the Board and the audit committee of the Board. Unless otherwise stated, financial data of the Bank and its subsidiaries are presented in Renminbi.

### **1. CORPORATE INFORMATION**

#### **1.1 Basic Information**

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
Listing Place of H Shares	The Stock Exchange of Hong Kong Limited
Stock Name	Bank of Tianjin
Stock Code	1578

## 1.2 Contact Persons and Contact Details

Board Secretary	DONG Xiaodong
Joint Company Secretaries	DONG Xiaodong, NGAI Wai Fung
Registered Address and Headquarters 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
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## 2. SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

	For the six months ended 30 June		
	2021	2020	Rate of change (%)
	<i>(Amounts in thousands of Renminbi, unless otherwise stated)</i>		
<b>OPERATING RESULTS</b>			
Interest income	<b>15,016,942</b>	15,595,557	(3.7)
Interest expense	<b>(8,643,042)</b>	(9,193,092)	(6.0)
<b>NET INTEREST INCOME</b>	<b>6,373,900</b>	6,402,465	(0.4)
Investment income	<b>1,177,738</b>	857,315	37.4
Fee and commission income	<b>1,130,808</b>	1,386,214	(18.4)
Fee and commission expense	<b>(72,369)</b>	(38,635)	87.3
<b>NET FEE AND COMMISSION INCOME</b>	<b>1,058,439</b>	1,347,579	(21.5)
Net trading (losses)/gains	<b>272,528</b>	(29,021)	(1,039.1)
Net gains arising from derecognition of financial assets measured at amortised cost	<b>44,479</b>	69,353	(35.9)
Other income, gains or losses	<b>52,674</b>	43,713	20.5
<b>OPERATING INCOME</b>	<b>8,979,758</b>	8,691,404	3.3
Operating expenses	<b>(1,987,414)</b>	(1,813,842)	9.6
Impairment losses under expected credit loss (ECL) model, net of reversals	<b>(3,795,735)</b>	(3,744,702)	1.4
Share of results of associates	<b>8,717</b>	10,213	(14.6)

	For the six months ended 30 June		Rate of
	2021	2020	change
	(Amounts in thousands of Renminbi, unless otherwise stated)		(%)
<b>PROFIT BEFORE TAX</b>	<b>3,205,326</b>	3,143,073	2.0
Income tax expense	<u>(497,858)</u>	<u>(470,689)</u>	<u>5.8</u>
<b>PROFIT FOR THE PERIOD</b>	<b>2,707,468</b>	<u>2,672,384</u>	<u>1.3</u>
Profit for the period attributable to:			
<b>Equity holders of the Bank</b>	<b>2,696,658</b>	<u>2,653,604</u>	<u>1.6</u>
<b>Non-controlling interests</b>	<b>10,810</b>	<u>18,780</u>	<u>(42.4)</u>
	<b>2,707,468</b>	<u>2,672,384</u>	<u>1.3</u>
<b>Earnings per share attributable to equity holders of the Bank (Expressed in RMB Yuan per share)</b>			
– Basic and diluted	<u><b>0.44</b></u>	<u>0.44</u>	<u>–</u>
	As of 30	As of 31	Rate of
	June 2021	December 2020	change(%)
	(Amounts in thousands of Renminbi, unless otherwise stated)		
<b>MAJOR INDICATORS OF ASSETS/ LIABILITIES</b>			
<b>Total assets</b>	<b>703,327,077</b>	687,760,199	2.3
Of which: loans and advances to customers	<u><b>306,320,043</b></u>	<u>295,752,349</u>	<u>3.6</u>
<b>Total liabilities</b>	<b>646,571,661</b>	633,812,209	2.0
Of which: due to customers	<u><b>391,674,429</b></u>	<u>355,981,854</u>	<u>10.0</u>
Share capital	<b>6,070,552</b>	6,070,552	–
Attributable to equity holders of the Bank	<b>55,926,840</b>	53,130,224	5.3
<b>Total equity</b>	<u><b>56,755,416</b></u>	<u>53,947,990</u>	<u>5.2</u>

	For the six months ended 30 June		
	2021	2020	Change
<b>PROFITABILITY INDICATORS (%)</b>			
Return on average total assets <sup>(1)</sup>	<b>0.78</b>	0.79	(0.01)
Return on average equity <sup>(2)</sup>	<b>9.78</b>	10.29	(0.51)
Net interest spread <sup>(3)</sup>	<b>1.88</b>	1.84	0.04
Net interest margin <sup>(4)</sup>	<b>2.16</b>	2.16	0.00
Net fee and commission income to operating income	<b>11.79</b>	15.50	(3.71)
Cost-to-income ratio <sup>(5)</sup>	<b>20.96</b>	19.71	1.25
	<b>As of 30 June 2021</b>	<b>As of 31 December 2020</b>	<b>Change</b>
<b>ASSET QUALITY INDICATORS (%)</b>			
Non-performing loan ratio <sup>(6)</sup>	<b>2.32</b>	2.16	0.16
Allowance coverage ratio <sup>(7)</sup>	<b>158.55</b>	183.45	(24.90)
Allowance to gross loan ratio <sup>(8)</sup>	<b>3.67</b>	3.96	(0.29)
	<b>As of 30 June 2021</b>	<b>As of 31 December 2020</b>	<b>Change</b>
<b>CAPITAL ADEQUACY RATIO INDICATORS (%)</b>			
<i>Calculated based on Capital Administrative Measures</i>			
Core tier-one capital adequacy ratio <sup>(9)</sup>	<b>11.49</b>	11.12	0.37
Tier-one capital adequacy ratio <sup>(10)</sup>	<b>11.50</b>	11.12	0.38
Capital adequacy ratio <sup>(11)</sup>	<b>14.55</b>	14.48	0.07
Total equity to total assets	<b>8.07</b>	7.84	0.23
<b>OTHER INDICATORS (%)</b>			
Loan-to-deposit ratio <sup>(12)</sup>	<b>81.81</b>	87.06	(5.25)
Liquidity ratio <sup>(13)</sup>	<b>60.12</b>	60.57	(0.45)
Percentage of loans to the single largest customer <sup>(14)</sup>	<b>4.95</b>	4.35	0.60
Percentage of loans to the top ten customers <sup>(15)</sup>	<b>34.25</b>	32.79	1.46

*Note:*

- (1) Calculated by dividing net profit for the period by average balance of total assets at the beginning and the end of the period.

- (2) Calculated by dividing net profit for the period by average balance of total equity at the beginning and the end of the period.
- (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 on loans to customers by total non-performing loans.
- (8) Calculated by dividing total allowance for impairment on loans to customers by gross loans (excluding interests) to customers.
- (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 as of 31 December 2020 and 30 June 2021 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.

### **3. MANAGEMENT DISCUSSION AND ANALYSIS**

#### **3.1 Environment and Prospects**

In the first half of 2021, in respect of the pace of global economic recovery, those economies who were the first to get the COVID-19 pandemic under control with leading vaccination rates experienced rapid economic recovery, while the pattern of global economic recovery was uneven. China's coordinated efforts to promote both COVID-19 prevention and control as well as economic and social development at home and abroad boosted its economy to recover and grow steadily. China actively promoted self-reliance in science and technology with more efforts made on the reform and opening up. People's livelihood were safeguarded effectively, new achievements were made in terms of high-quality development, and the overall social situation remains stable. The main macro indices ran within a reasonable range, demonstrating the great potential and resilience of China's economic development.

Looking ahead to the second half of 2021, with the COVID-19 pandemic still evolving globally, the external environment is becoming more complex and severe, and the domestic economic recovery remains unstable and unbalanced. In the second half of this opening year of its "14th Five-Year Plan", China will stick to the general keynote of seeking progress in a stable manner while striving to fully, accurately and comprehensively implement the new development concept, deepen the structural reform on the supply side, accelerate the construction of a new development pattern, and promote its high-quality development. Chinese macroeconomic policies will focus on the cross-cycle adjustment and keep their continuity, stability, and sustainability. China will coordinate the convergence of both 2021 and 2022 macroeconomic policies to ensure the economy operates within a reasonable range. China's monetary policy will try to maintain a reasonable abundance of liquidity, continue to perform the function of structural and precise drip irrigation, provide targeted support to the key areas and weak links of its real economy, and constantly support the recovery of SMEs and those enterprises which had business setback. Chinese fiscal policy will continue to be active and serve to enhance the effectiveness of the policy while adhering to the "three maintenances" philosophy at basic level. China will reasonably control the investment within the budget and the issuance speed of local government bonds, coordinate support for people's livelihood and the construction of major projects under the "14th Five-Year Plan", and increase investment in technological transformation. Under the guidance of the policy, financial institutions will focus more attentively on serving the real economy, i.e., supporting high-tech manufacturing industries (such as new energy vehicles, high-end equipment, digital information and chips), green and environmental industries (such as carbon peaking and carbon neutrality) and SMEs, and accelerating the transformation and upgrading of the industry.

In the face of challenges and opportunities, the Bank will align itself with the central government's financial policies and regulatory requirements, combine its pursuit of development with serving national strategies, and base itself in Tianjin while expanding into 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 up its core competitiveness under the guidance of its own "14th Five-Year Plan", so as to enhance its economic efficiency and overall strength.

### 3.2 Corporate Strategies

In the first half of 2021 and at the intersection of “The Two Centenaries” when we were facing “the world’s unprecedented changes in a century”, the Bank sought guidance from the 14th Five-Year Plan and the 2035 Vision Outline of the National Economic and Social Development of the People’s Republic of China while focusing on the strategic objectives of its own “14th Five-Year Plan”, striving to consolidate the foundation of its refinement management, and relentlessly promoting the innovation in all business segments, with the aim of achieving high-quality development.

Formulating the Strategic Planning of “14th Five-Year Plan” to determine the direction of our future navigation. Based on the full assessment on its Strategic Planning of “13th Five-Year Plan” with careful analysis and judgement of the future development trend and external environment, the Party Committee of the Bank’s Head Office called on all its people to contribute their thoughts and suggestions in formulating the Bank’s Strategic Planning of “14th Five-Year”, which is centered on the “One, Six, Two, Ten, Four, Eight” visions, i.e. clinging to the “One Development Vision” (to become a socialist modernised urban commercial bank) and developing into a bank with “Six Dimensions” (a mainstream bank in Beijing, Tianjin and Hebei, a bank of integrity and compliance, a value-driven bank, a bank providing excellent experience, a bank of care for its employees, and a bank of dual-track drive); insisting on the “Two Strategies” (Reform + Innovation), accelerating the construction of the “Ten Projects (3.0)” (practically strengthening the Party’s overall leadership of enterprises, constantly enhancing the modern financial enterprise system with Chinese characteristics, proactively and stably deepening the mixed ownership reform, realising a stable growth for various businesses, winning the fight against systemic risks, continuing advancing the IT planning of “Two major strategic objectives, Two systems, Three platforms, Four capabilities”, reshaping operation system and restructuring of smart outlets, strengthening infrastructures, promoting refined management and improving brand establishment and corporate culture construction) and adhering to the “Four Working Principles” (high-quality development, bottom-line thinking in prevention and control of systemic risks, reform and innovation, the Party’s overall leadership of the state-owned enterprises and establishment of a modern enterprise system); properly handling the “Eight Major Relationships” (relationship between party building and production & operation, relationship between our own development and support for the real economy, relationship between innovation and compliant operation, relationship between current year results and infrastructure construction, relationship between enlarging increment and solidifying inventory, relationship between optimising asset increment and resolving historical risk inventory, relationship between business development and safe operation, and relationship between strict control and tender care); setting a clear development goal and creating a scientific development roadmap.

Generally advancing the construction of the “Year of Refined Management”, and seeking efficiency from management. As a key task in the opening year of its Strategic Planning of “14th Five-Year Plan”, the Bank has formulated a four-stage implementation plan on refined management, i.e. identification of problems, rectification for improvement, consolidation of achievements and examination & assessment for acceptance, and has made thorough arrangement among all departments, branches and subsidiaries for the implementation of the “Year of Refined Management” in terms of achieving targets, benchmarking with peers, rectification for improvement, and performance assessment. In the first half of 2021, the Bank completed 22 specific implementation plans for the “Year of Refined Management”, specifying 1,100 initiatives and identifying 6,159 deliverables, which effectively improved the Bank’s expertise in corporate governance, business development and internal operations, and significantly improved the effectiveness of internal management.



Under the guidance of the “Reform + Innovation” development ideology, the Bank has achieved significant development in all its business lines. Our Corporate Business Department continued to promote the “Four Tailor-made Approaches” to improve quality and efficiency as well as the optimisation of its “Four-in-One” corporate customer service model with increased deposit marketing efforts. As at the end of June 2021, the Bank’s corporate deposits reached RMB266.33 billion, representing a year-on-year growth of 5.4% compared with the end of 2020. Our transaction banking business continued to advance its product innovation, and driven by its innovative businesses such as the “BOT E-chain (天銀E鏈)” supply chain products, cash management products and free trade business, the Bank’s transaction banking business invested a total of RMB50.7 billion in the first half of 2021, representing a year-on-year increase of 50% compared with the first half of 2020. In terms of personal finance business, our efforts to turn the Bank into a Citizens’ Bank has reached a new stage, with personal deposits breaking through the RMB100 billion bottleneck, reaching RMB105.61 billion as at the end of June 2021, representing an increase of 20.3% from the beginning of the year; we were also actively developing the third-generation social security card market, with a total of 226,400 cards issued, ranking second in Tianjin City in respect of the cumulative number of cards issued; our credit card business focused on young customers, with a total of 1.2 million cards issued by the Bank as of the end of June 2021, representing an increase of 12.5%; we stepped up the promotion of “Smart Xiao Er (智慧小二)” financial scenario ecosystem, with 121,200 merchants registered at the end of June 2021, representing an increase of 28.2% from the beginning of the year. In terms of inclusive finance business, we actively promoted the implementation of regulatory requirements. As at the end of June 2021, the balance of inclusive loans for SMEs was RMB27,499.2 million, representing an increase of 7.8% compared to that of 31 December 2020. Number of clients for inclusive loans to SMEs increased by 16.3% to 590,215. We started with SMEs online self-operated loans to expand the coverage of our services to farmers and increase the extension of agriculture-related loans. As of 30 June 2021, our inclusive agriculture-related loan balance amounted to RMB2,981.3 million, among which, the agriculture-related loan balance in Tianjin reached RMB1,324.7 million, representing an increase of 29.1% as compared to that of 31 December 2020. Our financial market business adhered to the “Return to Our Origins” while actively implementing the material decisions of the Central Government, such as “Carbon Peaking”, “Carbon Neutrality” and Beijing-Tianjin-Hebei joint development strategy. In the first half of 2021, the Bank underwrote more than RMB79 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, and the “Beijing-Tianjin-Hebei Joint Development” bond of RMB1 billion under the theme of “Petal” issued by CDB. We also completed a total ESG bond investment of RMB3.525 billion, including green bonds, and we ranked top ten among the green bonds investors of the urban and rural commercial banks, which was announced by the National Association of Inter-bank Market Transactions. Our investment banking business focused on bond underwriting as its core, and achieved rapid growth. In the first half of 2021, our investment banking business recorded a lead underwriting scale of RMB57.5 billion, representing a year-on-year increase of 692%, ranking 23rd in the national banking industry, up by 15 places from the same period last year; our underwriting of financial bonds and credit asset securitisation as a lead underwriter both ranked 2nd among domestic urban commercial banks, and our underwriting of asset-backed notes ranked 3rd among



domestic urban commercial banks. The transformation of our asset management business has been progressing steadily. As at the end of June 2021, the percentage of net-value wealth management products issued by the Bank increased to 94% from 89% at the beginning of the year. In the “2021 Top 1000 World Banks” list published by The Banker, a UK publication, we ranked at 194th among the banks worldwide in terms of top-tier capital, which is 8 places higher compared to our ranking in 2020.

In the first half of 2021, the Bank recorded an operating income of RMB8.98 billion, representing a year-on-year increase of 3.3%; a profit before provision of RMB7.00 billion, representing a year-on-year increase of 1.6%; an impairment loss of RMB3.80 billion, representing a slight year-on-year increase of 1.4%; and net profit of RMB2.71 billion, representing a year-on-year increase of 1.3%. On the asset side, we further increased our support to the real economy, with the loan size increasing by 3.6% from the beginning of the year to RMB306.32 billion at the end of June 2021, driving asset size up by 2.3% from the beginning of the year to RMB703.33 billion; we further reduced fees and costs for the real economy, with the average yield on customer loans and advances decreasing by 56 basis points as compared to the same period in 2020. On the liabilities side, our deposits increased significantly by 10.0% to RMB391.67 billion from the beginning of the year, leading to a 2.0% increase in liabilities to RMB646.57 billion from the beginning of the year; the average interest payment ratio of interest-bearing liabilities further decreased by 31 basis points to 2.74% compared with the same period in 2020. Driven by the lower cost of debt, the Bank’s net interest spread for the first half of 2021 was 1.88%, up by 4 basis points from the same period in 2020. As of 30 June 2021, the Bank’s capital adequacy ratio, Tier 1 capital adequacy ratio and core Tier 1 capital adequacy ratio were 14.55%, 11.50% and 11.49%, respectively, representing an increase of 0.07, 0.38 and 0.37 percentage points as compared with the end of 2020; the ratio of non-performing loans was 2.32%, and the provision coverage ratio was 158.55%, both in compliance with regulatory requirements.

In the second half of 2021, we will insist on the normalised management of COVID-19 prevention and control, strictly implement various pandemic prevention measures, and adhere to the new development concept known as “putting quality first and giving priority to performance”. We will remain adhering to the guidance of the Strategic Planning of “14th Five-Year Plan”, deeply integrate refined management with our business operation, internal management and customer service, seek efficiency from management, quality and services, and strive for improvement on both operation development and management service.

### 3.3 Analysis of the Income Statement

	For the six months ended 30 June		Rate of
	2021	2020	change
	(Amounts in thousands of Renminbi, unless otherwise stated)		(%)
Interest income	<b>15,016,942</b>	15,595,557	(3.7)
Interest expense	<b>(8,643,042)</b>	(9,193,092)	(6.0)
<b>NET INTEREST INCOME</b>	<b>6,373,900</b>	6,402,465	(0.4)
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Other income, gains or losses	<b>52,674</b>	43,713	20.5
<b>OPERATING INCOME</b>	<b>8,979,758</b>	8,691,404	3.3
Operating expenses	<b>(1,987,414)</b>	(1,813,842)	9.6
Impairment losses under expected credit loss (ECL) model, net of reversals	<b>(3,795,735)</b>	(3,744,702)	1.4
Share of results of associates	<b>8,717</b>	10,213	(14.6)
<b>PROFIT BEFORE TAX</b>	<b>3,205,326</b>	3,143,073	2.0
Income tax expense	<b>(497,858)</b>	(470,689)	5.8
<b>PROFIT FOR THE PERIOD</b>	<b>2,707,468</b>	2,672,384	1.3

For the six months ended 30 June 2021, the Bank's profit before tax increased by 2.0% from RMB3,143.1 million for the six months ended 30 June 2020 to RMB3,205.3 million, and the profit for the same period increased by 1.3% from RMB2,672.4 million for the six months ended 30 June 2020 to RMB2,707.5 million.

### **3.3.1 Net Interest Income<sup>(1)</sup>, Net Interest Spread and Net Interest Margin**

For the six months ended 30 June 2021, the Bank's net interest income amounted to RMB6,373.9 million and net interest income of financial instruments measured at fair value through profit or loss ("FVTPL"), the figure under the item "investment income", amounted to RMB1,177.7 million. The sum of two was RMB7,551.6 million, an increase of 4.0% as compared to the figure as at 30 June 2020 measured in the same standard. Our net interest spread increased from 1.84% for the six months ended 30 June 2020 to 1.88% for the six months ended 30 June 2021, mainly because the average cost of our interest-bearing liabilities dropped by 0.31 percentage points to 2.74%. Our net interest margin for the six months ended 30 June 2021 was 2.16%, which is at the same level for the corresponding period in 2020.

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

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 six months ended 30 June 2020 and 2021.

	For the six months ended 30 June					
	2021	Average		2020	Average	
	Average balance	Interest income/expense <sup>(8)</sup>	yield/Average cost (%)	Average balance	Interest income/expense <sup>(8)</sup>	yield/Average cost (%)
<i>(Amounts in millions of RMB, except for percentages)</i>						
<b>Interest-earning assets</b>						
Loans and advances to customer	306,318.4	9,701.9	6.33	286,031.0	9,859.1	6.89
Investment securities and other financial assets, including	317,745.4	5,887.3	3.71	311,584.0	5,984.9	3.84
– Asset management plans and trust plans, funds and wealth management products and other assets <sup>(1)</sup>	115,071.1	2,269.6	3.94	141,754.5	2,928.9	4.13
– Debt securities investment	202,674.3	3,617.7	3.57	169,829.5	3,056.0	3.60
Amounts due from banks and other financial institutions <sup>(2)</sup>	23,802.5	311.3	2.62	25,209.3	299.1	2.37
Deposits with banks and other financial institutions	11,366.9	13.0	0.23	9,532.2	29.9	0.63
Balances with central bank	41,454.6	282.2	1.36	40,550.4	282.7	1.39
<b>Total interest-earning assets (include assets at FVTPL)</b>	<b>700,687.8</b>	<b>16,195.7</b>	<b>4.62</b>	<b>672,906.9</b>	<b>16,455.7</b>	<b>4.89</b>
Allowance for impairment losses	(16,798.7)			(17,017.8)		
Non-interest-earning assets <sup>(3)</sup>	23,751.8			21,674.6		
<b>Total assets</b>	<b>707,640.9</b>	<b>16,195.7</b>	<b>4.58</b>	<b>677,563.7</b>	<b>16,455.7</b>	<b>4.86</b>
<b>Interest-bearing liabilities</b>						
Due to customers	363,768.3	4,871.3	2.68	344,499.7	5,224.9	3.03
Deposits from banks and other financial institutions	44,220.6	636.5	2.88	44,027.1	644.6	2.93
Amounts due to banks and other financial institutions <sup>(4)</sup>	92,303.2	961.7	2.08	61,313.3	602.1	1.96
Debt securities issued	108,374.7	1,899.0	3.50	111,189.0	2,025.8	3.64
Lease liabilities	1,037.0	23.5	4.53	1,195.7	26.1	4.37
Borrowings from central bank	20,807.6	252.1	2.42	41,507.5	672.4	3.24
<b>Total interest-bearing liabilities (include liabilities at FVTPL)</b>	<b>630,511.4</b>	<b>8,644.1</b>	<b>2.74</b>	<b>603,732.3</b>	<b>9,195.9</b>	<b>3.05</b>

	For the six months ended 30 June					
	2021			2020		
	Average balance	Interest income/expense <sup>(8)</sup>	Average yield/cost (%)	Average balance	Interest income/expense <sup>(8)</sup>	Average yield/cost (%)
<i>(Amounts in millions of RMB, except for percentages)</i>						
Non-interest-bearing liabilities <sup>(5)</sup>	<u>20,402.0</u>			<u>19,495.2</u>		
Total liabilities	<u>650,913.4</u>	<u>8,644.1</u>	<u>2.66</u>	<u>623,227.5</u>	<u>9,195.9</u>	<u>2.95</u>
Net interest income		<u>7,551.6</u>			<u>7,259.8</u>	
Net interest spread <sup>(6)</sup>			<u>1.88</u>			<u>1.84</u>
Net interest margin <sup>(7)</sup>			<u>2.16</u>			<u>2.16</u>

*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.
- (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, 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”.

### **3.3.2 Interest Income**

For the six months ended 30 June 2021, our interest income (includes interest income at FVTPL) decreased by 1.6% to RMB16,195.7 million from RMB16,455.7 million for the six months ended 30 June 2020, which was primarily attributable to the fact that the average yield of our interest-earning assets decreased by 27 basis points from 4.89% for the six months ended 30 June 2020 to 4.62% for the six months ended 30 June 2021.

#### *Interest income from loans and advances to customers*

For the six months ended 30 June 2021, interest income from loans and advances to customers decreased by 1.6% from RMB9,859.1 million for the six months ended 30 June 2020 to RMB9,701.9 million for the six months ended 30 June 2021, which was primarily attributable to the fact that the average yield of loans and advances to customers decreased by 56 basis points from 6.89% for the six months ended 30 June 2020 to 6.33% for the six months ended 30 June 2021. The decrease in the average yield of our loans and advances to customers was primarily due to the Bank's continuous implementation of the national policy that encourages a reduction in financing costs of real economy, which reduced the interest rates for loans and served the real economy.

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

For the six months ended 30 June 2021, interest income from asset management plans and trust plans, funds and wealth management products and other assets decreased by 22.5% from RMB2,928.9 million for the six months ended 30 June 2020 to RMB2,269.6 million for the six months ended 30 June 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 18.8% from RMB141,754.5 million for the six months ended 30 June 2020 to RMB115,071.1 million for the six months ended 30 June 2021. The decrease in average balance of 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 18.4% from RMB3,056.0 million for the six months ended 30 June 2020 to RMB3,617.7 million for the six months ended 30 June 2021, principally due to the fact that the average balance of our debt securities investment increased by 19.3% from RMB169,829.5 million for the six months ended 30 June 2020 to RMB202,674.3 million for the six months ended 30 June 2021. The increase in the average balance of our debt securities investment was primarily because the Bank enhanced the allocation of standardised bond products 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 4.1% from RMB299.1 million for the six months ended 30 June 2020 to RMB311.3 million for the six months ended 30 June 2021, principally due to the fact that the average yield of amounts due from banks and other financial institutions increased by 25 basis points from 2.37% for the six months ended 30 June 2020 to 2.62% for the six months ended 30 June 2021. The increase in the average yield of our amounts due from banks and other financial institutions was mainly because the Bank proactively optimised its asset structure to increase the return on assets.

#### *Interest income from deposits with banks and other financial institutions*

Interest income from deposits with banks and other financial institutions decreased by 56.5% from RMB29.9 million for the six months ended 30 June 2020 to RMB13.0 million for the six months ended 30 June 2021, principally due to the fact that the average yield of deposits with banks and other financial institutions decreased by 40 basis points from 0.63% for the six months ended 30 June 2020 to 0.23% for the six months ended 30 June 2021.

#### *Interest income from balances with central bank*

Interest income from balances with central bank decreased by 0.2% from RMB282.7 million for the six months ended 30 June 2020 to RMB282.2 million for the six months ended 30 June 2021, primarily due to the fact that the average yield of balances with central bank decreased by 3 basis points from 1.39% for the six months ended 30 June 2020 to 1.36% for the six months ended 30 June 2021.

### **3.3.3 Interest Expense**

Our interest expense (including interest expense at FVTPL) decreased by 6.0% from RMB9,195.9 million for the six months ended 30 June 2020 to RMB8,644.1 million for the six months ended 30 June 2021, primarily due to the fact that the average cost of these interest-bearing liabilities decreased by 31 basis points from 3.05% for the six months ended 30 June 2020 to 2.74% for the six months ended 30 June 2021.

#### *Interest expense on due to customers*

Our interest expense on due to customers decreased by 6.8% from RMB5,224.9 million for the six months ended 30 June 2020 to RMB4,871.3 million for the six months ended 30 June 2021, primarily due to the fact that the average cost of due to customers decreased by 35 basis points from 3.03% for the six months ended 30 June 2020 to 2.68% for the six months ended 30 June 2021. The decrease in our average cost of due to customers was primarily because the Bank proactively adjusted and optimised the debt structure and focused on marketing low-interest deposits (including deposits for settlement purposes) to enhance the quality of its debts.

#### *Interest expense on deposits from banks and other financial institutions*

Our interest expense on deposits from banks and other financial institutions decreased by 1.3% from RMB644.6 million for the six months ended 30 June 2020 to RMB636.5 million for the six months ended 30 June 2021, primarily due to the fact that the cost of our deposits from banks and other financial institutions decreased by 5 basis points from 2.93% for the six months ended 30 June 2020 to 2.88% for the six months ended 30 June 2021. The decrease in the average cost of the deposits from banks and other financial institutions was primarily due to the Bank's reasonable allocation of debts at a proper time, leading to a lower cost.

#### *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 59.7% from RMB602.1 million for the six months ended 30 June 2020 to RMB961.7 million for the six months ended 30 June 2021, primarily due to the fact that the increase of 50.5% in the average balance of our amounts due to banks and other financial institutions from RMB61,313.3 million for the six months ended 30 June 2020 to RMB92,303.2 million for the six months ended 30 June 2021, and the average cost of amounts due to banks and other financial institutions increased by 12 basis points from 1.96% for the six months ended 30 June 2020 to 2.08% for the six months ended 30 June 2021. The increase in the average balance of our amounts due to banks and other financial institutions was primarily because the Bank actively adjusted its debt structure, which increased the scale of such debt. The increase in the average cost of our amounts due to banks and other financial institutions was primarily due to an increase in market interest rate.

### *Interest expense on debt securities issued*

Our interest expense on debt securities issued decreased by 6.3% from RMB2,025.8 million for the six months ended 30 June 2020 to RMB1,899.0 million for the six months ended 30 June 2021, primarily due to the fact that the decrease of 2.5% in the average balance of our debt securities issued from RMB111,189.0 million for the six months ended 30 June 2020 to RMB108,374.7 million for the six months ended 30 June 2021, and the average cost of debt securities issued decreased by 14 basis points from 3.64% for the six months ended 30 June 2020 to 3.50% for the six months ended 30 June 2021. The decrease in the average balance of our debt securities issued was primarily due to our Bank's reduction in the scale of corresponding liabilities. The decrease in the average cost of the debt securities issued was primarily due to lowering costs as a result of the Bank's reasonable allocation of debts at a proper time.

### *Interest expense on lease liabilities*

For the six months ended 30 June 2021, our interest expense on lease liabilities amounted to RMB23.5 million, representing a decrease of 10.0% from RMB26.1 million for the six months ended 30 June 2020, primarily due to the fact that the decrease of 13.3% in the average balance of our lease liabilities from RMB1,195.7 million for the six months ended 30 June 2020 to RMB1,037.0 million for the six months ended 30 June 2021.

### *Interest expense on borrowings from central bank*

Our interest expense on borrowings from central bank decreased by 62.5% from RMB672.4 million for the six months ended 30 June 2020 to RMB252.1 million for the six months ended 30 June 2021, primarily due to the fact that the decrease of 49.9% in the average balance of the borrowings from central bank from RMB41,507.5 million for the six months ended 30 June 2020 to RMB20,807.6 million for the six months ended 30 June 2021, and the average cost of borrowings from central bank decreased by 82 basis points from 3.24% for the six months ended 30 June 2020 to 2.42% for the six months ended 30 June 2021.

### **3.3.4 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, mainly 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. Our investment income for the six months ended 30 June 2021 was RMB1,177.7 million, representing an increase of 37.4% as compared to the investment income of RMB857.3 million for the six months ended 30 June 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.

### 3.3.5 Net Fee and Commission Income

The following table sets forth the principal components of our net fee and commission income for the six months ended 30 June 2020 and 2021.

	For the six months ended 30 June			
	2021	2020	Change in amount	Rate of change (%)
	<i>(Amounts in millions of RMB, except for percentages)</i>			
<b>Fee and commission income</b>				
Settlement and clearing fees	85.5	88.2	(2.7)	(3.1)
Wealth management service fees	467.0	816.6	(349.6)	(42.8)
Acceptance and guarantee commitment fees	37.0	31.3	5.7	18.2
Agency commission and underwriting service fees	439.9	303.9	136.0	44.8
Bank card fees	21.5	57.6	(36.1)	(62.7)
Consultancy fees	78.3	87.2	(8.9)	(10.2)
Others	1.6	1.4	0.2	14.3
<b>Subtotal</b>	<b>1,130.8</b>	<b>1,386.2</b>	<b>(255.4)</b>	<b>(18.4)</b>
Fee and commission expense	(72.4)	(38.6)	(33.8)	87.6
<b>Net fee and commission income</b>	<b>1,058.4</b>	<b>1,347.6</b>	<b>(289.2)</b>	<b>(21.5)</b>

Our net fee and commission income decreased by 21.5% from RMB1,347.6 million for the six months ended 30 June 2020 to RMB1,058.4 million for the six months ended 30 June 2021. The decrease was primarily due to a decrease in wealth management service fees.

### 3.3.6 Net Trading (Losses)/gains

Net trading (losses)/gains 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 (“FVTOCI”), and the net gains and losses of derivative financial instruments. Our net trading gains for the six months ended 30 June 2021 was RMB272.5 million, and our net trading losses for the six months ended 30 June 2020 was RMB29.0 million, which was primarily because of the increase in the fair value of financial assets which caused by market fluctuation.

### 3.3.7 Operating Expenses

The following table sets forth the principal components of our operating expenses for the six months ended 30 June 2020 and 2021.

	For the six months ended 30 June			
	2021	2020	Change in amount	Rate of change(%)
	<i>(Amounts in millions of RMB, except for percentages)</i>			
<b>Operating expenses</b>				
Staff costs	<b>1,172.2</b>	1,114.2	58.0	5.2
Sundry taxes	<b>105.5</b>	100.9	4.6	4.6
Other general and administrative expenses	<b>172.3</b>	161.6	10.7	6.6
Office expenses	<b>97.5</b>	82.5	15.0	18.2
Rental and property management expenses	<b>50.4</b>	31.4	19.0	60.5
Depreciation and amortisation	<b>389.5</b>	323.2	66.3	20.5
<b>Total operating expenses</b>	<b>1,987.4</b>	1,813.8	173.6	9.6
<b>Cost-to-income ratio<sup>(1)</sup></b>	<b>20.96%</b>	19.71%	–	1.25

*Note:*

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

Our operating expenses increased by 9.6% from RMB1,813.8 million for the six months ended 30 June 2020 to RMB1,987.4 million for the six months ended 30 June 2021. The increase was primarily due to an increase in depreciation and amortisation.

For the six months ended 30 June 2020 and 2021, our cost-to-income ratio (excluding sundry taxes) was 19.71% and 20.96%, respectively.

### *Staff costs*

Staff costs are the largest component of our operating expenses, which amounted to RMB1,172.2 million for the six months ended 30 June 2021, representing an increase of 5.2% as compared to RMB1,114.2 million for the six months ended 30 June 2020. The following table sets forth the principal components of staff costs for the periods indicated.

	<b>For the six months ended 30 June</b>			
	<b>2021</b>	<b>2020</b>	<b>Change in amount</b>	<b>Rate of change(%)</b>
	<i>(Amounts in millions of RMB, except for percentages)</i>			
Salaries, bonuses and allowances	<b>849.6</b>	893.8	(44.2)	(4.9)
Social insurance	<b>150.9</b>	54.3	96.6	177.9
Housing funds	<b>64.3</b>	59.0	5.3	9.0
Employee benefits	<b>26.7</b>	22.9	3.8	16.6
Labour union fees and staff education expenses	<b>18.3</b>	17.9	0.4	2.2
Contribution to annuity funds	<b>62.4</b>	66.3	(3.9)	(5.9)
<b>Total</b>	<b><u>1,172.2</u></b>	<b><u>1,114.2</u></b>	<b><u>58.0</u></b>	<b><u>5.2</u></b>

### *Sundry taxes*

Sundry taxes amounted to RMB105.5 million for the six months ended 30 June 2021, representing an increase of 4.6% from RMB100.9 million for the six months ended 30 June 2020.

### *Office expenses and rental and property management expenses*

The office expenses and rental and property management expenses amounted to RMB147.9 million for the six months ended 30 June 2021, representing an increase of 29.9% from RMB113.9 million for the six months ended 30 June 2020.

### *Other general and administrative expenses*

Our other general and administrative expenses amounted to RMB172.3 million for the six months ended 30 June 2021, representing an increase of 6.6% from RMB161.6 million for the six months ended 30 June 2020.

### *Depreciation and amortisation*

Depreciation and amortisation, including right-of-use assets, amounted to RMB389.5 million for the six months ended 30 June 2021, representing an increase of 20.5% from RMB323.2 million for the six months ended 30 June 2020, mainly due to the increase in the Bank's investments in the technological infrastructure construction, which increased the depreciation of fixed assets.



### 3.3.8 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 six months ended 30 June			
	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 costs	3,268.9	3,526.8	(257.9)	(7.3)
Loans and advances to customers measured at FVTOCI	7.1	14.7	(7.6)	(51.7)
Credit commitments	30.0	(43.5)	73.5	(169.0)
Debt instruments at amortised costs	554.3	203.7	350.6	172.1
Debt instruments measured at FVTOCI	1.6	(0.0)	1.6	–
Deposits with banks and other financial institutions	(1.2)	5.7	(6.9)	(121.1)
Placements with banks and other financial institutions	(62.8)	1.7	(64.5)	(3,794.1)
Other assets	(2.2)	35.6	(37.8)	(106.2)
<b>Total</b>	<b>3,795.7</b>	<b>3,744.7</b>	<b>51.0</b>	<b>1.4</b>

Our impairment losses under ECL model, net of reversals for the six months ended 30 June 2021 were RMB3,795.7 million, representing an increase of 1.4% as compared to RMB3,744.7 million for the six months ended 30 June 2020, which was primarily due to the Bank's increased overall provision for assets and more adequate provision for impairment, reflecting the prudence of the Bank for impairment provision.

### 3.3.9 Income Tax Expenses

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

	For the six months ended 30 June			
	2021	2020	Change in amount	Rate of change (%)
	<i>(Amounts in millions of RMB, except for percentages)</i>			
Profit before tax	3,205.3	3,143.1	62.2	2.0
Tax calculated at applicable statutory tax rate of 25%	801.3	785.8	15.5	2.0
Income tax at concessionary rate	(3.0)	(3.1)	0.1	(3.2)
Income tax adjustment for prior years	5.5	2.5	3.0	120.0
Tax effect of expenses not deductible for tax purpose	0.4	10.2	(9.8)	(96.1)
Tax effect of income not taxable for tax purpose <sup>(1)</sup>	(306.3)	(324.7)	18.4	(5.7)
Income tax expense	<u>497.9</u>	<u>470.7</u>	<u>27.2</u>	<u>5.8</u>

*Note:*

- (1) The income not taxable for tax purpose mainly represents interest income arising from government bonds and fund dividends. This kind of interest income is tax free under the PRC tax regulations.

Our income tax expenses for the six months ended 30 June 2021 were RMB497.9 million, representing an increase of 5.8% as compared to RMB470.7 million for the six months ended 30 June 2020. The increase was mainly due to an increase in profit before tax.

### 3.4 Analysis of the Statement of Financial Position

#### 3.4.1 Assets

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

	As of 30 June 2021		As of 31 December 2020	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
<b>ASSETS</b>				
Gross loans and advances to customers	<b>317,892.7</b>	<b>45.2</b>	307,822.4	44.8
Allowance for impairment losses	<b>(11,572.7)</b>	<b>(1.6)</b>	(12,070.1)	(1.8)
Loans and advances to customers, net	<b>306,320.0</b>	<b>43.6</b>	295,752.3	43.0
Investment securities and other financial assets, net	<b>318,960.3</b>	<b>45.4</b>	312,323.2	45.4
Financial assets held under resale agreements	<b>600.2</b>	<b>0.1</b>	600.2	0.1
Cash and balances with central bank	<b>45,357.0</b>	<b>6.4</b>	47,831.5	7.0
Deposits with banks and other financial institutions	<b>6,741.1</b>	<b>1.0</b>	7,831.2	1.1
Placements with banks and other financial institutions	<b>13,181.3</b>	<b>1.9</b>	10,693.2	1.6
Derivative financial assets	<b>19.4</b>	<b>0.0</b>	9.7	0.0
Other assets <sup>(1)</sup>	<b>12,147.8</b>	<b>1.6</b>	12,718.9	1.8
<b>TOTAL ASSETS</b>	<b>703,327.1</b>	<b>100.0</b>	687,760.2	100.0

*Note:*

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

As of 30 June 2021, our total assets amounted to RMB703,327.1 million, representing an increase of 2.3% as compared to RMB687,760.2 million as of 31 December 2020. The increase was primarily due to an increase in loans and advances to customers and investment securities and other financial assets.

### *Loans and advances to customer*

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

	As of 30 June 2021		As of 31 December 2020	
	% of the		% of the	
	total		total	
	Amount	(%)	Amount	(%)
	<i>(Amounts in millions of RMB, except for percentages)</i>			
Corporate loans	146,320.7	46.0	145,451.5	47.2
Personal loans	131,580.8	41.4	134,982.3	43.9
Discounted bills	34,141.4	10.8	24,267.3	7.9
Finance lease receivables	5,849.8	1.8	3,121.3	1.0
<b>Total</b>	<b>317,892.7</b>	<b>100.0</b>	<b>307,822.4</b>	<b>100.0</b>

### *Corporate loans*

Our corporate loans amounted to RMB146,320.7 million as of 30 June 2021, representing an increase of 0.6% 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 30 June 2021		As of 31 December 2020	
	% of the		% of the	
	total		total	
	Amount	(%)	Amount	(%)
	<i>(Amounts in millions of RMB, except for percentages)</i>			
Short-term loans (one year or less)	42,771.6	29.2	43,609.7	30.0
Medium and long-term loans (over one year)	103,549.1	70.8	101,841.8	70.0
<b>Total corporate loans</b>	<b>146,320.7</b>	<b>100.0</b>	<b>145,451.5</b>	<b>100.0</b>

Short-term loans as a percentage of our corporate loan portfolio decreased from 30.0% as of 31 December 2020 to 29.2% as of 30 June 2021 and our medium and long-term loans as a percentage of our corporate loan portfolio increased from 70% as of 31 December 2020 to 70.8% as of 30 June 2021. The changes in the above percentages of our corporate loan portfolio were primarily due to the fact that the Bank further adjusted and optimised the credit structure.

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

	As of 30 June 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	64,322.6	44.0	73,449.8	50.5
Fixed asset loans	66,536.8	45.5	61,635.8	42.4
Trade finance	8,431.1	5.8	6,836.5	4.7
Others <sup>(1)</sup>	7,030.2	4.7	3,529.4	2.4
<b>Total corporate loans</b>	<b>146,320.7</b>	<b>100.0</b>	<b>145,451.5</b>	<b>100.0</b>

*Note:*

- (1) Consist primarily of advances under bank acceptances and letters of credit issued by us and corporate overdraft.

Our working capital loans amounted to RMB64,322.6 million as of 30 June 2021, representing a decrease of 12.4% as compared to RMB73,449.8 million as of 31 December 2020, which was primarily due to the fact that the Bank further adjusted and optimised the credit structure.

Our fixed assets loans amounted to RMB66,536.8 million as of 30 June 2021, representing an increase of 8.0% as compared to RMB61,635.8 million as of 31 December 2020, which was primarily due to the fact that the Bank further adjusted and optimised the credit structure.

Our trade finance amounted to RMB8,431.1 million as of 30 June 2021, representing an increase of 23.3% as compared to RMB6,836.5 million as of 31 December 2020, which was primarily because the Bank fully exploited the light features of transaction banking, constantly optimised the asset-liability structure, improved the scale and quality of income, which leveraged the role of product managers in the “four-in-one” marketing system and facilitated the continuous growth of transaction banking business.

Our other corporate loans amounted to RMB3,529.4 million and RMB7,030.2 million as of 31 December 2020 and 30 June 2021, respectively.

## Personal loans

Our personal loans amounted to RMB131,580.8 million as of 30 June 2021, representing a decrease of 2.5% as compared to RMB134,982.3 million as of 31 December 2020. This decrease was mainly attributable to a decrease in personal consumption loans.

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

	As of 30 June 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 consumption loans	76,851.0	58.4	86,895.0	64.3
Residential mortgage loans	28,368.2	21.6	25,506.2	18.9
Personal business loans	24,077.5	18.3	20,339.4	15.1
Credit card overdrafts	2,284.1	1.7	2,241.7	1.7
<b>Total personal loans</b>	<b>131,580.8</b>	<b>100.0</b>	<b>134,982.3</b>	<b>100.0</b>

Our personal consumption loans amounted to RMB76,851.0 million as of 30 June 2021, representing a decrease of 11.6% as compared to RMB86,895.0 million as of 31 December 2020, primarily because the Bank proactively adjusted the loan structure, leading to a decrease in the amount of personal consumption loans.

Our residential mortgage loans amounted to RMB28,368.2 million as of 30 June 2021, representing an increase of 11.2% 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 based on the strict control over regulatory requirements on the concentration of the real estate, our mortgage lending has gradually increased.

Our personal business loans amounted to RMB24,077.5 million as of 30 June 2021, representing an increase of 18.4% as compared to RMB20,339.4 million as of 31 December 2020. The increase in our personal business loans was primarily due to the fact that the Bank effectively implemented the CPC Central Committee's 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". Focusing on 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, we continued to optimise our products and increase promotion efforts so as to improve our finance services. As such, our business scale and client base in this sector realised a stable growth.



Our credit card overdrafts amounted to RMB2,241.7 million and RMB2,284.1 million as of 31 December 2020 and 30 June 2021, primarily due to the fact that in 2021, the Bank fully implemented the dual-track strategy of “reform + innovation”, devoted to create the “brand image of citizen’s bank”, focused on young and high-quality customers and continuously expanded our Internet channels to attract credit card customers. We have launched the new product of “Bank of Tianjin Jingdong PLUS Co-branded credit card” (天津銀行京東PLUS聯名信用卡), by which we facilitated and increased credit card’s transaction amount and the growth of credit card overdraft through integrated online and offline marketing activities.

#### Finance lease receivables

As of 30 June 2021, we recorded an increase of 87.4% in our finance lease receivables from RMB3,121.3 million as of 31 December 2020 to RMB5,849.8 million, was primarily due to an increase in the amount of assets under finance lease in the first half of 2021.

#### Discounted bills

Our discounted bills increased by 40.7% from RMB24,267.3 million as of 31 December 2020 to RMB34,141.4 million as of 30 June 2021, primarily due to the fact that the Bank proactively adjusted the asset structure to increase the scale of such business.

#### *Investment securities and other financial assets*

As of 30 June 2021, the balance of our investment securities and other financial assets amounted to RMB318,960.3 million, representing an increase of 2.1% as compared to RMB312,323.2 million as of 31 December 2020. The increase was primarily due to the further adjustment in our asset portfolio which continuously reduced allocation to assets management plans and trust plans and other investment businesses of other financial institutions while increasing the business scales in debt securities that were highly liquid and standardised.

The following table sets forth the components of our investment securities and other financial assets as of 31 December 2020 and 30 June 2021.

	As of 30 June 2021		As of 31 December 2020	
	% of the		% of the	
	total		total	
	Amount	(%)	Amount	(%)
	<i>(Amounts in millions of RMB, except for percentages)</i>			
<b>Debt securities</b>				
Debt securities measured at amortised cost	136,132.8	42.7	129,632.0	41.3
Debt securities measured at FVTOCI	55,755.4	17.5	54,908.5	17.6
Debt securities measured at FVTPL	16,291.2	5.0	6,129.6	2.0
Allowance for impairment losses	(739.7)	(0.2)	(202.8)	(0.1)
<b>Subtotal</b>	<u>207,439.7</u>	<u>65.0</u>	<u>190,467.3</u>	<u>60.8</u>
<b>Funds</b>	<u>19,901.8</u>	<u>6.2</u>	<u>22,051.8</u>	<u>7.1</u>
<b>Wealth management products issued by other financial institutions</b>	<u>305.5</u>	<u>0.1</u>	<u>305.4</u>	<u>0.1</u>
<b>Asset management plans and trust plans and other debt financing products, net</b>				
Asset management plans and trust plans	76,195.2	23.9	86,763.0	27.8
Other debt financing products	16,882.8	5.3	14,531.1	4.7
Allowance for impairment losses	(3,846.1)	(1.2)	(3,828.7)	(1.2)
<b>Subtotal</b>	<u>89,231.9</u>	<u>28.0</u>	<u>97,465.4</u>	<u>31.3</u>
<b>Equity investments</b>				
Equity investments measured at FVTPL	516.7	0.2	468.6	0.2
Equity investments measured at FVTOCI	1,564.7	0.5	1,564.7	0.5
<b>Subtotal</b>	<u>2,081.4</u>	<u>0.7</u>	<u>2,033.3</u>	<u>0.7</u>
<b>Total investment securities and other financial assets, net</b>	<u><u>318,960.3</u></u>	<u><u>100.0</u></u>	<u><u>312,323.2</u></u>	<u><u>100.0</u></u>

## Debt securities

The following table sets forth the components of our debt securities as of 31 December 2020 and 30 June 2021.

	As of 30 June 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	69,092.1	33.2	65,170.7	34.2
Debt securities issued by PRC policy banks	66,867.3	32.1	75,766.1	39.8
Debt securities issued by PRC corporate issuers	38,825.9	18.7	24,080.4	12.6
Debt securities issued by PRC banks and other financial institutions	9,820.1	4.7	3,659.3	1.9
Asset-backed securities	23,574.0	11.3	21,993.6	11.5
<b>Total</b>	<b>208,179.4</b>	<b>100.0</b>	<b>190,670.1</b>	<b>100.0</b>

Our holding of debt securities issued by PRC government increased by 6.0% from RMB65,170.7 million as of 31 December 2020 to RMB69,092.1 million as of 30 June 2021. The increase was primarily due to the Bank's proper adjustment in the asset structure, which increased the scale of deployment of high-quality current assets.

Our holding of debt securities issued by PRC policy banks decreased by 11.7% from RMB75,766.1 million as of 31 December 2020 to RMB66,867.3 million as of 30 June 2021. The decrease was 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 61.2% from RMB24,080.4 million as of 31 December 2020 to RMB38,825.9 million as of 30 June 2021, primarily because the Bank stepped up its efforts in financing entities based on its philosophy of returning to its origins, thus an overall slight increase in the proportion of corporate bonds was recorded.

Our holding of debt securities issued by PRC banks and other financial institutions increased by 168.4% from RMB3,659.3 million as of 31 December 2020 to RMB9,820.1 million as of 30 June 2021, which reflected the Bank's proper adjustment in the asset structure in an effort to increase the scale of deployment of financial bond assets.

Our holding of asset-backed securities increased by 7.2% from RMB21,993.6 million as of 31 December 2020 to RMB23,574.0 million as of 30 June 2021.

## Distribution of investment securities and other financial assets by investment intention

The following table sets forth the distribution of our investment securities and other financial assets by our investment intention as of 31 December 2020 and 30 June 2021.

	As of 30 June 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 costs	185,068.5	58.0	187,348.8	60.0
Financial assets measured at FVTOCI	57,415.7	18.0	59,488.0	19.0
Financial assets measured at FVTPL	76,476.1	24.0	65,486.4	21.0
<b>Total</b>	<b>318,960.3</b>	<b>100.0</b>	<b>312,323.2</b>	<b>100.0</b>

## 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 30 June 2021.

	As of 30 June 2021		As of 31 December 2020	
	Amount	% of the total (%)	Amount	% of the total (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
<b>Analysed by collateral type:</b>				
Bills	993.5	100.0	993.5	100.0
Allowance for impairment losses	(393.3)		(393.3)	
<b>Net amount</b>	<b>600.2</b>		<b>600.2</b>	

Our financial assets held under resale agreements amounted to RMB600.2 million as of 30 June 2021, which is the same as compared to that 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 RMB45,357.0 million as of 30 June 2021, representing a decrease of 5.2% as compared to RMB47,831.5 million as of 31 December 2020.

Our deposits with banks and other financial institutions amounted to RMB6,741.1 million as of 30 June 2021, representing a decrease of 13.9% as compared to RMB7,831.2 million as of 31 December 2020. The decrease was primarily due to our Bank's active adjustment in the asset structure and proper decrease of the asset scale of deposits with banks and other financial institutions.

Our placements with banks and other financial institutions amounted to RMB13,181.3 million as of 30 June 2021, representing an increase of 23.3% as compared to RMB10,693.2 million as of 31 December 2020. The increase was primarily due to our Bank's active adjustment of the asset structure and proper increase of the asset scale of placements with banks and other financial institutions.

Our derivative financial assets amounted to RMB19.4 million as of 30 June 2021, representing an increase of 100.0% as compared to RMB9.7 million as of 31 December 2020. The increase was 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 decreased by 4.5% from RMB12,718.9 million as of 31 December 2020 to RMB12,147.8 million as of 30 June 2021.

### *Pledge of assets*

As of 30 June 2021, the details of pledge of our assets are set out in note 7.15 to the condensed consolidated financial statements in this results announcement.

### 3.4.2 Liabilities

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

	As of 30 June 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	391,674.4	60.6	355,981.9	56.2
Debt securities issued	99,661.5	15.5	108,711.6	17.1
Deposits from banks and other financial institutions	45,393.4	7.0	47,492.0	7.5
Financial assets sold under repurchase agreements	58,689.8	9.1	60,492.7	9.5
Placements from banks and other financial institutions	18,287.8	2.8	25,809.8	4.1
Financial liabilities held for trading	894.1	0.1	472.8	0.1
Borrowings from central bank	22,862.7	3.5	25,318.8	4.0
Income tax payable	172.7	0.0	437.6	0.1
Derivative financial liabilities	233.2	0.0	675.0	0.1
Other liabilities <sup>(1)</sup>	8,702.1	1.4	8,420.0	1.3
<b>TOTAL LIABILITIES</b>	<b>646,571.7</b>	<b>100.0</b>	<b>633,812.2</b>	<b>100.0</b>

*Note:*

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

As of 30 June 2021, our total liabilities were RMB646,571.7 million, representing an increase of 2.0% as compared to RMB633,812.2 million as of 31 December 2020.



### *Due to customers*

As of 30 June 2021, our due to customers amounted to RMB391,674.4 million, representing an increase of 10.0% 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 30 June 2021.

	<b>As of 30 June 2021</b>		<b>As of 31 December 2020</b>	
	<b>Amount</b>	<b>% of the total (%)</b>	<b>Amount</b>	<b>% of the total (%)</b>
	<i>(Amounts in millions of RMB, except for percentages)</i>			
<b>Corporate deposits</b>				
Demand	<b>179,072.2</b>	<b>45.7</b>	174,256.3	49.0
Time <sup>(1)</sup>	<b>87,261.8</b>	<b>22.3</b>	78,449.5	22.0
Subtotal	<b>266,334.0</b>	<b>68.0</b>	252,705.8	71.0
<b>Personal deposits</b>				
Demand	<b>23,218.0</b>	<b>6.0</b>	19,588.6	5.5
Time <sup>(1)</sup>	<b>82,389.9</b>	<b>21.0</b>	68,220.1	19.2
Subtotal	<b>105,607.9</b>	<b>27.0</b>	87,808.7	24.7
<b>Others<sup>(2)</sup></b>	<b>19,732.5</b>	<b>5.0</b>	15,467.4	4.3
<b>Total due to customers</b>	<b>391,674.4</b>	<b>100.0</b>	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.

Our corporate deposits increased by 5.4% from RMB252,705.8 million as of 31 December 2020 to RMB266,334.0 million as of 30 June 2021. The increase in our corporate deposits was primarily due to the fact that the Bank implemented the full-process management for our corporate deposits customers to improve the refined management of deposits and accurate marketing, enhance our customer acquisition capabilities, stabilise our customer base and increase the deposits contributions.

Our personal deposits increased by 20.3% from RMB87,808.7 million as of 31 December 2020 to RMB105,607.9 million as of 30 June 2021. The increase in our personal deposits was primarily due to the increase in the sales of our major time deposit products such as “Happy certificates of deposit (幸福存單)” and “Large-denomination certificates of deposit (大額存單)”. The Bank adjusted the product elements in accordance with customers’ needs, changed the single wealth management sales mindset of the sales staff in a timely manner, and guided customers to purchase the Bank’s large-denomination certificates of deposit, happy certificates of deposit and agency trust products by providing wealth asset allocation to stabilise demand deposits and enhance the comprehensive service capability to cope with market changes. The Bank’s personal deposits rose rapidly, and the scale of which has successfully exceeded a hundred billion, reaching a new level.

#### *Debt securities issued*

As of 30 June 2021, our debt securities issued amounted to RMB99,661.5 million, representing a decrease of 8.3% as compared to RMB108,711.6 million as of 31 December 2020. The decrease in our debt securities issued was primarily due to our Bank’s active adjustment of the liability structure and extension to more financing channels to get other fund support.

#### *Deposits from banks and other financial institutions*

As of 30 June 2021, our deposits from banks and other financial institutions amounted to RMB45,393.4 million, representing a decrease of 4.4% as compared to RMB47,492.0 million as of 31 December 2020. The decrease in our deposits from banks and other financial institutions primarily reflected our Bank’s active adjustment of the liability structure and extension to more financing channels to get other fund support.

#### *Financial assets sold under repurchase agreements*

As of 30 June 2021, our financial assets sold under repurchase agreements amounted to RMB58,689.8 million, representing a decrease of 3.0% 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 Bank’s active adjustment of the liability structure and extension to more financing channels to get other fund support.

### *Placements from banks and other financial institutions*

As of 30 June 2021, our placements from banks and other financial institutions amounted to RMB18,287.8 million, representing a decrease of 29.1% 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 our Bank's active adjustment of the liability structure and extension to more financing channels to get other fund support.

### *Financial liabilities held for trading*

As of 30 June 2021, our financial liabilities held for trading amounted to RMB894.1 million, representing an increase of 89.1% as compared to RMB472.8 million as of 31 December 2020. The increase in our financial liabilities held for trading was primarily due to our Bank's active adjustment of the business structure which increased the scale of this business.

### *Borrowings from central bank*

As of 30 June 2021, our borrowings from central bank amounted to RMB22,862.7 million, representing a decrease of 9.7% as compared to RMB25,318.8 million as of 31 December 2020. The decrease in our borrowings from central bank was primarily due to our Bank's active adjustment of the liability structure and extension to more financing channels to get other fund support.

### *Income tax payable*

As of 30 June 2021, our income tax payable amounted to RMB172.7 million, representing a decrease of 60.5% as compared to RMB437.6 million as of 31 December 2020.

### *Derivative financial liabilities*

As of 30 June 2021, our derivative financial liabilities amounted to RMB233.2 million, representing a decrease of 65.5% 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 and sundry taxes payable, etc. Our other liabilities increased by 3.4% from RMB8,420.0 million as of 31 December 2020 to RMB8,702.1 million as of 30 June 2021.

### *Contingent liabilities*

As of 30 June 2021, details of the Bank's contingent liabilities are set out in note 7.14 to the condensed consolidated financial statements in this results announcement.

### 3.4.3 Equity

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

	As of 30 June 2021		As of 31 December 2020	
	Amount	% of the total (%)	Amount	% of the total (%)
	<i>(Amounts in millions of RMB, except for percentages)</i>			
<b>EQUITY</b>				
Share capital	6,070.6	10.7	6,070.6	11.3
Capital reserve	10,731.1	18.9	10,731.1	19.9
Investment revaluation reserve	(291.0)	(0.5)	(390.9)	(0.7)
Surplus reserve	3,352.5	5.9	3,352.5	6.2
General reserve	9,213.6	16.2	9,213.6	17.1
Retained earnings	26,850.0	47.3	24,153.3	44.7
Equity attributable to equity holders of the Bank	55,926.8	98.5	53,130.2	98.5
Non-controlling interests	828.6	1.5	817.8	1.5
<b>TOTAL EQUITY</b>	<b>56,755.4</b>	<b>100.0</b>	<b>53,948.0</b>	<b>100.0</b>

As of 30 June 2021, our shareholders' equity amounted to RMB56,755.4 million, representing an increase of 5.2% as compared to RMB53,948.0 million as of 31 December 2020. As of 30 June 2021, our equity attributable to equity holders of the Bank was RMB55,926.8 million, representing an increase of 5.3% as compared to RMB53,130.2 million as of 31 December 2020. The increase in the shareholders' equity for the six months ended 30 June 2021 was mainly due to the increase in our retained earnings.

### 3.5 Analysis of Off-balance Sheet Items

The following table sets forth the contractual amounts of our credit commitments as of 31 December 2020 and 30 June 2021.

	As of 30 June 2021	As of 31 December 2020
	<i>(Amounts in millions of RMB)</i>	
Acceptances	28,537.0	24,312.1
Undrawn corporate loans limit	19,748.5	20,591.2
Undrawn credit card limit	14,030.0	13,950.7
Letters of credit	11,453.0	7,921.4
Letters of guarantee	1,383.3	944.6
<b>Total</b>	<b>75,151.8</b>	<b>67,720.0</b>

### 3.6 Analysis

#### *Distribution of loans by five-category loan classification*

The following table sets forth the distribution of our loans by the five-category loan classification as of 31 December 2020 and 30 June 2021.

	As of 30 June 2021		As of 31 December 2020	
	% of the total <sup>(1)</sup>		% of the total <sup>(1)</sup>	
	Amount	(%)	Amount	(%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Normal	293,146.5	92.22	286,945.6	93.22
Special mention	17,447.2	5.48	14,297.3	4.64
<b>Subtotal</b>	<b>310,593.7</b>	<b>97.70</b>	<b>301,242.9</b>	<b>97.86</b>
Substandard	4,282.9	1.35	4,001.3	1.30
Doubtful	2,463.3	0.78	2,008.5	0.65
Loss	552.8	0.17	569.7	0.19
<b>Subtotal</b>	<b>7,299.0</b>	<b>2.30</b>	<b>6,579.5</b>	<b>2.14</b>
<b>Gross loans and advances to customers</b>	<b>317,892.7</b>	<b>100.0</b>	<b>307,822.4</b>	<b>100.0</b>

As of 30 June 2021, according to the five-category loan classification, the normal loans amounted to RMB293,146.5 million, accounted for 92.22% of all the loans of the Bank, representing an increase of RMB6,200.9 million as compared to that as of 31 December 2020. Loans classified as special mention were RMB17,447.2 million, accounted for 5.48% of all loans of the Bank, representing an increase of RMB3,149.9 million as compared to that as of 31 December 2020. The non-performing loans were RMB7,299.0 million, representing an increase of RMB719.5 million as compared to that as of 31 December 2020 with a non-performing loan ratio<sup>(1)</sup> of 2.30%, representing an increase of 0.16 percentage points as compared to that as of 31 December 2020, primarily due to weakened repayment ability of individual corporate customers and individual customers of the Bank.

*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.

	<b>As of 30 June 2021</b>		<b>As of 31 December 2020</b>	
	<b>Amount</b>	<b>% of the total (%)</b>	<b>Amount</b>	<b>% of the total (%)</b>
	<i>(Amounts in millions of RMB, except for percentages)</i>			
Real estate	<b>34,808.1</b>	<b>22.9</b>	35,926.5	24.2
Leasing and business services	<b>29,402.0</b>	<b>19.3</b>	23,428.4	15.8
Manufacturing	<b>23,700.8</b>	<b>15.6</b>	23,253.0	15.7
Construction	<b>20,331.4</b>	<b>13.4</b>	17,593.5	11.8
Water, environment and public utilities management	<b>15,440.3</b>	<b>10.1</b>	11,727.5	7.9
Wholesale and retail	<b>15,196.0</b>	<b>10.0</b>	22,138.6	14.9
Transportation, storage and postal services	<b>3,066.3</b>	<b>2.0</b>	3,188.2	2.1
Production and supply of electricity, heat, gas and water	<b>2,720.3</b>	<b>1.8</b>	2,603.0	1.8
Finance	<b>2,063.6</b>	<b>1.4</b>	3,103.9	2.1
Resident services, repair and other services	<b>1,158.5</b>	<b>0.8</b>	1,061.7	0.7
Culture, sports and entertainment	<b>825.7</b>	<b>0.5</b>	881.9	0.6
Agriculture, forestry, animal husbandry and fishery	<b>778.5</b>	<b>0.5</b>	1,016.5	0.7
Information transmission, software and information technology services	<b>705.4</b>	<b>0.5</b>	679.7	0.5
Accommodation and catering	<b>684.9</b>	<b>0.4</b>	744.3	0.5
Health and social services	<b>461.2</b>	<b>0.3</b>	354.3	0.2
Scientific research and technical services	<b>426.3</b>	<b>0.3</b>	456.4	0.3
Mining	<b>344.6</b>	<b>0.2</b>	366.7	0.2
Education	<b>56.6</b>	<b>0.0</b>	48.7	0.0
<b>Total corporate loans<sup>(1)</sup></b>	<b><u>152,170.5</u></b>	<b><u>100.0</u></b>	<b><u>148,572.8</u></b>	<b><u>100.0</u></b>

*Note:*

(1) Consist of finance lease receivables.

In the first half of 2021, the Bank actively supported the development of the real economy with its loans structure further optimised and increased loans provision to industries such as leasing and business services industry, manufacturing industry, and construction industry. As of 30 June 2021, loans provided to customers in the industries of (i) real estate, (ii) leasing and business services, (iii) manufacturing, (iv) construction, and (v) water, environment and public utilities management, respectively, representing the top five largest components of the Bank's corporate loans. As of 30 June 2021 and 31 December 2020, the balance of loans provided to the corporate customers in these five industries were RMB123,682.6 million and RMB111,928.9 million, respectively, accounting for 81.3% and 75.4% of the total corporate loans issued by the Bank, respectively.

### ***Distribution of Non-Performing Corporate Loans 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 30 June 2021			As of 31 December 2020		
	Amount	% of the total (%)	NPL ratio <sup>(1)</sup> (%)	Amount	% of the total (%)	NPL ratio <sup>(1)</sup> (%)
	<i>(Amounts in millions of RMB, except for percentages)</i>					
Manufacturing	2,213.0	50.4	9.34	1,722.9	45.6	7.41
Wholesale and retail	1,623.4	37.0	10.68	1,620.3	43.0	7.32
Construction	174.8	4.0	0.86	208.6	5.5	1.19
Transportation, storage and postal services	118.8	2.7	3.87	41.8	1.1	1.31
Leasing and business services	102.5	2.3	0.35	47.5	1.3	0.20
Accommodation and catering	74.5	1.7	10.87	74.5	2.0	10.01
Real estate	49.8	1.1	0.14	19.2	0.5	0.05
Agriculture, forestry, animal husbandry and fishery	30.3	0.7	3.90	30.3	0.8	2.98
Scientific research and technical services	5.9	0.1	1.38	5.9	0.2	1.29
<b>Total non-performing corporate loans<sup>(2)</sup></b>	<b>4,393.0</b>	<b>100.0</b>	<b>2.89</b>	<b>3,771.0</b>	<b>100.0</b>	<b>2.54</b>

*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.



Our non-performing corporate loans consist primarily of non-performing loans to corporate borrowers in the manufacturing industry and wholesale and retail industry. The non-performing loan ratios for our corporate loans in the manufacturing industry were 7.41% and 9.34% as of 31 December 2020 and 30 June 2021, respectively. As of 31 December 2020 and 30 June 2021, non-performing corporate loans to borrowers in this industry accounted for 45.6% and 50.4% of our total non-performing corporate loans, respectively. The increase in the non-performing loan ratio for our corporate loans to borrowers in the manufacturing industry was primarily due to the weakened repayment ability of the Bank's individual corporate customers.

The non-performing loan ratios for our corporate loans in the wholesale and retail industry were 7.32% and 10.68% as of 31 December 2020 and 30 June 2021, respectively. As of 31 December 2020 and 30 June 2021, non-performing corporate loans to borrowers in this industry accounted for 43.0% and 37.0% of our total non-performing corporate loans, respectively. The increase of 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 the Bank's individual corporate customers.

As of 30 June 2021, the Bank's balance of non-performing corporate loans from the construction industry decreased by 16.2% as compared with the beginning of the year. The non-performing loan ratios for our corporate loans in the construction industry were 1.19% and 0.86% as of 31 December 2020 and 30 June 2021, respectively. As of 31 December 2020 and 30 June 2021, non-performing corporate loans to borrowers in this industry accounted for 5.5% and 4.0% of our total non-performing corporate loans, respectively. The decrease in our non-performing loan ratio for our corporate loans to borrowers in the construction industry was primarily because the Bank strengthened the collection and resolution of non-performing loans.

The non-performing loan ratios for our corporate loans in the transportation, storage and postal services industry were 1.31% and 3.87% as of 31 December 2020 and 30 June 2021, respectively. As of 31 December 2020 and 30 June 2021, non-performing corporate loans to borrowers in this industry accounted for 1.1% and 2.7% of our total non-performing corporate loans. The increase in our non-performing loan ratio for our corporate loans to borrowers in the transportation, storage and postal services industry was primarily due to the weakened repayment ability of the Bank's individual corporate customers.

The non-performing loan ratios for our corporate loans in the leasing and business services were 0.20% and 0.35% as of 31 December 2020 and 30 June 2021, respectively. As of 31 December 2020 and 30 June 2021, non-performing corporate loans to borrowers in this industry accounted for 1.3% and 2.3% of our total non-performing corporate loans, respectively. The increase in our non-performing loan ratio for our corporate loans to borrowers in the industry primarily reflected the weakened repayment ability of the Bank's individual corporate customers.

### ***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 30 June 2021			As of 31 December 2020		
		% of the	NPL		% of the	NPL
	Amount	total (%)	ratio <sup>(1)</sup> (%)	Amount	total (%)	ratio <sup>(1)</sup> (%)
<i>(Amounts in millions of RMB, except for percentages)</i>						
<b>Corporate loans<sup>(2)</sup></b>						
Working capital loans	4,073.6	55.8	6.33	3,508.9	53.3	4.78
Fixed asset loans	160.4	2.2	0.24	129.2	2.0	0.21
Trade finance	0.0	0.0	0.00	0.0	0.0	0.00
Others <sup>(3)</sup>	159.0	2.2	2.26	132.9	2.0	3.77
<b>Subtotal</b>	<b>4,393.0</b>	<b>60.2</b>	<b>2.89</b>	<b>3,771.0</b>	<b>57.3</b>	<b>2.54</b>
<b>Discounted bills</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>
<b>Subtotal</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>
<b>Personal loans</b>						
Personal consumption loans	1,988.0	27.2	2.59	2,092.4	31.8	2.41
Personal business loans	758.3	10.4	2.67	572.9	8.7	2.82
Residential mortgage loans	113.2	1.6	0.47	100.0	1.5	0.39
Credit card overdrafts	46.5	0.6	2.04	43.2	0.7	1.93
<b>Subtotal</b>	<b>2,906.0</b>	<b>39.8</b>	<b>2.21</b>	<b>2,808.5</b>	<b>42.7</b>	<b>2.08</b>
<b>Total non-performing loans</b>	<b>7,299.0</b>	<b>100.0</b>	<b>2.30</b>	<b>6,579.5</b>	<b>100.0</b>	<b>2.14</b>

*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 and corporate overdraft.

The non-performing loan ratio for our corporate loans increased from 2.54% as of 31 December 2020 to 2.89% as of 30 June 2021, with a 16.5% increase in our non-performing corporate loans from RMB3,771.0 million to RMB4,393.0 million. The increase in our non-performing corporate loans was primarily due to the weakened repayment ability of the Bank's individual corporate customers.

The non-performing loan ratio for our personal loans increased from 2.08% as of 31 December 2020 to 2.21% as of 30 June 2021, with a 3.5% increase in our non-performing personal loans from RMB2,808.5 million as of 31 December 2020 to RMB2,906.0 million as of 30 June 2021. The increase in the non-performing loan ratio for our personal loans was primarily due to the weakened repayment ability of the Bank's individual customers.

### ***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 30 June 2021.

	As of 30 June 2021			As of 31 December 2020		
	Amount	% of the total (%)	NPL ratio <sup>(1)</sup> (%)	Amount	% of the total (%)	NPL ratio <sup>(1)</sup> (%)
<i>(Amounts in millions of RMB, except for percentages)</i>						
Tianjin	1,114.3	15.3	0.82	1,463.0	22.2	1.16
Beijing	273.3	3.7	1.73	514.7	7.8	3.24
Shandong Province	1,778.4	24.4	4.86	1,175.0	17.9	3.31
Shanghai	1,988.9	27.2	2.57	1,960.3	29.8	2.43
Hebei Province	1,016.8	13.9	3.72	808.1	12.3	3.09
Sichuan Province	1,108.3	15.2	4.59	641.3	9.7	2.81
Others	19.0	0.3	1.95	17.1	0.3	1.81
<b>Total non-performing loans</b>	<b>7,299.0</b>	<b>100.0</b>	<b>2.30</b>	<b>6,579.5</b>	<b>100.0</b>	<b>2.14</b>

*Note:*

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

### ***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 30 June 2021.

	As of 30 June 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 loan	148,591.0	46.7	118,069.5	38.4
Guaranteed loan	68,817.5	21.7	96,701.7	31.4
Collateralised loans <sup>(1)</sup>	78,829.1	24.8	70,600.8	22.9
Pledged loans <sup>(1)</sup>	21,655.1	6.8	22,450.4	7.3
<b>Gross loans and advances to customers</b>	<b>317,892.7</b>	<b>100.0</b>	<b>307,822.4</b>	<b>100.0</b>

*Note:*

- (1) Represent the total amount of loans 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 30 June 2021, the Bank's total loans to its largest single borrower accounted for 4.95% of its regulatory capital while total loans to its top ten customers accounted for 34.25% of its regulatory capital, which were in compliance with regulatory requirements.

#### ***a. Indicators of concentration***

Major regulatory indicators	Regulatory standard	As of 30 June 2021	As of 31 December 2020
Loan concentration ratio for the largest single customer (%)	<=10	4.95	4.35
Loan concentration ratio for the top ten customers (%)	<=50	34.25	32.79

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

b. *Loans to top ten single borrowers*

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

		As of 30 June 2021			Classification
		Balance	% of the total loans (%)	% of regulatory capital <sup>(1)</sup> (%)	
Industry		(Amounts in millions of RMB, except for percentages)			
Borrower A	Manufacturing	3,488.5	1.1	4.95	Normal
Borrower B	Construction	2,998.5	1.0	4.26	Normal
Borrower C	Real estate	2,956.0	0.9	4.20	Normal
Borrower D	Leasing and business services	2,818.8	0.9	4.00	Normal
Borrower E	Manufacturing	2,254.7	0.7	3.20	Normal
Borrower F	Manufacturing	2,228.0	0.7	3.16	Normal
Borrower G	Construction	1,960.0	0.6	2.78	Normal
Borrower H	Leasing and business services	1,895.0	0.6	2.69	Normal
Borrower I	Leasing and business services	1,824.8	0.6	2.59	Normal
Borrower J	Real estate	1,697.5	0.5	2.42	Normal
<b>Total</b>		<b>24,121.8</b>	<b>7.6</b>	<b>34.25</b>	

*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 30 June 2021, balance of loans to the largest single borrower of the Bank was RMB3,488.5 million, accounting for 1.1% of the total amount of loans of the Bank, and the total amount of loans to the top ten single borrowers was RMB24,121.8 million, representing 7.6% of the total amount of loans of the Bank.

### ***Aging schedule of loans past due***

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

<b>Past due</b>	<b>As of 30 June 2021</b>		<b>As of 31 December 2020</b>	
	<b>Amount</b>	<b>% of the total loans and advances to customers (%)</b>	<b>Amount</b>	<b>% of the total loans and advances to customers (%)</b>
<i>(Amounts in thousands of RMB, except percentages)</i>				
Past due 1 to 90 days	<b>6,439,904</b>	<b>2.03</b>	4,577,681	1.49
Past due 90 days to 1 year	<b>4,909,709</b>	<b>1.54</b>	5,496,738	1.78
Past due 1 to 3 years	<b>1,836,446</b>	<b>0.58</b>	1,531,285	0.50
Past due more than 3 years	<b>701,256</b>	<b>0.22</b>	679,052	0.22
<b>Total</b>	<b>13,887,315</b>	<b>4.37</b>	<b>12,284,756</b>	<b>3.99</b>

### ***Changes to allowance for impairment losses of loans***

The allowance for impairment losses of loans decreased by 4.1% from RMB12,070.1 million as of 31 December 2020 to RMB11,572.7 million as of 30 June 2021. The decrease was primarily due to the Bank's strengthened efforts to write off non-performing assets.

	<b>As of 30 June 2021</b>		<b>As of 31 December 2020</b>	
	<b>Amount</b>	<b>NPL ratio<sup>(2)</sup> (%)</b>	<b>Amount</b>	<b>NPL ratio<sup>(2)</sup> (%)</b>
<i>(Amounts in millions of RMB, except for percentages)</i>				
<b>Beginning of the period</b>	<b>12,070.1</b>	<b>2.14</b>	12,716.4	1.96
Net provisions for the period <sup>(1)</sup>	<b>3,268.9</b>		7,297.5	
Write-off and transfers	<b>(3,930.5)</b>		(8,126.5)	
Recovery	<b>243.1</b>		297.5	
Other changes	<b>(78.9)</b>		(114.8)	
<b>End of the period</b>	<b>11,572.7</b>	<b>2.30</b>	<b>12,070.1</b>	<b>2.14</b>

*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).

### 3.7 Segment Report

#### *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.

	Six months ended 30 June			
	2021	% of	2020	% of
	Amount	the total (%)	Amount	the total (%)
	<i>(Amounts in millions of RMB, except for percentages)</i>			
Tianjin	5,281.7	58.8	4,619.0	53.1
Shanghai	1,573.3	17.5	1,508.8	17.4
Shandong Province	752.1	8.4	679.8	7.8
Sichuan Province	580.7	6.5	718.2	8.3
Hebei Province	416.8	4.6	337.2	3.9
Beijing	336.9	3.8	790.8	9.1
Others	38.3	0.4	37.6	0.4
<b>Total</b>	<b>8,979.8</b>	<b>100.0</b>	<b>8,691.4</b>	<b>100.0</b>

#### *Business segment report*

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

	Six months ended 30 June			
	2021	% of	2020	% of
	Amount	the total (%)	Amount	the total (%)
	<i>(Amounts in millions of RMB, except for percentages)</i>			
Corporate banking	2,858.2	31.8	2,940.0	33.8
Personal banking	3,485.5	38.8	3,135.2	36.1
Treasury operations	2,607.2	29.0	2,585.2	29.7
Others <sup>(1)</sup>	28.9	0.4	31.0	0.4
<b>Total</b>	<b>8,979.8</b>	<b>100.0</b>	<b>8,691.4</b>	<b>100.0</b>

*Note:*

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

### 3.8 Analysis on Capital Adequacy Ratio

As of 30 June 2021, capital adequacy ratio was 14.55%, 0.07 percentage point higher than that at the end of 2020, while tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 11.50% and 11.49%, respectively, representing 0.38 and 0.37 percentage point higher than those at the end of 2020.

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

	As of <b>30 June 2021</b>	As of 31 December 2020
	<i>(Amounts in millions of RMB, except for percentages)</i>	
<b>Core capital</b>		
– Share capital	6,070.6	6,070.6
– Capital reserve and investment revaluation reserve	10,440.1	10,340.2
– Surplus reserve	3,352.5	3,352.5
– General reserve	9,213.6	9,213.6
– Retained earnings	26,850.0	24,153.3
– Non-controlling interests that may be included	264.6	213.8
<b>Total core capital</b>	56,191.4	53,344.0
<b>Core tier-one capital</b>	56,191.4	53,344.0
<b>Core tier-one capital deductible items</b>	(567.6)	(484.8)
<b>Net core tier-one capital</b>	55,623.8	52,859.2
<b>Net tier-one capital</b>	55,659.1	52,887.7
<b>Tier-two capital</b>		
– Net tier-two capital instruments and related premiums	10,420.0	10,420.0
– Surplus allowance for impairment losses on loans	4,273.6	5,490.6
– Non-controlling interests that may be included	70.6	57.0
<b>Total tier-two capital</b>	14,764.2	15,967.6
<b>Net capital</b>	70,423.3	68,855.3
<b>Total risk-weighted assets</b>	484,119.9	475,546.0
<b>Core tier-one capital adequacy ratio</b> <i>(expressed in percentage)</i>	11.49	11.12
<b>Tier-one capital adequacy ratio</b> <i>(expressed in percentage)</i>	11.50	11.12
<b>Capital adequacy ratio</b> <i>(expressed in percentage)</i>	<u>14.55</u>	<u>14.48</u>

As of 30 June 2021, the Bank's leverage ratio was 7.54%.

	As of <b>30 June 2021</b>	As of 31 December 2020
Leverage ratio	<u>7.54%</u>	<u>7.38%</u>

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.



### 3.9 Risk Management

Our Bank is exposed to the following primary risks: credit risk, operational risk, market risk, liquidity risk and information technology risk. In the first half of 2021, our Bank continuously enhanced our comprehensive risk management system and improved our risk control, continued to facilitate the establishment of an integrated and comprehensive risk management system through which we have managed to successfully meet relevant regulatory requirements, mitigate risks associated with general unstable economic conditions, and secure the sustainable development of our business. In particular, the Bank strives to maintain a risk management system to strike the balance between risk and return, so as to strictly control our risk exposure while maintaining the flexibility to allow business innovations and maintain asset quality.

#### *Credit risk*

Credit risk refers to risk of causing financial loss to creditors or holders of financial products, resulting from the failure by an obligor or counterparty to fulfill 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 established 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, ensured the independence of credit review and extension based on the principle of separation for loan approval and extension and approval at various levels, and established a scientific and rigorous authorisation and credit review and extension management system.

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

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

The Bank strives to improve our overall credit risk management capabilities through a variety of measures, such as establishing a digital credit extension management system, establishing a twelve-level loan categorisation system and adopting specific procedures to manage relevant risks, improving our capacity to process credit risk management by utilising information technology, conducting post-credit extension risk management, and further enhancing credit review and monitoring. The Bank is developing an internal rating system on credit risks for retail and non-retail business to effectively manage the review, monitoring and risk alerts in the course of our credit extension, so as to further enhance our credit risk control capability.

### ***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 (《天津銀行操作風險報告管理辦法》) 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 is the risk of loss in on-and off-balance sheet positions arising from movements in market prices caused by interest rates, exchange rates and other market factors, which primarily includes interest rate risk and exchange rate risk.

The Board of the Bank undertakes the ultimate responsibility for monitoring market risk management to ensure that the Bank effectively identifies, measures, monitors and controls various market risks assumed by all businesses. Our senior management is 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 Bank has 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, 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 the Bank can tolerate, so as to ensure that various market risk indicators meet the regulatory requirements and operation needs.

### ***Liquidity risk management***

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

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

### ***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 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.

### 3.10 Business Review

#### *Corporate Banking Business*

In the first half of 2021, to better carry out the Bank's Strategic Planning of "14th Five-Year Plan" and steadily implement the spirit of the Bank's working conference in the beginning of the year, the Bank continued to uphold the concept of serving the real economy with our corporate banking business, so as to promote the construction of "Double-one Project (雙一工程)", consolidate our customer base, actively acquire high-quality assets, and optimise the overall business structure. By focusing on work of business development in increasing the stability and match of liability, the Bank constantly enhanced refined management, facilitating the continuous, steady and high-quality development of the corporate business.

For the six months ended 30 June 2021, our operating income from corporate banking business amounted to RMB2,858.2 million, accounting for 31.8% of the total operating income over the same period, representing a decrease of 2.8% as compared to the same period last year.

As of 30 June 2021, the balance of our corporate loans (excluding discounted bills and finance leases receivable) amounted to RMB146,320.7 million, representing an increase of 0.6% as compared to that of 31 December 2020. As of 30 June 2021, our total corporate deposits amounted to RMB266,334.0 million, representing an increase of 5.4% as compared to that of 31 December 2020.

The Bank has thoroughly implemented the decisions and deployment of Party Central Committee and the State Council on the ecological civilisation construction, and the construction of modern economic system, adhered to the service concept of "ecological priority and green development", continued enhancing the green finance organisational system, optimised the deployment of green financial resources, consolidated the development foundation of green finance, actively utilised the guidance and motivation of project resources, proactively promoted green office, and strived to establish a green bank, so as to make greater contribution for the ecological civilisation construction and create a beautiful China. According to the latest statistics of CBIRC, as of the end of the Reporting Period, our balance of green loans on the investment in green industries, such as energy saving and environment protection, cleaner production, clean energy, ecology, green upgrade of infrastructure and green services, reached RMB9.589 billion.

In the first half of 2021, our Bank's transaction banking business launched the online supply chain system "BOT E-chain (天銀E鏈)" under our independent brand, acquiring a large amount of upstream suppliers from tier 1-N through our link with core enterprises. The Bank improved the function of cash management service, enriched the liability channels of the corporate business, and supported the growth of public customer group and deposit settlement. In the first half of 2021, the Bank's transaction banking business invested a total of RMB50.7 billion, representing a year-on-year increase of 50% as compared to the first half of 2020.

## ***Personal Banking Business***

In the first half of 2021, our Bank's personal banking business firmly carried out the directions of building a "citizen's bank". We further implemented the business strategy of "focus on key areas, optimise its strengths, and mend its weaknesses" to efficiently promote the implementation of various measures. Firstly, 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; secondly, we strengthened our refined process management by the normal supervision mechanism of daily notifications, regular special scheduling meetings and monthly business analysis; thirdly, by expanding product advantages and timely adjusting product strategies, we increased in the promotion and marketing of "Happy certificates of deposit (幸福存單)" to form our own distinctive advantages in low-tier cities; fourthly, with the help of our wealth management products, we fully utilised the role of wealth management as a reservoir for personal deposits, and promoted the continuous growth of retail liabilities business.

Adhering to the concept of building a "citizen bank", the Bank continued to strengthen the construction of the "Smart Xiao Er". In the first half of 2021, the Bank's "Smart Xiao Er" project completed the business cooperation with the sixteen district governments of Tianjin City, effectively integrating the financial ecosystem into the construction of smart cities, and forming the business network including individual business proprietor customers reserves, settlement deposit precipitation, wealth management business marketing, and big data loan placement, which has provided the Bank's retail business with diversified development approaches. As of the end of June 2021, the number of merchants in the network of "Smart Xiao Er" accumulatively reached 121,200, representing an increase of 28.2% as compared to the beginning of the year.

The Bank proactively explored local market, continued to strengthen cooperation with social security authorities of Tianjin, enriched the functions and rights of social security cards and actively promoted to issue the third generation social security card, thus significantly increasing the pension fund customers of and deposits in current saving accounts of the social security cards. 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. As of the end of June 2021, the Bank has issued a total of 226,400 third-generation social security cards, ranking second in Tianjin.

For the six months ended 30 June 2021, our operating income from personal banking business amounted to RMB3,485.5 million, accounting for 38.8% of the total operating income over the same period, representing an increase of 11.2% as compared to the same period last year.

As of 30 June 2021, balance of our personal loans reached RMB131,580.8 million, accounting for 41.4% of our total loans to customers. As of 30 June 2021, our personal consumption loans, residential mortgage loans, personal business loans and credit card overdrafts amounted to RMB76,851.0 million, RMB28,368.2 million, RMB24,077.5 million and RMB2,284.1 million, respectively, and accounted for 58.4%, 21.6%, 18.3% and 1.7%, respectively, of our total personal loans. As of the same date, our total personal deposits amounted to RMB105,607.9 million, representing an increase of 20.3% as compared to that on 31 December 2020.

In the first half of 2021, our Bank's credit card business continued conducting marketing activities such as "Gifts for new customers (激活新客禮)", "Order take-away and save 6 yuan 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)" and "Super 50% off (超級5折)", which were of small amounts, high frequency and normalisation, for Meituan Joint Credit Card; meanwhile, together with the online promotion of Bank of Tianjin Jingdong PLUS Co-branded credit card, our new product, our Bank's credit card business conducted marketing activities such as "Get Jingdong annual membership card for the first payment over 66 yuan (首刷66元領京東PLUS會員年卡)", "Shopping discount for every week (週週購物減)" and "Gifts for every month (月月享好禮)", to facilitate the activity of transaction in credit cards. As of the end of June 2021, the Bank has issued a total of 1.2 million cards, representing an increase of 12.5%.



## ***Small and Micro Financial Services***

In the first half of 2021, our Bank has continued implementing the work arrangements of the Party Central Committee, the State Council and regulatory agencies about enhancing the work deployment of “increase in volume, coverage expansion, quality improvement and cost reduction” for financial services to small and micro enterprises, fully improved the financial support for small and micro inclusive enterprises, further strengthened the financial technologies empowerment, increased the service aspects of small and micro inclusive financial products, 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 the first half of 2021, our Bank actively communicated with 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 capability of small and micro financial services. As of 30 June 2021, our inclusive loans to small and micro enterprises amounted to RMB27,499.2 million, representing an increase of 7.8% as compared to 31 December 2020. Number of clients for inclusive loans to small and micro enterprises increased by 16.3% to 590,215. In the first half of 2021, the weighted average interest rate of newly released inclusive loans to small and micro enterprises was 6.51%, representing a decrease of 2.08 percentage points over the same period in 2020.

The Bank developed the financial leasing business through establishing Bank of Tianjin Financial Leasing Co., Ltd., which commenced its business operation in October 2016. For the six months ended 30 June 2021, total assets and net profit of Bank of Tianjin Financial Leasing Co., Ltd. amounted to RMB10,011.2 million and RMB3.5 million, respectively.

Our Bank earnestly implemented the state's policies and requirements for supporting "agriculture, rural areas and farmers", actively performed our responsibilities for inclusive finance and continuously improved rural financial services and layout of branches in rural areas. As of 30 June 2021, the Bank established 48 agriculture-related service outlets in Tianjin, covering all agriculture-related administrative areas in the city and enhanced the R&D and promotion of products such as "Hui Nong Loan" and "Farmer Loan Program" to help the scale of agriculture-related loans continue to grow. As of 30 June 2021, our inclusive agriculture-related loan balance amounted to RMB2,981.3 million, among which, the agriculture-related loan balance in Tianjin reached RMB1,324.7 million, representing an increase of 29.1% as compared to that of 31 December 2020, which was higher than the growth of various loans and met the regulatory requirements. Furthermore, as of 30 June 2021, our Bank established a total of 8 county banks in poor counties with small economic size and inadequate financial services in Xinjiang and Ningxia, and Jizhou District, Tianjin as well. Among them, Ningxia Yuanzhou Village Bank (寧夏原州村鎮銀行), our consolidated subsidiary, recorded operating income of RMB17.6 million and net profit of RMB5.9 million in the first half of 2021. Ningxia Tongxin Village Bank (寧夏同心村鎮銀行), our another consolidated subsidiary, recorded operating income of RMB20.7 million and net profit of RMB13.8 million in the first half of 2021.

### ***Treasury Operations Business***

In the first half of 2021, our Bank continued to insist on the "return to our origins (回歸本源)", serve the country's long-term development strategy, focus on key areas such as the coordinated development of Beijing, Tianjin and Hebei as well as green environmental protection. At the same time, further enhanced quality and efficiency, deepened market analysis, flexibly adjusted periodic business strategies, 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, other banks, notes, treasury transaction, foreign exchange and gold, to meet the financing needs in multiple levels of the real economy, create profit sources from various channels and facilitate the high-quality development of treasury operations with diverse product business system.

For the six months ended 30 June 2021, our operating income in treasury operations business was RMB2,607.2 million, accounting for 29.0% of our Bank's total operating income, representing an increase of 0.9% as compared to the same period last year.

As of 30 June 2021, our Bank was a member of Ministry of Finance book-entry treasury bond underwriting syndicates; local bond underwriting syndicates in Tianjin, Shanghai, Hebei, Shandong and Sichuan; 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 trading interest rate swap options and interest rate collar options in the inter-bank market, interbank depository participant of China Foreign Exchange Trading System, possessing



A-class lead underwriting qualification for debt financing instruments of non-financial enterprise in the inter-bank market; the business qualification as trustee for debt financing instruments of non-financial enterprise in the inter-bank market; the license for hedging derivatives trading; qualifications of core dealer of CRMW instruments; issuing institution of CRMW and issuing institution of credit-linked notes, business qualifications for interbank gold price asking transactions through the Shanghai Gold Exchange; as well as business qualifications including qualification for interest rate swaps and standard bond forward business, qualification to undertake real-time interest rate swap transactions, qualification as type A member of the Shanghai Gold Exchange international business and business qualification of pilot market making, 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 the first half of 2021, our Bank carried out green bonds and other ESG bond investments in an aggregate amount of RMB3.525 billion, ranking top ten of the green bonds investor among urban and rural commercial banks as published by the National Association of Financial Market Institutional Investors. In June 2021, our Bank was awarded the “Innovative and Active Dealer in Repurchasing (回購創新活躍交易商)” by China Foreign Exchange Trade System, and was awarded the title of monthly “X-Lending Active Institutions (X-Lending活躍機構)” by China Foreign Exchange Trade System for five times.

### *Money Market Transaction*

In the first half of 2021, our Bank monitored changes in monetary policies, seized the regularity of capital fluctuation in the market, coordinated a variety of money market instruments, and properly arranged RMB and foreign currency position to ensure the liquidity security. Meanwhile, we broadened our liability sources 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 placement, inter-bank foreign currency placement and MLF (中期借貸便利) to obtain financial support 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 the first half of 2021, our Bank further strengthened research and analysis on the change of financial market and policy environment, proactively participated in sales and trading business, continued to optimise asset allocation to constantly improve profitability.

Firstly, we studied the market trend in advance, effectively seized opportunities in the market, took advantage in market fluctuations, sought value-based bonds that are undervalued on the market, and focused on enhancing active trading capabilities to increase gains from price differences.

Secondly, we increased the proportion of non-interests income through the combination of marketing making of bonds, underwriting and distribution, gold leasing, trading of foreign exchange, note trading and other trading on behalf of clients as well as intermediary business, and continued to expand the sources of intermediary business income. The Bank continuously leveraged on strength and customer resources of members of treasury bond underwriting syndicates, the three major policy banks' financial debt underwriting syndicates and local bond underwriting syndicates in Tianjin, Shanghai, Hebei, Shandong, Sichuan and other regions. In the first half of the year, the accumulated underwriting amount of treasury bonds, local government bonds and policy bank bonds amounted to over RMB79.0 billion; among which, we underwrote the "carbon neutrality" bonds of RMB1.26 billion for CDB, which was the first carbon neutrality bonds in the market, underwrote financial bonds of RMB1 billion for CDB with the theme of 'the "petals" of Beijing-Tianjin-Hebei coordinated development', and implement significant decisions and deployment of "carbon peaking", "carbon neutrality" and Beijing-Tianjin-Hebei joint development strategies of the central government.

Thirdly, we continued to optimise our investment portfolio, enhanced the quality of investment in assets and improved the comprehensive contribution for business. In the first half of 2021, the Bank continued to moderately allocated standardised high-grade credit bonds, asset-backed securities and other corporate credit bonds, while actively participated in the ESG bond investment in green corporate bonds as well as effectively built up support for economic development of service entities, taking into account economic and social benefits.

### *Forex and Precious Metal Transactions*

In the first half of 2021, our Bank tracked policies changes in market liquidity and the US Federal Reserve, continuously consolidated and enhanced the capabilities and standards of the Bank's foreign exchange and precious metal business. Our Bank further accelerated the building of relationship 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 derivatives and precious metals. In the first half of 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 RMB1.35 trillion, representing a year-on-year increase of 124%.

### *Treasury Business Conducted on Behalf of Customers*

For the six months ended 30 June 2021, our Bank's wealth management business continued to grow steadily. Under new regulations of asset management, the Bank accelerated the transformation toward the net worth type. Following the guidelines of its strategic planning, the Bank reasonably decreased the scale of old products, innovated new products, and optimised asset allocation.

Firstly, we accelerated the product transformation towards the net worth type. In the first half of 2021, our Bank strictly followed the new regulatory requirements on asset management business and contributed to the net worth type transformation of wealth management business. Our Bank successively launched products such as Hong Ding 15 Months (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 the first half of 2021, the size of our existing net worth wealth management products reached RMB90,530.6 million, representing an increase in its proportion to the overall figure to 94% from 89% at the beginning of the year.

Secondly, we optimised asset allocation. In the first half of 2021, our Bank continued to optimise its asset structure of wealth management business, strengthened the investment in standardised assets such as bonds and public funds, and reduced non-bidding asset investment step by step. At the same time, our Bank intensified its efforts in investment research, optimised major asset allocation, and enhanced its profitability by increasing transaction frequency based on the market changes.

As of 30 June 2021, the total outstanding amount of wealth management products issued by the Bank was RMB96,291.7 million, representing a decrease of 3.7% as compared to the beginning of the year.

### *Investment Banking Business*

In the first half of 2021, our Bank was steadfast in building its investment banking business under the strategy of “One Core and Two Wings” (一體兩翼). Taking the bond underwriting business as the core, we continued to innovate and realised high-speed development. Persistent in innovation-driven development, we underwrote the first high-growth corporate bonds in the national inter-bank market and the first high-growth bonds in Tianjin City in the first half of the year. We created the country’s first high-growth corporate Credit Risk Mitigation Warrants, and underwrote the Bank’s first green financial bonds and other innovative products. We also actively reserved several innovative projects involving carbon neutral bonds and rural revitalisation notes, etc. to precisely serve the real economy.

The volume of our lead underwriting of bonds once again reached a new high, which has significantly advanced our market rankings. In the first half of 2021, the volume of our lead underwriting of bonds was RMB57.5 billion, representing a year-on-year increase of 692%, ranking us the 23rd in the banking industry of the country, a climb by 15 in ranks compared to the same period last year. We ranked second among national city commercial banks in terms of the lead underwriting volume of both financial bonds and credit asset securitisation, and we ranked third among national city commercial banks in terms of the lead underwriting volume of asset-based notes.

### *International Business*

For the six months ended 30 June 2021, our Bank’s international settlement volume amounted to US\$3,499 million. In the first half of 2021, our Bank explored and developed an innovative mechanism in FT business in Shanghai, building up our “interim” offshore financial business service platform in Shanghai Free-Trade Zone. Targeting foreign and Free-Trade Zone clients that were PRC enterprises seeking to invest abroad, our Bank revitalised resources for all branches, leveraged the expansion and joint action of free-trade business, and established a marketing mechanism covering organisations, business lines and multiple dimensions, to realise the “commercial and investing joint action” between investment banks and the financial market, implementing the first “investment + underwriting + guarantee for standby letters of credit” external debt business in an amount of US\$100 million.

#### **4. SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSAL OF ASSETS AND BUSINESS MERGER**

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

#### **5. OTHER INFORMATION**

##### **5.1 Corporate Governance Code**

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 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 continuously complied with the requirements of the code provisions set out in the Code during the Reporting Period.

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

##### **5.2 Directors, Supervisors and Other Senior Management Personnels of the Bank**

As of the date of this announcement, the composition of directors, supervisors and other senior management personnels of the Bank are as follows:

The Bank comprised a total of thirteen directors, including two executive directors, namely Mr. SUN Liguu (Chairman) and Mr. WU Hongtao (President); 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.

The Bank comprised a total of five supervisors, including two employee representative supervisors, namely Ms. FENG Xia (the Chairwoman of the Board of Supervisors) and Mr. YAO Tao; one shareholder representative supervisor, namely Mr. YU Yang; and two external supervisors, namely Mr. ZHANG Lianming and Mr. LIU Baorui.

The Bank comprised a total of five other senior management personnels, namely Mr. TANG Yiping, Mr. JIANG Hua, Mr. LIU Gangling, Mr. XIA Zhenwu and Ms. DONG Xiaodong.

### **5.3 Changes of Directors, Supervisors and Other Senior Management Personnels 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 has been 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, whose qualification has been 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" published on 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 has been 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.

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



#### **5.4 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.

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

#### **5.5 Profits and Dividends**

The Bank’s revenue for the six months ended 30 June 2021 and the Bank’s financial position as of the same date are set out in the section headed “Interim Financial Statements” of this interim results announcement.

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 did not distribute any final dividend for the year of 2020.

The Bank will not distribute any interim dividend for the first six months of 2021 or convert any capital reserve into share capital.

#### **5.6 Purchase, Sale and Redemption of the Listed Securities of the Bank**

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

#### **5.7 Review of the Interim Results**

The interim financial statements disclosed in this interim results announcement have not been audited. The interim financial statements for the six months ended 30 June 2021 prepared by the Bank in accordance with the IAS 34 promulgated by the International Accounting Standards Board and the Hong Kong Listing Rules have been reviewed by PricewaterhouseCoopers in accordance with the International Standard on Review Engagements.

The Board and the audit committee of the Board have reviewed and approved the interim results of the Bank.

#### **5.8 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.

#### **5.9 Subsequent Events**

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

## 6. INTERIM FINANCIAL STATEMENT

### 6.1 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

(All amounts in thousands of RMB unless otherwise stated)

		For the six months ended 30 June	
	Note	2021 (Unaudited)	2020 (Unaudited)
Interest income	7.4	15,016,942	15,595,557
Interest expenses	7.4	(8,643,042)	(9,193,092)
Net interest income		6,373,900	6,402,465
Investment income	7.5	1,177,738	857,315
Fee and commission income	7.6	1,130,808	1,386,214
Fee and commission expenses		(72,369)	(38,635)
Net fee and commission income		1,058,439	1,347,579
Net trading (losses)/gains	7.7	272,528	(29,021)
Net gains arising from derecognition of financial assets measured at amortised cost		44,479	69,353
Other income, gains or losses	7.8	52,674	43,713
Operating income		8,979,758	8,691,404
Operating expenses	7.9	(1,987,414)	(1,813,842)
Impairment losses under expected credit loss model, net of reversals	7.10	(3,795,735)	(3,744,702)
Share of results of associates		8,717	10,213
Profit before tax		3,205,326	3,143,073
Income tax expenses	7.11	(497,858)	(470,689)
Profit for the period		2,707,468	2,672,384
Net profit attributable to:			
Shareholders of the Bank		2,696,658	2,653,604
Non-controlling interests		10,810	18,780



# **6.1 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**

*FOR THE SIX MONTHS ENDED 30 JUNE 2021*

*(All amounts in thousands of RMB unless otherwise stated)*

		<b>For the six months ended 30 June</b>	
	<i>Note</i>	<b>2021</b>	2020
		<b>(Unaudited)</b>	(Unaudited)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Fair value gains/(losses) on:			
– Financial assets at fair value through other comprehensive income		<b>238,865</b>	188,006
Amount reclassified to profit or loss upon disposal of:			
– Financial assets at fair value through other comprehensive income		<b>(128,224)</b>	(306,510)
Impairment loss for financial assets measured at fair value through other comprehensive income included in profit or loss		<b>8,633</b>	14,786
Income tax relating to items that may be reclassified to profit or loss		<b>(19,316)</b>	25,929
Other comprehensive income for the period, net of tax		<b>99,958</b>	(77,789)
Total comprehensive income for the period		<b>2,807,426</b>	2,594,595
Profit for the period attributable to:			
Shareholders of the Bank		<b>2,796,616</b>	2,575,815
Non-controlling interests		<b>10,810</b>	18,780
		<b>2,807,426</b>	2,594,595
Earnings per share (expensed in RMB Yuan per share):			
– Basic and diluted	7.12	<b>0.44</b>	0.44

## 6.2 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

(All amounts in thousands of RMB unless otherwise stated)

	Note	30 June 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
Cash and balances with the central bank		45,357,025	47,831,475
Deposits with banks and other financial institutions		6,741,092	7,831,165
Placements with banks and other financial institutions		13,181,304	10,693,212
Derivative financial assets		19,444	9,744
Financial assets held under resale agreements		600,197	600,197
Financial assets at fair value through profit or loss		76,476,050	65,486,367
Debt instruments at fair value through other comprehensive income		55,851,146	57,923,347
Loans and advances to customers		306,320,043	295,752,349
Debt instruments at amortised cost		185,068,458	187,348,850
Equity instruments at fair value through other comprehensive income		1,564,660	1,564,660
Deferred tax assets		4,573,630	4,808,896
Other assets		3,816,874	4,063,300
Property and equipment		2,538,696	2,569,826
Right-of-use assets		977,214	1,044,283
Interests in associates		241,244	232,528
TOTAL ASSETS		<u>703,327,077</u>	<u>687,760,199</u>

## 6.2 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2021

(All amounts in thousands of RMB unless otherwise stated)

	<i>Note</i>	<b>30 June 2021 (Unaudited)</b>	31 December 2020 (Audited)
<b>LIABILITIES</b>			
Borrowings from the central bank		22,862,684	25,318,850
Deposits from banks and other financial institutions		45,393,370	47,491,951
Placements from banks and other financial institutions		18,287,790	25,809,846
Financial liabilities held for trading		894,073	472,762
Derivative financial liabilities		233,232	675,034
Financial assets sold under repurchase agreements		58,689,833	60,492,664
Income tax payable		172,680	437,562
Other liabilities		7,680,940	7,367,280
Lease liabilities		1,021,121	1,052,790
Customer deposits		391,674,429	355,981,854
Debt securities issued		99,661,509	108,711,616
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		<b>646,571,661</b>	633,812,209
<b>EQUITY</b>			
Share capital		6,070,552	6,070,552
Capital reserve		10,731,130	10,731,130
Investment revaluation reserve		(290,918)	(390,876)
Surplus reserve		3,352,480	3,352,480
General reserve		9,213,596	9,213,596
Retained earnings		26,850,000	24,153,342
		<hr/>	<hr/>
Equity attributable to shareholders of the Bank		55,926,840	53,130,224
Non-controlling interests		828,576	817,766
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>56,755,416</b>	53,947,990
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>703,327,077</b>	687,760,199
		<hr/> <hr/>	<hr/> <hr/>

**6.3 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**  
*(All amounts in thousands of RMB unless otherwise stated)*

	Note	Attributable to shareholders of the Bank						Non-controlling interests	Total	
		Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings			Subtotal
As at 31 December 2020 (Audited)		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 period		-	-	-	-	-	2,696,658	2,696,658	10,810	2,707,468
Other comprehensive income for the period		-	-	99,958	-	-	-	99,958	-	99,958
Total comprehensive income for the period		-	-	99,958	-	-	2,696,658	2,796,616	10,810	2,807,426
As at 30 June 2021 (Unaudited)		6,070,552	10,731,130	(290,918)	3,352,480	9,213,596	26,850,000	55,926,840	828,576	56,755,416
As at 31 December 2019 (Audited)		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 period		-	-	-	-	-	2,653,604	2,653,604	18,780	2,672,384
Other comprehensive income for the period		-	-	(77,789)	-	-	-	(77,789)	-	(77,789)
Total comprehensive income for the period		-	-	(77,789)	-	-	2,653,604	2,575,815	18,780	2,594,595
Dividend distribution	7.13	-	-	-	-	-	(1,092,699)	(1,092,699)	-	(1,092,699)
As at 30 June 2020 (Unaudited)		6,070,552	10,731,130	10,842	3,352,480	9,198,347	22,514,610	51,877,961	800,718	52,678,679

**6.4 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**  
*(All amounts in thousands of RMB unless otherwise stated)*

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Operating activities</b>		
Profit before tax	<b>3,205,326</b>	3,143,073
Adjustments for:		
Depreciation and amortisation	<b>389,634</b>	323,256
Impairment losses under expected credit loss model, net of reversals	<b>3,795,735</b>	3,744,702
Share of results of associates	<b>(8,717)</b>	(10,213)
Interest income arising from debt instruments at fair value through profit or loss and at amortised costs	<b>(4,708,506)</b>	(5,124,718)
Interest expenses arising from debt securities issued	<b>1,898,976</b>	2,025,754
Interest expenses arising from lease liabilities	<b>23,541</b>	26,113
Investment income	<b>(1,177,738)</b>	(857,315)
Net trading (losses)/gains	<b>(272,528)</b>	29,021
Net gains arising from derecognition of financial assets measured at amortised cost	<b>(44,479)</b>	(69,353)
Dividend income	<b>(66,016)</b>	—
Other income, gains or losses	<b>(78,842)</b>	(63,357)
Operating cash flows before movements in working capital	<b>2,956,386</b>	3,166,963
(Increase)/Decrease in cash and balances with the central bank and deposits with banks and other financial institutions	<b>(4,048,963)</b>	3,884,585
Increase in placements with banks and other financial institutions	<b>(2,609,071)</b>	(1,559,404)
(Increase)/Decrease in financial assets held for trading and derivative financial assets	<b>(11,580,765)</b>	109,003
Increase in loans and advances to customers	<b>(14,546,889)</b>	(13,059,978)
(Decrease)/Increase in borrowings from the central bank	<b>(2,161,537)</b>	8,090,930
Decrease in deposits from banks and other financial institutions	<b>(2,192,937)</b>	(10,036,811)
(Decrease)/Increase in placements from banks and other financial institutions	<b>(7,497,880)</b>	1,124,215
Increase/(Decrease) in financial liabilities held for trading and derivative financial liabilities	<b>406,776</b>	(319,910)
(Decrease)/Increase in financial assets sold under repurchase agreements	<b>(1,771,939)</b>	12,182,625
Increase in customer deposits	<b>35,678,882</b>	16,959,317
Increase/(Decrease) in other operating assets	<b>472,933</b>	(1,097,866)
Increase/(Decrease) in other operating liabilities	<b>379,526</b>	(324,866)
Cash generated by operating activities	<b>(6,515,478)</b>	19,118,803
Income tax paid	<b>(548,948)</b>	(1,313,395)
Net cash generated by operating activities	<b>(7,064,426)</b>	17,805,408

## 6.4 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

(All amounts in thousands of RMB unless otherwise stated)

	For the six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
<b>Investing activities</b>		
Cash received from disposal and redemption of investment securities	75,673,462	104,643,211
Cash received from disposal of property and equipment and other assets	2,444	2,793
Cash paid for purchase of investment securities	(71,216,666)	(132,205,801)
Cash paid for purchase of property and equipment and other assets	(294,952)	(182,095)
Interest and investment income from investment securities	6,198,475	5,913,834
Net cash (used in)/generated by investing activities	10,362,763	(21,828,058)
<b>Financing activities</b>		
Cash received from debt securities issued	86,996,141	68,207,055
Repayment of debt securities issued	(95,490,000)	(79,680,000)
Repayment of lease liabilities	(134,473)	(158,718)
Interest paid on financing activities	(2,455,225)	(2,187,142)
Dividends paid	(28,801)	(919,063)
Net cash used in financing activities	(11,112,358)	(14,737,868)
Net decrease in cash and cash equivalents	(7,814,021)	(18,760,518)
Cash and cash equivalents at the beginning of the period	24,603,939	40,210,874
Effect of foreign exchange rate changes	(9,256)	20,877
Cash and cash equivalents at the end of the period	16,780,662	21,471,233
Net cash generated by operating activities include:		
Interests received	12,637,547	11,653,939
Interest paid	(7,032,653)	(6,668,651)
Net interest received from operating activities	5,604,894	4,985,288

## 7. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 7.1 BASIS OF PRESENTATION

The condensed consolidated financial statements are prepared in accordance with the International Accounting Standard 34 (“IAS 34”) Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020.

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

In order to comply with the presentation of the financial statements, the Group adjusted certain items for comparative period.

### 7.2 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements are prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as appropriate.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRS”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

#### (1) Application of amendments to international financial reporting standards (“IFRSs”)

##### ***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 as a result 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 interim period.

The adoption of the above standards and amendments does not have any significant impact on the operating results, financial position and comprehensive income of the Group for the six months ended 30 June 2021.

## 7.2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

- (2) 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
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 adoption of the above standards and amendments is expected not to have no material impact on the Group's consolidated financial statements.

## 7.3 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 the financial information mainly based on operating segments for the purpose of resource allocation and performance assessment.

Measurement of segment assets and liabilities and segment income and results 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 expenses arising from internal charges and transfer pricing adjustments are referred to as "inter-segment interest income/expenses". Interest income and expenses earned from or incurred with third parties are referred to as "external interest income/expenses".

The Group has no major customers which contribute to 10% or more of the Group's revenue. No geographical information is presented as most of the Group's operations are conducted and most of its assets are located and therefore revenue is derived from activities in Mainland China.

Segment revenue, results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.



### 7.3 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, deposit products, card business, personal wealth management services and other types of personal intermediary services.

#### Treasury operation

The treasury operation includes currency market transactions, foreign exchange, precious metal and derivative transactions, and debt instrument investments for its own account or on behalf of customers.

#### Others

Others include head office operations as well as items that are not attributed to the above segments.

	Corporate banking	Personal banking	Treasury operation	Others	Total
<b>For the six months ended 30 June 2021</b>					
External interest income	4,515,352	4,919,150	5,582,440	–	15,016,942
External interest expense	(3,893,966)	(989,115)	(3,759,961)	–	(8,643,042)
Inter-segment interest income/(expense)	1,957,973	(817,503)	(1,140,470)	–	–
Net interest income	2,579,359	3,112,532	682,009	–	6,373,900
Investment income	–	–	1,177,738	–	1,177,738
Fee and commission income	315,020	403,164	412,624	–	1,130,808
Fee and commission expense	(36,170)	(30,211)	(5,988)	–	(72,369)
Net fee and commission income	278,850	372,953	406,636	–	1,058,439
Net trading gains	–	–	272,528	–	272,528
Net gains arising from derecognition of financial assets measured at amortised cost	–	–	44,479	–	44,479
Other income, gains or losses	–	–	23,786	28,888	52,674
Operating income	2,858,209	3,485,485	2,607,176	28,888	8,979,758
Operating expenses	(632,945)	(900,565)	(453,904)	–	(1,987,414)
Impairment losses under expected credit loss model, net of reversals	(1,733,075)	(1,578,021)	(484,639)	–	(3,795,735)
Share of results of associates	–	–	–	8,717	8,717
Profit before tax	492,189	1,006,899	1,668,633	37,605	3,205,326
Income tax expense					(497,858)
Profit for the period					2,707,468

### 7.3 SEGMENT ANALYSIS (CONTINUED)

	Corporate banking	Personal banking	Treasury operation	Others	Total
Supporting information					
Depreciation and amortisation	(123,853)	(152,806)	(112,975)	–	(389,634)
Capital expenditure	(90,146)	(126,829)	(19,553)	(58,424)	(294,952)
<b>As at 30 June 2021</b>					
Segment assets	184,706,417	130,359,216	386,798,773	1,462,671	703,327,077
Segment liabilities	(289,104,641)	(110,438,230)	(246,804,929)	(223,861)	(646,571,661)
Supplementary information					
Credit commitments	<u>61,121,795</u>	<u>14,029,960</u>	<u>–</u>	<u>–</u>	<u>75,151,755</u>
<b>For the six months ended 30 June 2020</b>					
External interest income	4,759,808	4,926,889	5,908,860	–	15,595,557
External interest expense	(3,909,171)	(958,033)	(4,325,888)	–	(9,193,092)
Inter-segment interest income/(expense)	<u>1,485,998</u>	<u>(1,255,507)</u>	<u>(230,491)</u>	<u>–</u>	<u>–</u>
Net interest income	2,336,635	2,713,349	1,352,481	–	6,402,465
Investment income	–	–	857,315	–	857,315
Fee and commission income	612,251	440,317	333,646	–	1,386,214
Fee and commission expense	<u>(8,872)</u>	<u>(18,508)</u>	<u>(11,255)</u>	<u>–</u>	<u>(38,635)</u>
Net fee and commission income	603,379	421,809	322,391	–	1,347,579
Net trading gains	–	–	(29,021)	–	(29,021)
Net gains arising from derecognition of financial assets measured at amortised cost	–	–	69,353	–	69,353
Other income, gains or losses	<u>–</u>	<u>–</u>	<u>12,667</u>	<u>31,046</u>	<u>43,713</u>
Operating income	2,940,014	3,135,158	2,585,186	31,046	8,691,404
Operating expenses	(617,544)	(776,015)	(420,283)	–	(1,813,842)
Impairment losses under expected credit loss model, net of reversals	(1,355,356)	(2,151,111)	(238,235)	–	(3,744,702)
Share of results of associates	<u>–</u>	<u>–</u>	<u>–</u>	<u>10,213</u>	<u>10,213</u>
Profit before tax	<u>967,114</u>	<u>208,032</u>	<u>1,926,668</u>	<u>41,259</u>	<u>3,143,073</u>
Income tax expense					<u>(470,689)</u>
Profit for the period					<u><u>2,672,384</u></u>
Supporting information					
Depreciation and amortisation	(109,173)	(118,086)	(95,997)	–	(323,256)
Capital expenditure	<u>(55,202)</u>	<u>(71,100)</u>	<u>(20,318)</u>	<u>(35,475)</u>	<u>(182,095)</u>
<b>As at 30 June 2020</b>					
Segment assets	188,448,782	122,933,434	373,116,192	1,338,220	685,836,628
Segment liabilities	<u>(279,422,649)</u>	<u>(76,022,589)</u>	<u>(276,819,983)</u>	<u>(892,728)</u>	<u>(633,157,949)</u>
Supplementary information					
Credit commitments	<u>62,801,240</u>	<u>8,547,780</u>	<u>–</u>	<u>–</u>	<u>71,349,020</u>

## 7.4 NET INTEREST INCOME

	For the six months ended 30 June	
	2021	2020
Interest income:		
Loans and advances to customers, including:		
Corporate loans and advances	4,308,407	4,587,747
Personal loans and advances	4,919,150	4,926,889
Discounted bills	326,228	188,307
Finance leases	148,137	156,249
Deposits with the central bank	282,243	282,676
Deposits with banks and other financial institutions	13,021	29,874
Placements with banks and other financial institutions	256,786	172,907
Financial assets held under resale agreements	54,464	126,190
Investments, including:		
Debt instruments at fair value through other comprehensive income	887,178	802,912
Debt instruments at amortised cost	3,821,328	4,321,806
Sub-total	<u>15,016,942</u>	<u>15,595,557</u>
Interest expenses:		
Borrowings from the central bank	(252,058)	(672,445)
Deposits from banks and other financial institutions	(636,533)	(644,637)
Placements from banks and other financial institutions	(238,549)	(307,973)
Financial assets sold under repurchase agreements	(722,116)	(291,282)
Customer deposits	(4,871,269)	(5,224,888)
Debt securities issued	(1,898,976)	(2,025,754)
Lease liabilities	(23,541)	(26,113)
Sub-total	<u>(8,643,042)</u>	<u>(9,193,092)</u>
Net interest income	<u><u>6,373,900</u></u>	<u><u>6,402,465</u></u>

## 7.5 INVESTMENT INCOME

	For the six months ended 30 June	
	2021	2020
Investment income from financial assets and liabilities at fair value through profit or loss	<u><u>1,177,738</u></u>	<u><u>857,315</u></u>

Investment income includes income from bond investments, funds, trust plans, wealth management products and asset management plans measured at fair value through profit or loss.

## 7.6 FEE AND COMMISSION INCOME

	For the six months ended 30 June	
	2021	2020
Fee and commission income		
Wealth management service fees	466,999	816,622
Agency commissions and underwriting service fees	439,899	303,944
Settlement and clearing fees	85,494	88,212
Consultancy fees	78,313	87,212
Acceptance and guarantee commitment fees	37,028	31,337
Bank card fees	21,514	57,631
Others	1,561	1,256
Total	<u>1,130,808</u>	<u>1,386,214</u>

## 7.7 NET TRADING (LOSSES)/GAINS

	For the six months ended 30 June	
	2021	2020
Net gains/losses arising from trading of financial assets at fair value through profit or loss	451,299	(152,811)
Net gains on disposal of debt instruments at fair value through other comprehensive income	128,224	306,510
Net gains/losses arising from fair value changes of derivative financial instruments	<u>(306,995)</u>	<u>(182,720)</u>
Total	<u>272,528</u>	<u>(29,021)</u>

## 7.8 OTHER INCOME, GAINS OR LOSSES

	For the six months ended 30 June	
	2021	2020
Dividend income	66,016	—
Rental income	23,797	18,337
Government grant	6,552	16,190
Exchange differences	(41,813)	(2,475)
Others	<u>(1,878)</u>	<u>11,661</u>
Total	<u>52,674</u>	<u>43,713</u>

## 7.9 OPERATING EXPENSES

		For the six months ended 30 June	
	Note	2021	2020
Staff costs	(1)	1,172,160	1,114,205
Depreciation		180,795	112,481
Depreciation of right-of-use assets		146,331	152,535
Taxes and surcharges		105,489	100,939
Office expenses		97,493	82,471
Amortisation		62,508	58,240
Rental and property management expenses		50,353	31,378
Other general and administrative expenses		172,285	161,593
Total		<u>1,987,414</u>	<u>1,813,842</u>

### (1) Staff costs

	For the six months ended 30 June	
	2021	2020
Salaries, bonuses and allowances	849,573	893,813
Social security contributions	150,942	54,322
Housing funds	64,336	58,964
Staff welfare	26,657	22,903
Labour union funds and employee education funds	18,264	17,860
Annuity scheme	62,388	66,343
Total	<u>1,172,160</u>	<u>1,114,205</u>

## 7.10 IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSALS

	For the six months ended 30 June	
	2021	2020
Deposits with banks and other financial institutions	(1,192)	5,743
Placements with banks and other financial institutions	(62,751)	1,670
Financial assets held under resale agreements	–	(39)
Debt instruments at fair value through other comprehensive income	1,553	42
Loans and advances to customers at amortised cost	3,268,870	3,526,798
Loans and advances to customers at fair value through other comprehensive income	7,079	14,744
Debt instruments at amortised cost	554,341	203,704
Credit commitments	29,967	(43,536)
Others	(2,132)	35,576
Total	<u>3,795,735</u>	<u>3,744,702</u>

## 7.11 INCOME TAX EXPENSES

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
Income tax expenses comprise:		
Current income tax	<b>284,066</b>	266,560
Deferred tax	<b>213,792</b>	204,129
	<hr/>	<hr/>
Total	<b>497,858</b>	470,689
	<hr/>	<hr/>

Except for certain subsidiaries entitle to a preferential tax rate, the PRC enterprise income tax is calculated at 25% of the estimated taxable profits during the relevant period.

The reconciliation of income tax expenses in the current period and profit before tax presented in the consolidated income statement is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
Profit before tax	<b>3,205,326</b>	3,143,073
Tax calculated at the applicable statutory tax rate of 25%	<b>801,332</b>	785,768
Income tax at concessionary rate	<b>(3,030)</b>	(3,145)
Income tax adjustment for prior years	<b>5,457</b>	2,462
Tax effect of expenses not deductible for tax purpose	<b>403</b>	10,347
Tax effect of income not subject to tax (1)	<b>(306,304)</b>	(324,743)
	<hr/>	<hr/>
Income tax expenses	<b>497,858</b>	470,689
	<hr/>	<hr/>

- (1) The income not taxable for tax purpose mainly represents interest income from national bonds and fund dividends, which are tax free in accordance with the PRC tax regulations.

## 7.12 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
Earnings:		
Profit for the period attributable to Shareholders of the Bank for the purpose of basic earnings per share	<b>2,696,658</b>	2,653,604
	<hr/>	<hr/>
Number of shares:		
Weighted average number of shares in issue for the purpose of basic earnings per share (in thousand)	<b>6,070,552</b>	6,070,552
	<hr/>	<hr/>
Basic earnings per share (RMB Yuan)	<b>0.44</b>	0.44
	<hr/>	<hr/>

No diluted earnings per share has been presented for the six months ended 30 June 2021 and 2020 as the Group had no potential dilutive ordinary shares in issue during the periods.

### 7.13 DIVIDENDS

- (1) A final dividend of RMB0.18 per share (including tax) (totalling RMB1,093 million) for the year ended 31 December 2019 was proposed by the Board of Directors and approved by the 2019 shareholders' annual general meeting on 12 May 2020.
- (2) No dividend was proposed for 2020.

### 7.14 CONTINGENT LIABILITIES AND COMMITMENTS

#### (1) Legal proceedings

The Group, as defendants, are involved in certain lawsuits arising from its normal business operations. As at 30 June 2021, the Group has assessed and measured the impact of those pending lawsuits, and no provision related to these lawsuits has been recognised.

#### (2) Capital commitments

	30 June 2021	31 December 2020
Contracted but not provided for – commitments for the acquisition of property and equipment	<u>441,120</u>	<u>567,852</u>

#### (3) Credit commitments

	30 June 2021	31 December 2020
Letters of credit issued	11,453,043	7,921,364
Letters of guarantee	1,383,270	944,585
Undrawn corporate loans facilities	19,748,529	20,591,170
Undrawn credit card facilities	14,029,960	13,950,734
Bank acceptance notes	<u>28,536,953</u>	<u>24,312,183</u>
Total	<u>75,151,755</u>	<u>67,720,036</u>

Credit commitments represent general facilities 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.

#### (4) Redemption commitments of government bonds

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 30 June 2021, the principal balance of certificate government bonds which the Group had an obligation to pay in advance amounted to RMB2,280 million (31 December 2020: RMB2,371 million) and the principal balance of e-saving bonds amounted to RMB2,551 million (31 December 2020: RMB2,439 million). The original terms of these bonds are from 1 to 5 years.

The Ministry of Finance does not pay the principal and interest of the certificate government bonds before the maturity date, but pays the principal and interest of the e-savings bonds on a regular basis upon request by the Bank.



## **7.15 TRANSFER OF FINANCIAL ASSETS**

### **(1) Repurchase agreement**

The Group entered into repurchase agreements with certain counterparties to sell bonds or bills of carrying amount of RMB61,006 million as at 30 June 2021 (31 December 2020: RMB63,146 million) which are subject to the simultaneous agreements with commitments to repurchase at specified future dates and prices. As at 30 June 2021, the proceeds from selling such bonds or bills totalling RMB58,690 million (31 December 2020: RMB60,493 million) presented as “financial assets sold under repurchase agreements”.

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 bonds 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 and therefore have not derecognised such bonds and bills 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.

### **(2) Asset securitisation**

The Group enters into securitisation transactions in the normal course of business by which it transfers credit assets to special purpose vehicles which in turn issue structured products to investors.

During the period, the Group did not transfer any loans to any special purpose vehicles. In 2019, the Group transferred loans amounting to RMB3,000 million to these special purpose vehicles. A balance of RMB2,360 million was derecognised accordingly. However, a balance of RMB640 million did not meet the derecognition criteria on the dates of transfer as the Group retained interests in subordinate tranches of these special purposes vehicles.

As at 31 December 2020, the Group’s maximum exposure to this equity is RMB306 million.

No gain or loss was recognised by these transfers of financial assets, the Group acted as service agent and charged service fee amounting to RMB1 million for the six months ended 30 June 2021 (For the year ended 31 December 2020: RMB6 million). As at 30 June 2021, this special vehicle has expired. The underlying assets have been returned and the income has been distributed.

## 8. PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement was published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Bank ([www.bankoftianjin.com](http://www.bankoftianjin.com)). The 2021 interim report prepared in accordance with the IAS 34 and the Hong Kong Listing Rules will be published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Bank ([www.bankoftianjin.com](http://www.bankoftianjin.com)), and will be despatched to the holders of H shares of the Bank in due course.

This interim results announcement is prepared in both English and Chinese versions. In the event of any discrepancies in interpretation between the English version and Chinese version, the Chinese version shall prevail.

By Order of the Board  
**Bank of Tianjin Co., Ltd.\***  
**SUN Ligu**  
Chairman

Tianjin, China  
27 August 2021

*As at the date of this announcement, the board of directors of the Bank comprises Mr. SUN Ligu and Mr. WU Hongtao, as executive directors; Ms. SUN Jingyu, Ms. DONG Guangpei, Mr. Alistair Marshall BULLOCH, Mr. ZHAO Wei, Mr. WANG Shunlong and Ms. LI Jun as non-executive directors; Mr. FENG Heping, Mr. LAW Yee Kwan, Quinn, Mr. JIN Qingjun, Mr. HUA Yaogang and Mr. HE Jia as independent non-executive directors.*

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