

Bank of Tianjin Co., LTD.*

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

(Stock code: 1578)

2023 Annual Report



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

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Definitions

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

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

Definitions

“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PBoC” or “Central Bank”	The People’s Bank of China (中國人民銀行)
“Reporting Period”	For the year ended 31 December 2023
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Selling Shareholder(s)”	the state-owned shareholders, collectively, who are required to reduce their shareholding pursuant to the relevant PRC regulations relating to reduction of state-owned shares
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Bank
“Supervisor(s)”	the supervisor(s) of the Bank

Company Profile and Basic Information

I COMPANY PROFILE

Bank of Tianjin Co., Ltd. (hereinafter referred to as the “Bank of Tianjin”) is a company listed on the Main Board of the Hong Kong Stock Exchange with stock code 1578 and headquartered in Tianjin. As at the end of 2023, the registered capital of the Company was RMB6,071 million. In terms of its shareholding structure, 65.47% of the Shares were held by domestic legal persons, 5.46% were held by domestic natural persons and 29.07% were in H Shares.

Formerly known as Urban Credit Cooperative, Bank of Tianjin was established as “Tianjin Urban Cooperative Bank” in 1996 on the basis of 65 urban credit cooperatives and 2 business departments of the federation, renamed as “Tianjin Commercial Bank” in 1998, and renamed as “Bank of Tianjin” in 2007 and began to implement cross-regional operations, setting up branches in other provinces and cities such as Beijing, Shanghai, Hebei, Shandong and Sichuan. As of the end of 2023, it had a total of 218 business organizations nationwide, including one sales department, 7 first-tier branches, 6 second-tier branches and 6 central sub-branches; And it had initiated Bank of Tianjin Financial Leasing Co., Ltd. and Tianjin Jizhou Rural Bank, and had initiated seven Jinhui Rural Banks (津匯系村鎮銀行) in Ningxia and Xinjiang Autonomous Region. Meanwhile, Bank of Tianjin has established correspondent banking relationships with more than 850 domestic and foreign banks and their branches in more than 80 countries and regions around the world.

As at the end of 2023, the total assets of Bank of Tianjin amounted to RMB840.77 billion, representing an increase of 10.5% as compared with the end of the previous year, while the total liabilities amounted to RMB775.74 billion, representing an increase of 10.7% as compared with the end of the previous year. We realized operating revenue of RMB16.46 billion, representing a year-on-year increase of 4.4% and a total profit of RMB3.92 billion, representing a year-on-year increase of 2.9%; and net profit of RMB3.77 billion, representing a year-on-year increase of 5.7%.

II 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	YU Jianzhong
Authorised Representatives	DONG Xiaodong, NGAI Wai Fung
Board Secretary	DONG Xiaodong

Company Profile and Basic Information

Joint Company Secretaries	DONG Xiaodong, NGAI Wai Fung
Registered Address and Headquarter Address	No. 15 Youyi Road, Hexi District, Tianjin, China
Principal Place of Business in Hong Kong	40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong
Customer Service Telephone	956056
Telephone	86-22-2840 5262
Facsimile	86-22-2840 5518
Email	ir@bankoftianjin.com
Website	www.bankoftianjin.com
Website of Hong Kong Stock Exchange for Publishing H Share Annual Report	www.hkexnews.hk
Date of Initial Registration	6 November 1996
Business License No. of Corporation	120000000007636
Uniform Social Credit Code	911200001030702984
Finance Permit Institution Number	B0108H212000001
Listing Place of Stock	The Stock Exchange of Hong Kong Limited
Stock Name	Bank of Tianjin
Stock Code	1578

Company Profile and Basic Information

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

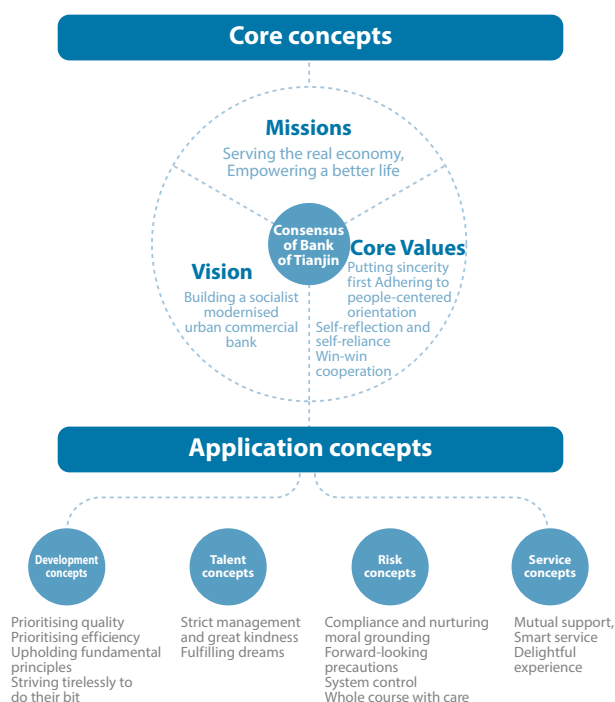
Strategic Positioning and Corporate Culture

I STRATEGIC POSITIONING

The Bank will thoroughly implement the spirit of the Central Financial Work Conference and the Central Economic Work Conference, as well as the decisions and arrangements of the Tianjin Municipal Party Committee and Municipal Government, focus on the market positioning of “serving the local economy, serving micro, small, medium-sized enterprises, and serving the public” and establish a solid foundation for five major development concepts, with the goal of “revitalizing the stock, cultivating the incremental growth and improving quality”. The Bank has a clear business philosophy of “deepening the business in region of Tianjin and optimizing the business in other regions outside Tianjin”, adheres to a problem-oriented approach and a strong base-oriented approach, perseveres in promoting the “Double-Five Battles”, seizes new strategic opportunities and deepens financial supply-side reform to serves economic and social development, serve Tianjin’s “Ten Projects (十項行動)” and the development of strategic key industries in the areas where branches are located, and write the five major finance articles of “technology, green, inclusive, elderly care and digital” well.

II CORPORATE CULTURE CONCEPT SYSTEM OF BANK OF TIANJIN

The Bank deeply explored and absorbed the excellent cultural factors accumulated in the historical development process of the Bank of Tianjin. With the extensive participation and in-depth thinking by our staff, the Bank formed its corporate culture concept system, including two parts, i.e. core concept and application concept.



Corporate Culture Concept System of Bank of Tianjin

Major Events in 2023

On 18 January, the Bank held the 2023 work meeting to summarize the main work in 2022 and deploy key tasks in 2023.

On 7 April, the Bank held a mobilization meeting for the 12th Municipal Party Committee's inspection and rectification work, and paid close attention to the inspection and rectification work in accordance with the requirements of "three-level advancement (三級遞進)", "four integrations (四個融入)" and "five holds (五個扭住)".

On 17 April, the Bank held a mobilization and deployment meeting for thematic education on the study and implementation of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, firmly grasping the general requirements of "Learning Ideology, Strengthening Party Spirit, Putting into Practice, and Making New Achievements", and fully implemented the fundamental tasks and key measures of thematic education, and focus on high-quality theoretical study, investigation and research, promote development, review and rectification, and establish rules and regulations.

On 19 April, the Bank held a meeting of leading cadres and announced the decision of the Tianjin Municipal Party Committee: Comrade Sun Liguo no longer served as the secretary and a member of the Party Committee of Bank of Tianjin Co., Ltd.; Comrade Yu Jianzhong was appointed as a member and the secretary of the Party Committee of Bank of Tianjin Co., Ltd. On 11 May, Comrade Sun Liguo resigned as the Chairman and related positions of the Board of Directors of Bank of Tianjin. The qualification of Mr. Yu Jianzhong as Chairman was approved by the Tianjin Regulatory Bureau of the NAFR on 28 August.

On 10 May, the Bank held a business analysis meeting for the first four months of 2023 to review the road we have traveled, compare others' roads, and look at the road ahead. We summarized the work results of the first four months, analyzed existing problems and situations, and researched and deployed the Bank's current and future work priorities. The Bank maintains strategic focus and endurance in accordance with the deployment of the head office, insists that unity is strength, works hard to create the future, and strives to achieve reasonable growth in quantity and effective improvement in quality.

From 8 July to 10 July, the Bank held the 2023 mid-year work meeting. At the meeting, we analyzed the five major situations the Bank was facing, summarized the results of the Bank's key work in the first half of the year and clarified the key tasks in the second half of the year to maintain focus and coordinated policies, so as to improve service capabilities and development strength while turning crises into opportunities. We have clarified ideas, unified thoughts, and learned methods to launch the "five major battles" and fight the "five major speed-up battles".

On 25 September, the "Bank of Tianjin•2023 Haihe Drama Festival" sponsored by the Bank kicked off at the Tianjin Grand Theater, carrying out the innovative practice of "finance + culture" system, singing the praises of Tianjin and bringing the Bank of Tianjin more famous.

On 9 October, the Bank held a work meeting for the third quarter of 2023 to summarize the work results of the first three quarters, analyze existing problems and situations, study and deploy the Bank's work priorities for the fourth quarter, and plan for a good start in 2024. We will adhere to business orientation, service orientation and compliance orientation, maintain focus, strengthen confidence and fight hard in the fourth quarter to win the turnaround.

Major Events in 2023

On 14 October, the Bank's third employee sports meeting was successfully held. This sports meeting is the largest one with the largest number of participants and the richest competition items since the establishment of the Bank; it is also a time for the Bank to regather strength, reinvigorate morale and reraise vigour to win the "five major battles" and "five major speed-up battles".

On 15 October, the "Bank of Tianjin•2023 Tianjin Marathon" kicked off at the Tianjin Auditorium, making Tianjin popular, and the Bank of Tianjin also received wide attention as a "finance+sports" track leader.

On 29 November, the Bank held a warning education conference on strict governance of the Party and strict governance of the Bank and the 2023 legal work conference to promote the high-quality development of compliance operations across the Bank.

On 19 December, the Bank held a special training on interpretation of the spirit of the Central Financial Work Conference and invited well-known experts to give a comprehensive, systematic, detailed and professional explanation of the spirit of the Central Financial Work Conference and the Central Economic Work Conference.

Honour and Awards and Major Media Coverage

I HONOUR AND AWARDS

In 2023, the Bank continued to improve in terms of market recognition, with accumulated nearly 100 various honors and awards, some of which are listed below.

Organizer	Award/honour title
"The Banker" Magazine	Ranked 191st among "Top 1,000 World Banks" of 2023
China Enterprise Confederation and China Enterprise Directors Association	Ranked 194th among 2023 Top 500 Service Enterprises in China
China Banking Association	Ranked 33rd in 2023 Top 100 China Banking Institutions
Tianjin Enterprise Confederation and Tianjin Entrepreneur Association	<ul style="list-style-type: none"> Ranked 22nd among 2023 Tianjin Entrepreneur Top 100 Ranked 9th among Tianjin 2023 Service Enterprises Top 100
Beijing-Tianjin-Hebei Top 100 Enterprises Office	<ul style="list-style-type: none"> Ranked 94th among 2023 Beijing-Tianjin-Hebei Enterprises Top 100 Ranked 35th among Beijing-Tianjin-Hebei 2023 Service Enterprises Top 100
SASAC	Ranked 32nd among State-owned Enterprises Social Responsibility • Pioneer 100 Index (2023)
American independent institution MerComm Inc	The 37th Annual International ARC Awards Gold Winner of "Non-English ESG Report" and Silver Winner of "Cover Photo/Design: ESG Report"
People's Bank of China	2022 Financial Technology Development Award
Financial Computerizing Magazine Co., Ltd.	The 14th Financial Technology Innovation Award
Xinhua News Agency, Beijing Municipal People's Government and Beijing Municipal Bureau of Local Financial Regulation and Supervision	"Mobile Financial Client Annual Best Security Management Demonstration Unit" Award

Honour and Awards and Major Media Coverage

China Financial Certification Authority (CFCA)	"2023 Digital Finance Gold List Award • Mobile Banking Most Distinctive Function Award"
China Foreign Exchange Trading Center	<ul style="list-style-type: none"> • "2023 Interbank Local Currency Market Popularity List – The Most Popular Credit Bond Market Maker" • "Repo Active Trader" • "X-Lending Active Organization" • "2023 Market Impact Organization - Core Dealer, Money Market Dealer, Bond Market Dealer" • "2023 Market Innovation Business Organization - X-Repo, X-Lending"
China Development Bank	<ul style="list-style-type: none"> • 2023 "Outstanding Underwriter" Award in the Financial Bond Interbank Market • 2023 Financial Bond "25th Anniversary Support" Award
National Association of Financial Market Institutional Investors	Ranked 3rd in the list of "City Commercial Banks" as investors in green debt financing instruments for the year 2023
Wind	Best Interbank Debt Financing Instrument Underwriter – Premier City Commercial Bank
Pystandard	<ul style="list-style-type: none"> • Outstanding Asset Management Award for City Commercial Bank • Outstanding Cash Management Bank Wealth Management Product (City Commercial Bank) • Outstanding Fixed Income Bank Wealth Management Product (City Commercial Bank)
Securities Times	2023 Tianji Award for Gold Wealth Management Products
China Securities Journal	<ul style="list-style-type: none"> • Golden Bull Award for Wealth Management Products of Banks (City Commercial Bank) • Golden Bull Award for Wealth Management Products of Banks

Honour and Awards and Major Media Coverage

II MAJOR MEDIA COVERAGE

During the Reporting Period, the Bank's business development and operation dynamics received extensive attention from authoritative media, and some of the key media reports are listed below.

Date	Media Name	Title of Media Coverage	News Link
4 April 2023	Hexun.com	Bank of Tianjin secures the first carbon emission reduction loan from a local legal person financial institution in Tianjin.	http://bank.hexun.com/2023-04-04/208199043.html
22 May 2023	Financial News	An Inclusive Finance with a "Wisdom Wing" and the Bank of Tianjin's "Smart Xiao Er (智慧小二)" Financial Service Platform Supports the Development of Individual Businesses in Beijing, Tianjin and Hebei Province	http://h5.newaircloud.com/detailArticle/21753752_1_jrsb.html
13 June 2023	Xinhua News Agency	Optimizing Financial Services for New Citizens – Bank of Tianjin's "Multi-Card" Innovative Services for "City Bees"	http://xhpfmapi.zhongguowangshi.com/vh512/share/11547860
30 June 2023	Tianjinyun	Enjoy financial services with food and folk Bank of Tianjin exclusively supported the "Citizens Walking into Davos" event	http://www.app2020.tjyun.com/jyapp/system/2023/06/30/054073554.shtml
6 July 2023	Tianjin Daily	"Smart Xiao er" In Beijing	http://epaper.tianjinwe.com/tjrb/html/2023-07/06/content_159_7908181.htm
4 August 2023	People's Daily	Bank of Tianjin warms the hearts of police officers with joint efforts and services and officially launches "Police Bank Station"	http://wap.peopleapp.com/article/7163011/7009547

Honour and Awards and Major Media Coverage

Date	Media Name	Title of Media Coverage	News Link
29 August 2023	www.ce.cn	Bank of Tianjin's assets close to RMB800 billion in the first half of the year with both net profit margin and net interest margin "double rising" year on year	http://finance.ce.cn/bank12/scroll/202308/29/t20230829_38691796.shtml
28 September 2023	Xinhua News Agency	Bank of Tianjin serves the city's high-quality development with its financial power	http://xhpfmapi.zhongguowangshi.com/vh512/share/11703549
10 October 2023	Jinrongjie	Bank of Tianjin's 2022 Social Responsibility Report won the Gold Award for ESG Report and Silver Award for Cover Design in the Non-English Language Category of the International Annual Report Competition	http://finance.jrj.com.cn/2023/10/10090037953940.shtml
13 October 2023	Xinhua Finance	Bank of Tianjin's third-quarter performance rises steadily	http://www.cnfin.com/hb-lb/detail/20231013/3948200_1.html
21 October 2023	www.cnr.cn	Bank of Tianjin strives to become the leader of the "Finance + Sports" circuit	http://www.cnr.cn/jingji/zghq/20231021/t20231021_526458908.shtml
6 November 2023	China Banking Association	Bank of Tianjin builds "Golden Autumn Harbor" brand for elderly-friendly services	https://mp.weixin.qq.com/s/x9Wk4MGxtxD7jiN8SdsUBQ
9 November 2023	www.cnr.cn	Bank of Tianjin was selected as a typical case in empowering advanced manufacturing industry	http://www.cnr.cn/jrpd/mxhq/20231109/t20231109_526480726.shtml
11 November 2023	China.com.cn	Bank of Tianjin Launches Loan Products for Innovation-oriented Technology Enterprises and Specialized Loan Products to Support the Development of Private Enterprises	http://finance.china.com.cn/roll/20231111/6051053.shtml

Honour and Awards and Major Media Coverage

Date	Media Name	Title of Media Coverage	News Link
22 November 2023	www.cnr.cn	Bank of Tianjin's sponsorship of Haihe Drama Festival singing the songs of Jinmen creates "Finance + Culture" in this way	http://www.cnr.cn/jingji/zghq/20231122/t20231122_526494882.shtml
1 December 2023	www.cnr.cn	Bank of Tianjin's bond underwriting scale exceeded 100 billion dollars again Implementing the "Stock, Increment and Quality" work requirements to introduce financial "running water" to the real economy	http://www.cnr.cn/jrpd/mxhq/20231201/t20231201_526505528.shtml
19 December 2023	www.cnr.cn	Bank of Tianjin's Mobile Banking Wins "Most Specialized Functions" Award	http://www.cnr.cn/jrpd/mxhq/20231219/t20231219_526526993.shtml
23 December 2023	www.cnr.cn	Bank of Tianjin's "Smart Merchant" honored as "2023 Tianjin Role Model in Serving the People".	http://www.cnr.cn/tech/techph/20231223/t20231223_526532090.shtml
24 December 2023	www.cnr.cn	Bank of Tianjin won "Strategic Partner" of Haihe Drama Festival for exploring "Finance + Culture" system	http://www.cnr.cn/jrpd/mxhq/20231224/t20231224_526533109.shtml
25 December 2023	Tianjinyun	Building a Digital Financial Brand to Facilitate High-Quality Financial Development	http://www.app2020.tjyun.com/jyapp/system/2023/12/25/054887369.shtml

Summary of Accounting Data and Financial Indicators

	For the year ended 31 December					
	2023	2022	Year-on-year Change between 2023 and 2022	2021	2020	2019
(Amounts in thousands of Renminbi, unless otherwise stated)						
Rate of change (%)						
OPERATING RESULTS						
Interest income	31,212,336	30,385,697	2.7	30,371,879	30,553,932	32,268,052
Interest expense	(19,791,966)	(18,912,719)	4.6	(17,446,541)	(16,907,490)	(19,045,250)
Net interest income	11,420,370	11,472,978	(0.5)	12,925,338	13,646,442	13,222,802
Investment income	2,926,224	1,585,354	84.6	2,339,241	1,738,108	1,429,901
Fee and commission income	2,084,626	2,134,760	(2.3)	2,082,280	2,447,096	2,308,570
Fee and commission expense	(514,454)	(448,261)	14.8	(298,654)	(136,561)	(42,284)
Net fee and commission income	1,570,172	1,686,499	(6.9)	1,783,626	2,310,535	2,266,286
Net trading gains	360,870	795,672	(54.6)	649,678	(446,873)	(210,873)
Net gains arising from derecognition of financial assets measured at amortised cost	30,719	101,044	(69.6)	40,212	25,832	115,163
Other income, gains or losses	147,520	117,204	25.9	(44,106)	(77,340)	230,441
OPERATING INCOME	16,455,875	15,758,751	4.4	17,693,989	17,196,704	17,053,720
Operating expenses	(4,789,274)	(4,448,622)	7.7	(4,424,654)	(3,952,952)	(3,988,677)
Impairment losses under expected credit loss model (ECL)	(7,770,265)	(7,524,819)	3.3	(9,852,127)	(8,230,793)	(7,430,105)
Share of results of associates	23,785	24,249	(1.9)	24,535	22,125	(1,693)

Summary of Accounting Data and Financial Indicators

	For the year ended 31 December					
	2023	2022	Year-on-year Change between 2023 and 2022	2021	2020	2019
(Amounts in thousands of Renminbi, unless otherwise stated)						
Rate of change (%)						
PROFIT BEFORE TAX	3,920,121	3,809,559	2.9	3,441,743	5,035,084	5,633,245
Income tax expense	(153,226)	(246,490)	(37.8)	(227,436)	(691,671)	(1,024,584)
PROFIT FOR THE YEAR	3,766,895	3,563,069	5.7	3,214,307	4,343,413	4,608,661
Profit for the year attributable to:						
Equity holders of the Bank	3,759,899	3,564,965	5.5	3,196,026	4,307,585	4,547,971
Non-controlling interests	6,996	(1,896)	469.0	18,281	35,828	60,690
Earnings per share attributable to equity holders of the Bank (Expressed in RMB Yuan per share)						
– Basic and diluted	0.62	0.59	5.1	0.53	0.71	0.75

Summary of Accounting Data and Financial Indicators

	2023	For the year ended 31 December				
		2022	Year-on-year Change between 2023 and 2022	2021	2020	2019
(Amounts in thousands of Renminbi, unless otherwise stated)						
Rate of change (%)						
MAJOR INDICATORS OF ASSETS/LIABILITIES						
Total assets	840,771,460	761,082,851	10.5	719,903,932	687,760,199	669,401,117
Of which: loans and advances to customers	396,009,202	337,397,157	17.4	324,607,358	295,752,349	281,229,242
Total liabilities	775,741,804	700,463,719	10.7	662,363,094	633,812,209	618,224,334
Of which: due to customers	450,686,381	397,765,271	13.3	382,478,890	355,981,854	350,996,365
Share capital	6,070,552	6,070,552	–	6,070,552	6,070,552	6,070,552
Equity attributable to equity holders of the Bank	64,188,509	59,784,981	7.4	56,704,791	53,130,224	50,394,845
Total equity	65,029,656	60,619,132	7.3	57,540,838	53,947,990	51,176,783
Net assets per share attributable to equity holders of the Bank (Expressed in RMB Yuan per share)	10.57	9.85	7.4	9.34	8.75	8.30

Summary of Accounting Data and Financial Indicators

	For the year ended 31 December					
	2023	2022	Year-on-year Change between 2023 and 2022	2021	2020	2019
PROFITABILITY INDICATORS (%)						
Return on average total assets ⁽¹⁾	0.47	0.48	(0.01)	0.46	0.64	0.69
Return on average equity ⁽²⁾	6.00	6.03	(0.03)	5.77	8.26	9.32
Net interest spread ⁽³⁾	1.75	1.73	0.02	1.85	1.98	1.88
Net interest margin ⁽⁴⁾	1.65	1.70	(0.05)	2.12	2.26	2.21
Net fee and commission income to operating income	9.54	10.70	(1.16)	10.08	13.44	13.29
Cost-to-income ratio ⁽⁵⁾	27.68	26.92	0.76	23.81	21.80	22.20
ASSET QUALITY INDICATORS (%)						
Non-performing loans ratio ⁽⁶⁾	1.70	1.84	(0.14)	2.41	2.16	1.98
Allowance coverage ratio ⁽⁷⁾	167.86	159.27	8.59	154.26	183.45	220.58
Allowance to gross loan ratio ⁽⁸⁾	2.85	2.93	(0.08)	3.72	3.96	4.36

Summary of Accounting Data and Financial Indicators

	For the year ended 31 December					
	2023	2022	Year-on-year Change between 2023 and 2022	2021	2020	2019
CAPITAL ADEQUACY RATIO INDICATORS (%)						
Core tier-one capital adequacy ratio ⁽⁹⁾	9.80	10.38	(0.58)	10.73	11.12	10.62
Tier-one capital adequacy ratio ⁽¹⁰⁾	10.83	10.39	0.44	10.74	11.12	10.63
Capital adequacy ratio ⁽¹¹⁾	12.64	12.80	(0.16)	13.49	14.48	15.24
Total equity to total assets	7.73	7.96	(0.23)	7.99	7.84	7.65
OTHER INDICATORS (%)						
Loan-to-deposit ratio ⁽¹²⁾	90.72	87.81	2.91	88.70	87.06	85.05
Liquidity ratio ⁽¹³⁾	50.03	56.05	(6.02)	60.80	60.57	51.38
Percentage of loans to the single largest customer ⁽¹⁴⁾	4.85	6.80	(1.95)	5.49	4.35	4.38

Summary of Accounting Data and Financial Indicators

Notes:

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

Chairman's Statement

The year 2023 was the opening year of the comprehensive implementation of the spirit of the 20th National Congress of the Communist Party of China, and also the year of economic recovery and development after transition of three years of the COVID-19 prevention and control, and the year of the efforts of all sectors of the community to strive for progress. In the face of the problems faced by the whole bank, under the guidance of Xi Jinping thought on socialism with Chinese characteristics for a new era, the strong leadership of the Tianjin Municipal Party Committee and Municipal Government, and the guidance of the financial regulators, our leadership team set up clear direction and put forward the "Five Major Battles" including "addressing risks, increasing revenue, reducing cost, absorbing deposits and settling litigations" based on the problem-oriented approach and the "Five Major Speed-up Battles" including "competence, structural transformation, intermediary business, digital banking and supervision co-ordination" based on the foundation-oriented approach. All staff of the Bank has been making their concerted efforts and unifying their thoughts, trying to master the methods, focusing on the main responsibilities and business to overcome the difficulties, and making unremitting efforts for the development of Bank of Tianjin.

Looking back to the year 2023, we moved forward with perseverance in the midst of breaking through the difficulties, made progress steadily, and the operating situation was positive, realizing double growth in revenue and profit, and the level of risk is mitigated considerably, achieving steady improvement in quality and reasonable growth in quantity. Our ability to serve the real economy was further improved and we fully supported the economic development of Tianjin; the Bank achieved more than a hundred external honors.

The Bank's revenue and profit have both increased, achieving steady improvement in quality and reasonable growth in quantity. As of the end of the Reporting Period, the Bank's total assets amounted to RMB840.77 billion, representing an increase of 10.5% from the end of the previous year, of which the loan balance amounted to RMB396.01 billion, representing an increase of 17.4% from the end of the previous year. The Bank achieved operating income of RMB16.46 billion, representing a year-on-year increase of 4.4%; profit before provisions of RMB11.69 billion, representing a year-on-year increase of 3.1%; and net profit of RMB3.77 billion on the premise of a year-on-year increase of 3.3% in provisions, representing a year-on-year increase of 5.7%.

Achieving success in the "five major battles" to stabilize our business fundamentals. To implement well the key battle of "addressing risks" and consolidate the foundation for sustainable development, as of the end of the Reporting Period, the non-performing loan ratio was 1.70%, representing a decrease of 0.14 percentage point from the end of the previous year; allowance coverage ratio was 167.86%, representing an increase of 8.59 percentage points from the end of the previous year. To implement well the key battle of "increasing revenue" and seek benefits from "Stock, Increment and Quality", the Bank achieved interest income of RMB31.21 billion, representing a year-on-year increase of 2.7%; investment income of RMB2.93 billion, representing a year-on-year increase of 84.6%; net interest spread of 1.75%, representing a year-on-year increase of 0.02 percentage point. To implement well the key battle of "reducing cost" and enhance core competitiveness, the customer deposit interest cost rate was 2.89%, represent a year-on-year decrease of 0.07 percentage point. To implement well the key battle of "absorbing deposits" and effectively ensure liquidity security and loan granting capabilities, on the premise of effectively reducing high-cost deposits, the Bank's deposit balance amounted to RMB450.69 billion, representing an increase of 13.3% from the end of the previous year. In particular, the corporate deposit balance amounted to RMB263.55 billion,

Chairman's Statement

representing an increase of 6.5% from the end of the previous year; the personal deposit balance amounted to RMB165.80 billion, representing an increase of 18.4% from the end of the previous year. To implement well the key battle of "settling litigations" and safeguard brand reputation and asset security, the number of cases concluded of the Bank increased by 129.4% year on year.

Working on the "five major speed-up battles" to promote new impetus for development. The Bank has promoted the "competence speed-up battles", effectively improving the capabilities of cadres and employees and consolidating development momentum through talent recruitment, job exchanges, professional training and other measures. The Bank has taken forward the "structural transformation speed-up battles" to optimize the asset and liability structure and promote the return to the origins. The growth rate of loans was 6.9 percentage points higher than the growth rate of assets, and the growth rate of deposits was 2.6 percentage points higher than the growth rate of liabilities. The Bank has accelerated the "intermediary business speed-up battles", intensified the promotion of investment banking, transaction banking and wealth management products, and recorded a year-on-year increases of 14.5% and 49.2% in agency commission and underwriting service fee, and settlement and clearing fee, respectively. The Bank has facilitated the "digital banking speed-up battles", and obtained 44 intellectual property rights authorizations and won 2 technology awards including the People's Bank of China Financial Technology Application Innovation Award through building internal and external digital platforms including Smart OA, Shukan Tianhang and "Smart Connect". The Bank has advanced the "supervision coordination speed-up battles", strengthened the construction of internal audit, disciplinary inspection supervision and Party Committee inspection mechanisms, as well as improved the overall coordination and connection between disciplinary inspection, inspection and audit, internal control and risk work, effectively improving the efficiency of supervision work.

Adhering to the principle of "returning to the origins" to become the main force in serving the real economy. We increased support for key areas of national and local economic development, and deeply rooted in Tianjin, with the balance of loans in Tianjin amounting to RMB236.73 billion, representing an increase of 31.3% as compared with that at the end of previous year, ranking the first among financial institutions in Tianjin; and exerted the advantages in bond underwriting business, with the yearly underwriting of various types of corporate bonds amounting to RMB125.594 billion, which exceeded RMB100 billion for three consecutive years and ranked the first among corporate financial institutions in Tianjin. We increased support for sci-tech innovation enterprises and green industry, the balance of loans to technology-based enterprises increased by 14.97% compared with the end of the previous year; and the balance of green loans amounting to RMB24.350 billion, representing an increase of 51.25% compared with the end of the previous year. Through enhancing inclusive small and micro credit investment, the Bank's inclusive small and micro enterprise loan scale amounted to RMB37.253 billion, representing an increase of 26.01% compared with the end of the previous year; and the number of inclusive small and micro enterprise loan customers were 575,900, representing an increase of 3.77% compared with the end of the previous year, indicating the successful completion of "double increasing and double controlling (兩增兩控)" small and micro regulatory indicators. The Bank has supported the high-quality life in Tianjin by naming the "2023-2025 Tianjin Marathon" and "2023 Haihe Drama Festival", innovatively creating the "Finance + Sports" and "Finance + Culture" systems.

Chairman's Statement

Looking ahead to 2024: Maintaining strategic determination, practicing "achieving four intended goals as planned", taking "Stock, Increment and Quality" as the guide, fighting "Double-Five Battles", making "Five Major Articles", and promoting the high-quality development of Bank of Tianjin

We will make concerted efforts and unify our thoughts, adhere to Xi Jinping Thought on Socialism with Chinese Characteristics for a new era as our guide, take the spirit of the Central Financial Work Conference as our fundamental guideline, resolutely implement the spirit of the Economic Work Conference of the Central Government and the Municipal Party Committee, adhere to the five development concepts of "Innovation, Coordination, Greenness, Openness and Sharing", study and implement the spirit of General Secretary Xi Jinping's important speeches during his inspection in Tianjin and the spirit of the Fifth Plenary Session of the 12th Tianjin Municipal Committee of the Communist Party of China, and practice the important requirements of "achieving four intended goals as planned", and take the "Stock, Increment and Quality" as our guide, maintain strategic determination, and adhere to the "five boundaries". We will grasp the quality of development internally, launch corporate governance, and persevere in promoting the "Double-Five Battles". We will adhere to the main line of high-quality development of the real economy, deepen the financial supply-side reform, serve the economic and social development, serve the "Ten Projects" and the key industries of the regional development strategy, and do a good job in the "Five Major Articles" of science and technology finance, green finance, inclusive finance, pension finance and digital finance.

The year 2024 is the 75th anniversary of the founding of the People's Republic of China and a key year for the implementation of the "14th Five-Year Plan", so it is of great significance to do a good job in financial work. The Bank will serve the high-quality development of the economy and society with its own high-quality financial development, and contribute to the construction of a strong financial country, the construction of a beautiful China, and the construction of a beautiful Tianjin!

YU Jianzhong
Chairman

President's Statement

The year 2023 was the opening year of the comprehensive implementation of the spirit of the 20th National Congress of the Communist Party of China, and also the first year after transition of three years of the COVID-19 prevention and control. The domestic economy has rebounded and the development potential has continued to increase. The Bank of Tianjin has seized development opportunities, conscientiously implemented the decisions and arrangements of the Party Central Committee, strictly implemented the requirements of regulatory authorities, and actively practiced the political and people-oriented nature of financial work. We have adhered to the "five boundaries", focused on our main responsibilities and businesses, and comprehensively promoted the "five major battles" and "five major speed-up battles", making the operations grow steadily and taking firm steps towards high-quality development.

As of the end of the Reporting Period, the Bank's total assets amounted to RMB840.77 billion, representing an increase of 10.5% from the end of the previous year; total liabilities amounted to RMB775.74 billion, representing an increase of 10.7% from the end of the previous year. The Bank achieved operating income of RMB16.46 billion, representing a year-on-year increase of 4.4%; total profit of RMB3.92 billion, representing a year-on-year increase of 2.9%; net profit of RMB3.77 billion, representing a year-on-year increase of 5.7%, initially achieving steady improvement in quality and reasonable growth in quantity. The non-performing loan ratio was 1.70%, representing a year-on-year decrease of 0.14 percentage point; the allowance coverage ratio was 167.86%, representing a year-on-year increase of 8.59 percentage points; the capital adequacy ratio was 12.64%, continuing to enhance risk resistance. With the care and support of governments at all levels, all walks of life and investors, and with the joint efforts of all employees of the Bank, we have won 95 external honors throughout the year, ranked 191st among Top 1,000 World Banks by "The Banker" Magazine, and obtained AAA, the highest corporate credit rating for domestic commercial banks for 7 consecutive years.

This year, we have adhered to taking serving the real economy as our fundamental purpose and continued to build core competitive advantages. Adhering to the principle of "deepening the region of Tianjin and optimising other five regions outside Tianjin", the Bank has actively developed government financial business, participated in the Beijing-Tianjin-Hebei integration project, and launched special financial products including the "Loans to Specialized and New SMEs" and "Loans to Smart Technology Enterprises" and "Industrial Park Loans" to build three major maps of customers, connections and products, promoting the implementation of the public version of the "Smart Connect" project. We have continued to strengthen the "commercial bank + investment bank" service model, with the lead underwriting size exceeding RMB100 billion for three consecutive years. The Bank has established an "Easy Sailing" product system focusing on domestic trade financing, supply chain finance, cross-border finance and treasury management; and carried out the "Firewood Pickup Plan" peer activities to build an ecological alliance among peers. "Supply chain financing service based on block chain technology" has been reviewed by the People's Bank of China (PBOC), making the Bank become the first commercial bank in the Tianjin region to have been approved as a pilot bank for the regulation of fin-tech innovation by the PBOC.

President's Statement

This year, we have persisted in taking improving people's livelihood and well-being as our mission and continued to enhance the supply of financial services. The Tianjin Regulatory Bureau issued the "Tianjin Regulatory Bureau of the National Financial Regulatory Administration to Promote the 'Technology - Industry - Finance' New Cycle Pilot Work Plan", and determined the Bank of Tianjin as one of the five new cycle pilot units. The Bank actively implemented a series of science and technology finance pilot work. The Science and Innovation Finance Department was established. The Bank has continuously upgraded the diversified relay-type comprehensive service model of "stocks, bonds, loans, funds, leases and guarantees" to provide financial service guarantees for technology-based enterprises; further enriched the spectrum of inclusive digital products for SMEs to create a special area for inclusive small and micro products and expand cooperation with finance guarantee companies; and comprehensively deepened the citizen service offerings of social security cards, strengthened cooperation and integration between the Human Resources and Social Security Bureau and banks, and developed four-card-in-one business. We have optimised the service quality of our branches and set up "New Citizen Harbor" and "Police and Bank Station", gradually increasing the proportion of branches suitable for the elderly to 31%; promoted the application of digital RMB scenarios and continuously optimised the basic functions and customer experience of mobile banking; sponsored the "2023-2025 Tianjin Marathon" event and held the "Marathon Expo", which made Tianjin popular; sponsored the "Tianjin Bank•2023 Haihe Drama Festival" and sang the songs of Tianjin; and built "Yunshang Jizhou" to support the development of the cultural tourism industry. "Smart Merchant" was awarded the title of "Tianjin Role Model for Serving the People in 2023".

This year, we have insisted on taking risk compliance management as our top priority and continued to promote the steady development of our business. The Bank has promoted the implementation of the Measures for Classification of Financial Asset Risks of Commercial Banks to improve the construction of the risk management system; deepened the refined management of information technology risks and business continuity to form a relatively complete business continuity emergency management system; established a professional credit approval mechanism, actively supported national and regional strategies on the basis of compliance review, and implemented "one bank, one policy" differentiated credit management. Besides, we have set up a hierarchical, professional and full-cycle litigation management system and formulated a litigation clean-up mechanism to improve the professional level of legal review and legal counsel; reformed the audit system, given full play to research-based audit thinking, highlighted big data analysis, and strengthened audit rectification and application of results; established the Party Committee Discipline Inspection Liaison Office and three Party Committee inspection teams to continuously enhance the Party Committee's political supervision, so as to continue to promote financial standardisation.

This year, we have stuck to taking financial technology innovation as a key focus and continued to promote the construction of digital banks. The Bank has practiced "technology support, technology replacement, technology leading, technology empowerment" to improve the level of digitalisation across the Bank; explored the use of digital twin banking technology to build a bank-wide strategic command system and deepened and improved technological thinking to lay out the construction of digital infrastructure; promoted the deep integration of business and technology, built a "one platform, full scenario, diversified offerings" financial development model, and accelerated the construction of financial service scenarios; and actively facilitated the information technology application innovation and thus won the "Financial Technology Development Award" from the PBOC.

President's Statement

This year, we have persevered in optimising internal management as a basic project and continued to stimulate the endogenous power of the enterprise. The Bank has optimised the size and structure plan management of asset and liability business and strengthened financial analysis and monitoring to further serve the scientific and efficient operation decisions of the Bank; reformed the organisational structure, strengthened the construction of cadre teams and postdoctoral research stations, and vigorously introduced scarce high-end talents; and strengthened the construction of the affairs management system around "Smart OA" to create a "cohesive, accessible, accurate, efficient, convenient and safe" office ecosystem. In addition, we have standardised the handling process of consumer complaints and letters and calls to properly protect consumer rights and interests and maintain stability through letters and calls; adhered to the leading in innovation and hold the first innovation competition; and promoted the implementation of ESG management and thus received the Gold Winner of "Non-English ESG Report".

Looking forward to 2024, although there will still be many complexities and uncertainties in the internal and external environment, the effects of macro policies continue to appear, providing strong support for the smooth operation of China's economy. The five major articles proposed by the Central Financial Work Conference on "Technology Finance, Green Finance, Inclusive Finance, Pension Finance and Digital Finance" further clarify the focus of finance serving the real economy and also provide new opportunities for the business transformation and development of small and medium-sized banks.

Bank of Tianjin will thoroughly study and implement the spirit of General Secretary Xi Jinping's important speeches during his inspection in Tianjin, practice "achieving four intended goals as planned" and keep a foothold in our development positioning. We will fully implement the "eight insistences" requirements of the Central Financial Work Conference to integrate the development of the Bank into the overall situation of accelerating the construction of a financial power, give full play to the main role of local finance to promote the "Double-Five Battles", and focus on serving entities, technological innovation, green development, rural revitalisation and other key areas and weaknesses to serve local economic development and people's livelihood and well-being, so as to contribute to the modernisation with Chinese characteristics.

WU Hongtao
President

Management Discussion and Analysis

I FINANCIAL REVIEW

1. Environment and Prospects

The year 2023 was the opening year of the comprehensive implementation of the comprehensive implementation of the spirit of the 20th National Congress of the Communist Party of China, and a year of economic recovery and development after transition of three years of the COVID-19 prevention and control. Under the strong leadership of the Party Central Committee with Comrade Xi Jinping as the core, China has withstood external pressure, overcome internal difficulties, comprehensively deepened reform and opening up, intensified macroeconomic control, and focused on expanding domestic demand, optimizing structure, boosting confidence and preventing and resolving risks. As the economy rebounds and improves, high-quality development has made solid progress. Important progress has been made in the construction of a modern industrial system, new breakthroughs have been achieved in scientific and technological innovation, reform and opening up have been advanced in depth, the foundation for safe development has been consolidated, people's livelihood has been effectively guaranteed, and solid steps have been taken to comprehensively build a modern socialist country. Meanwhile, there were some difficulties and challenges to be overcome in further promoting economic recovery and improvement, mainly include insufficient effective demand, overcapacity in some industries, weak social expectations, many hidden risks, blocking points in the domestic cycle, and rising complexity, severity and uncertainty in the external environment. In view of the above, the favorable conditions facing China's development are stronger than the unfavorable factors, and the basic trend of economic recovery and long-term improvement has not changed.

The Central Economic Work Conference requires that, to carry out the economic work well in 2024, we must seek progress while maintain stability, consolidate stability through advancement, and prioritise development before addressing problems, implement more policies conducive to stabilizing expectations, growth, and employment, and actively make progress in transforming the economy, adjusting the structure, and improving the quality and efficiency of the economy, thus consolidating the foundation of a stable and upward trend. The whole Party should closely unite under the Party Central Committee with Comrade Xi Jinping as the core, maintain confidence, forge ahead, and strive to achieve the various goals and tasks of economic and social development, and make new and greater contributions to the comprehensive advancement of the construction of a strong nation and national rejuvenation by solidly promoting Chinese path to modernization with practical actions and results of high-quality development.

2. Overall Operation Analysis

The year 2023 was the opening year of the comprehensive implementation of the spirit of the 20th National Congress of the Communist Party of China. Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the strong leadership of the Tianjin Municipal Party Committee and Municipal Government, and the instruction of the financial regulatory authorities, the Bank, based on a problem-oriented approach and a strong foundation-oriented approach, has concentrated its efforts and unified thoughts to fight the Five Major Battles of "Addressing Risks, Increasing Revenue, Reducing Cost, Absorbing Deposits and Setting Litigations" and Five Major Speed-up Battles of "Competence, Structural Transformation, Intermediate Business, Digital Banking, and Supervision Coordination", making the operating results and the operating situation achieve steady progress and grow steadily.

Management Discussion and Analysis

Double-digit growth in business scale. The total assets amounted to RMB840.77 billion, representing an increase of 10.5% from the end of the previous year. In particular, the loan balance amounted to RMB396.01 billion, representing an increase of 17.4% from the end of the previous year. The total liabilities amounted to RMB775.74 billion, representing an increase of 10.7% from the end of the previous year; deposit balance amounted to RMB450.69 billion, representing an increase of 13.3% from the end of the previous year. Net assets per share amounted to RMB10.57, representing an increase of RMB0.72 or 7.4% from the end of the previous year.

Growth in revenue and profit. The Bank achieved operating revenue of RMB16.46 billion, representing a year-on-year increase of 4.4%; profit before provision of RMB11.69 billion, representing a year-on-year increase of 3.1%; total profit of RMB3.92 billion, representing a year-on-year increase of 2.9%; and net profit of RMB3.77 billion, representing a year-on-year increase of 5.7%.

Effective improvement in asset quality. The non-performing loan ratio was 1.70%, representing a decrease of 0.14 percentage point from the end of the previous year; the allowance coverage ratio was 167.86%, representing an increase of 8.59 percentage points from the end of the previous year; the special-mention loan ratio was 3.02%, representing a decrease of 1.67 percentage points from the end of the previous year; and the overdue loan ratio was 2.19%, representing a decrease of 0.74 percentage point from the end of the previous year.

Enhancement in investor returns. Earnings per share amounted to RMB0.62, representing a year-on-year increase of RMB0.03 or 5.1%. Taking into account the results and operating performance, the Board of Directors has formulated and considered and approved the 2023 dividend proposal, with a cash dividend of RMB1.2 per 10 shares, which will be implemented subject to the consideration and approval of the shareholders' general meeting.

Writing "Five Major Articles" in a Better Way

Establishing a sound interaction between "technology" and "finance" two-way empowerment. The Bank continued to improve the science and technology innovation financial service system, established the Science and Innovation Finance Department and became one of the five "technology-industry-finance" new cycle pilot units in Tianjin. In addition, the Bank built a comprehensive financial service model of "customer ecological map + demand scenario + product ecological map" to protect the healthy and high-quality development of technology-based enterprises. The balance of loans to technology-based enterprises increased by 14.97% from the end of the previous year.

Management Discussion and Analysis

Building a “green bank” to write a major article on green finance. The Bank has closely followed the “carbon peaking and carbon neutrality” strategic goals and vigorously developed green finance based on its own resource and regional characteristics. The balance of green loans amounted to RMB24.350 billion, representing an increase of 51.25% from the end of the previous year. The Bank completed the issuance of the first carbon emission reduction loan to a local legal person financial institution in Tianjin and the first pledge loan of the income rights of the charging pile franchise.

Promoting the high-quality development of “inclusive finance”. The Bank increased its efforts in providing inclusive small and micro credit, innovated inclusive small and micro financial products, and actively implemented central financial policies. The size of inclusive small and micro enterprise loans amounted to RMB37.253 billion, representing an increase of 26.01% from the end of the previous year; the number of inclusive small and micro enterprise loan customers was 575,900, representing an increase of 3.77% from the end of the previous year, successfully completing the “double increases and double controls” in small and micro enterprise regulatory indicators.

Creating a “Golden Autumn Harbor” for Bank of Tianjin. The Bank has continuously improved the offline service standards, optimized the online service channels and enriched service offerings for the elderly-friendly finance. The balance of elderly-friendly savings deposits for customers over 60 years old amounted to RMB78.10 billion, representing an increase of 24.6% from the end of the previous year; the balance of elderly-friendly wealth management products amounted to RMB25.89 billion; and 65 branches have passed the certification of elderly-friendly services.

Deeply implementing and developing digital finance. The Bank has adhered to the guidance of technology and adopted the concept of digital development to explore digital financial action plans with the characteristics of Bank of Tianjin and in line with the characteristics of small and medium-sized banks in the new era. The “Smart Connect” platform has been expanding horizontally and innovating vertically. In particular, “Smart Merchant” had nearly 1 million cooperative merchants, covering 10 major industries such as clothing, food, housing, transport and entertainment, and serving 5.8 million users with nearly 8 million purchases on average per day. The “Smart Business·Yongbei” has issued pure credit-based loans of RMB19.617 billion, providing credit funding support to 288,500 small and micro market entities with capital needs, and solving the problem of “difficult, slow and cost-consuming financing” for individual entrepreneurs from the source; Personal online business channels continued to be optimized. The number of transactions completed through various personal online business channels was 23.4286 million, representing a year-on-year increase of 27.79%.

Management Discussion and Analysis

3. Analysis of the Income Statement

	For the year ended 31 December		Rate of Change (%)
	2023	2022	
<i>(Amounts in thousands of Renminbi, unless otherwise stated)</i>			
Interest income	31,212,336	30,385,697	2.7
Interest expense	(19,791,966)	(18,912,719)	4.6
NET INTEREST INCOME	11,420,370	11,472,978	(0.5)
Investment income	2,926,224	1,585,354	84.6
Fee and commission income	2,084,626	2,134,760	(2.3)
Fee and commission expense	(514,454)	(448,261)	14.8
NET FEE AND COMMISSION INCOME	1,570,172	1,686,499	(6.9)
Net trading gains or losses	360,870	795,672	(54.6)
Net gains arising from derecognition of financial assets measured at amortised cost	30,719	101,044	(69.6)
Other income, gains or losses	147,520	117,204	25.9
OPERATING INCOME	16,455,875	15,758,751	4.4
Operating expenses	(4,789,274)	(4,448,622)	7.7
Impairment losses under expected credit loss model	(7,770,265)	(7,524,819)	3.3
Share of results of associates	23,785	24,249	(1.9)
PROFIT BEFORE TAX	3,920,121	3,809,559	2.9
Income tax expense	(153,226)	(246,490)	(37.8)
PROFIT FOR THE YEAR	3,766,895	3,563,069	5.7

During the Reporting Period, the Bank's profit before tax amounted to RMB3.92 billion, representing an increase of RMB0.11 billion over the same period last year or a year-on-year increase of 2.9%, and net profit amounted to RMB3.77 billion, representing an increase of RMB0.2 billion over the same period last year or a year-on-year increase of 5.7%.

Management Discussion and Analysis

3.1 Net interest income, net interest spread and net interest margin

During the Reporting Period, the Bank's net interest spread increased to 1.75% from 1.73% in the same period of the previous year, with the net interest margin decreasing to 1.65% from 1.70% in the same period of the previous year.

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

	For the year ended 31 December					
	Average balance	2023 Interest income	Average yield (%)	Average balance	2022 Interest income	Average yield (%)
<i>(Amounts in millions of RMB, except for percentages)</i>						
Interest-earning assets						
Loans and advances to customer	368,806.6	21,835.1	5.92	330,377.7	19,764.3	5.98
Investment securities and other financial assets ⁽¹⁾	241,232.6	7,770.4	3.22	252,450.4	8,858.1	3.51
Amounts due from banks and other financial institutions ⁽²⁾	33,718.6	1,080.2	3.20	39,950.7	1,230.4	3.08
Deposits with banks and other financial institutions	7,638.4	15.4	0.20	12,407.5	20.4	0.16
Balances with central bank	38,775.1	511.3	1.32	39,423.0	512.5	1.30
Total interest-earning assets	690,171.3	31,212.4	4.52	674,609.3	30,385.7	4.50
Allowance for impairment losses	(14,357.7)			(15,164.5)		
Non-interest-earning assets ⁽³⁾	119,066.8			104,760.3		
Total assets	794,880.4	31,212.4	3.93	764,205.1	30,385.7	3.98

Management Discussion and Analysis

	For the year ended 31 December					
	Average balance	2023 Interest expense	Average cost (%)	Average balance	2022 Interest expense	Average cost (%)
<i>(Amounts in millions of RMB, except for percentages)</i>						
Interest-bearing liabilities						
Due to customers	415,030.2	11,997.9	2.89	381,679.3	11,311.9	2.96
Deposits from banks and other financial institutions	51,207.2	1,280.4	2.50	45,387.0	1,010.8	2.23
Amounts due to banks and other financial institutions ⁽⁴⁾	98,175.2	2,595.6	2.64	97,580.9	2,051.0	2.10
Debt securities issued	80,474.6	2,119.9	2.63	98,189.9	2,983.1	3.04
Lease liabilities	1,087.2	37.2	3.42	1,108.0	41.2	3.72
Borrowings from central bank	67,453.5	1,761.0	2.61	59,551.2	1,514.7	2.54
Total interest-bearing liabilities	713,427.9	19,792.0	2.77	683,496.3	18,912.7	2.77
Non-interest-bearing liabilities ⁽⁵⁾	17,422.7			21,384.6		
Total liabilities	730,850.6	19,792.0	2.71	704,880.9	18,912.7	2.68
Net interest income⁽⁶⁾		11,420.4			11,473.0	
Net interest spread⁽⁷⁾			1.75			1.73
Net interest margin⁽⁸⁾			1.65			1.70

Notes:

- (1) Includes financial assets measured at amortized cost and financial assets measured at FVOCI.
- (2) Consists of financial assets held under resale agreements and placements with banks and other financial institutions.
- (3) Consists of financial assets measured at FVTPL, cash, interest receivables, property and equipment, intangible assets, other receivables, repossessed assets, deferred tax assets, derivative financial assets, right-of-use assets and interests in associates, etc.

Management Discussion and Analysis

- (4) Consists of financial assets sold under repurchase agreements, financial liabilities held for trading and placements from banks and other financial institutions.
- (5) Consists of interest payables, sundry taxes payable, other payables, provisions, salaries and benefits payables, dividends payable and derivative financial liabilities, etc.
- (6) During the Reporting Period, the Bank's net interest income excludes net interest income from financial assets at fair value through profit or loss, i.e. data on the number of investment income accounts; the data for the same period of the previous year have been adjusted.
- (7) Calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities.
- (8) Calculated by dividing net interest income by the daily average balance of total interest-earning assets.

3.2 Interest income

During the Reporting Period, our interest income was RMB31.21 billion, representing an increase of RMB0.83 billion as compared to the same period last year or a year-on-year increase of 2.7%; the average yield of these interest-earning assets was 4.52%, representing a year-on-year increase of 2 basis points, which was mainly due to the Bank's insistence on "returning to its origins" to increase support for key areas of national and local economic development, and the increase in the average balance and percentage of loans and advances to customers year-on-year.

Interest income from loans and advances to customers

During the Reporting Period, interest income from our loans and advances to customers amounted to RMB21.84 billion, representing an increase of RMB2.07 billion as compared to the same period last year, or a year-on-year increase of 10.5%, primarily because the average balance of loans and advances to customers increased by 11.6% year-on-year to RMB368.81 billion. The increase in the average balance of loans and advances to customers was mainly due to the Bank's insistence on returning to its origins, optimising its asset structure, increasing credit facilities in key areas of the real economy and enhancing its support for the real economy.

Management Discussion and Analysis

Interest income from investment securities and other financial assets

During the Reporting Period, the Bank's interest income from investment securities and other financial assets amounted to RMB7.77 billion, representing a decrease of RMB1.09 billion as compared to the same period last year, or a year-on-year decrease of 12.3%, mainly due to the year-on-year decrease of 4.4% in the average balance to RMB241.23 billion and the year-on-year decrease of 29 basis points in the average yield of investment securities and other financial assets to 3.22%. The decrease in the average balance and the average yield on investment securities and other financial assets were primarily due to the Bank's further optimisation of its investment asset structure and the continued maturity and reduction of its existing non-standard assets.

Interest income from amounts due from banks and other financial institutions

During the Reporting Period, interest income from amounts due from banks and other financial institutions amounted to RMB1.08 billion, representing a decrease of RMB0.15 billion as compared to the same period last year, or a year-on-year decrease of 12.2%, mainly due to the year-on-year decrease of 15.6% in the average balance of amounts due from banks and other financial institutions to RMB33.72 billion. The decrease in average balance of amounts due from banks and other financial institutions was mainly because the Bank proactively changed its asset structure to reduce the size of such assets.

Interest income from deposits with banks and other financial institutions

During the Reporting Period, interest income from deposits with banks and other financial institutions amounted to RMB15 million, representing a decrease of RMB5.0 million as compared to the same period last year, or a year-on-year decrease of 24.5%, mainly due to the year-on-year decrease of 38.4% in the average balance of deposits with banks and other financial institutions to RMB7.64 billion. The decrease in average balance of deposits with banks and other financial institutions was mainly because the Bank proactively changed its asset structure to reduce the size of such assets.

Interest income from balances with central bank

During the Reporting Period, interest income from balances with central bank amounted to RMB0.511 billion, representing a decrease of RMB1.0 million as compared to the same period last year, or a year-on-year decrease of 0.2%, maintaining stable basically.

Management Discussion and Analysis

3.3 Interest expense

During the Reporting Period, our interest expense amounted to RMB19.79 billion, representing an increase of RMB0.88 billion as compared to the same period last year, or a year-on-year increase of 4.6%, mainly due to the Bank's adherence to the concept of "deposit-oriented banking", taking the "battle of absorbing deposits" as the key to enhance its core competitiveness, and the average balance of customer deposits increased year on year.

Interest expense on due to customers

During the Reporting Period, our interest expense on due to customers amounted to RMB12.00 billion, representing an increase of RMB0.69 billion as compared to the same period last year, or a year-on-year increase of 6.1%, mainly due to the year-on-year increase of 8.7% in the average balance of due to customers to RMB415.03 billion. Meanwhile, there was a year-on-year decrease of 7 basis points in the average cost on our customer deposits to 2.89%. The increase in the average balance of due to customers and the decrease in average cost of due to customers was mainly due to the Bank's adherence to the concept of "deposit-oriented banking", taking the "battle of absorbing deposits" and "battle of reducing cost" as the key to strengthen the Bank's responsibility to collect and increase deposits, with a stable growth in deposit size. Meanwhile, in response to the central bank's interest rate reduction policy, the Bank strictly enforced the interest rate self-discipline mechanism, and continued to optimize the deposit structure and effectively reduce the interest bearing costs.

Interest expense on deposits from banks and other financial institutions

During the Reporting Period, our interest expense on deposits from banks and other financial institutions amounted to RMB1.28 billion, representing an increase of RMB0.27 billion as compared to the same period last year, or a year-on-year increase of 26.7%, mainly due to the year-on-year increase of 12.8% in the average balance of deposits from banks and other financial institutions to RMB51.21 billion. The increase in average balance of deposits from banks and other financial institutions was mainly because the Bank increased the size of such liabilities.

Management Discussion and Analysis

Interest expense on amounts due to banks and other financial institutions

During the Reporting Period, our interest expense on amounts due to banks and other financial institutions amounted to RMB2.60 billion, representing an increase of RMB0.54 billion as compared to the same period last year, or a year-on-year increase of 26.6%, mainly due to the year-on-year increase of 54 basis points in the average cost on amounts due to banks and other financial institutions to 2.64%. The increase in the average cost of amounts due to banks and other financial institutions was mainly due to the increase in market rates of foreign currency.

Interest expense on debt securities issued

During the Reporting Period, our interest expense on debt securities issued amounted to RMB2.12 billion, representing a decrease of RMB0.86 billion as compared to the same period last year, or a year-on-year decrease of 28.9%, mainly due to the year-on-year decrease of 18.0% in the average balance of debt securities issued to RMB80.47 billion and the year-on-year decrease of 41 basis points in the average cost of debt securities issued to 2.63%. The decrease in average balance of debt securities issued was mainly because the Bank adjusted its liability structure and reduced the size of such business; the decrease in the average cost of debt securities issued was mainly because the Bank optimized its liability structure and decreased the cost of such liabilities.

Interest expense on lease liabilities

During the Reporting Period, our interest expense on lease liabilities amounted to RMB37 million, representing a decrease of RMB4 million as compared to the same period last year, or a year-on-year decrease of 9.7%, mainly due to the year-on-year decrease of 1.9% in the average balance of lease liabilities to RMB1.09 billion and the year-on-year decrease of 30 basis points in the average cost of lease liabilities to 3.42%.

Interest expense on borrowings from central bank

During the Reporting Period, our interest expense on borrowings from central bank amounted to RMB1.76 billion, representing an increase of RMB0.25 billion as compared to the same period last year, or a year-on-year increase of 16.3%, mainly due to the year-on-year increase of 13.3% in the average balance of borrowings from central bank to RMB67.45 billion and the year-on-year increase of 7 basis points in the average cost of borrowings from central bank issued to 2.61%.

Management Discussion and Analysis

3.4 Investment income

Investment income represents investment income in financial instruments measured at FVTPL, including debt securities investment, funds, asset management plans and trust plans and wealth management products income and expense on financial liabilities held for trading measured at FVTPL. During the Reporting Period, the investment income of the Bank was RMB2.93 billion, representing an increase of RMB1.34 billion as compared to the same period last year, or a year-on-year increase of 84.6%, which mainly because the Bank actively broadened the sources of non-interest income and enhanced the level of investment income.

3.5 Net fee and commission income

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

	For the year ended 31 December			
	2023	2022	Change in amount	Rate of change (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Fee and commission income				
Agency commission and underwriting service fee	1,206.7	1,053.9	152.8	14.5
Wealth management service fees	240.1	547.8	(307.7)	(56.2)
Settlement and clearing fees	439.5	294.6	144.9	49.2
Consultancy fees	87.1	123.6	(36.5)	(29.5)
Acceptance and guarantee commitment fees	46.5	59.1	(12.6)	(21.3)
Bank card fees	58.3	53.5	4.8	9.0
Others	6.5	2.3	4.2	182.6
Subtotal	2,084.7	2,134.8	(50.1)	(2.3)
Fee and commission expense	(514.5)	(448.3)	(66.2)	14.8
Net fee and commission income	1,570.2	1,686.5	(116.3)	(6.9)

Management Discussion and Analysis

During the Reporting Period, our net fee and commission income amounted to RMB1.57 billion, representing a decrease of RMB0.12 billion as compared to the same period last year, or a year-on-year decrease of 6.9%.

3.6 Net Trading Gains/(Losses)

Net trading gains/(losses) arise from realised and unrealised profit and loss of financial assets measured at FVTPL, the net disposal gains and losses of debt instruments measured at fair value through other comprehensive income ("FVOCI") and net gains and losses arising from derivative financial instruments. Our net trading gains/(losses) amounted to RMB0.36 billion for the Reporting Period, while we recorded net trading gains/(losses) of RMB0.80 billion for the same period last year, representing a year-on-year decrease of 54.6%.

Management Discussion and Analysis

3.7 Operating expenses

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

	For the year ended 31 December			
	2023	2022	Change in amount	Rate of change (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Operating expenses				
Staff costs	2,448.6	2,278.5	170.1	7.5
Other general and administrative expenses	827.2	726.4	100.8	13.9
Rental and property management expenses	85.0	99.2	(14.2)	(14.3)
Depreciation and amortisation	786.3	813.0	(26.7)	(3.3)
Office expenses	408.6	324.9	83.7	25.8
Sundry taxes	233.6	206.6	27.0	13.1
Total operating expenses	4,789.3	4,448.6	340.7	7.7
Cost-to-income ratio⁽¹⁾	27.68%	26.92%	–	0.76

Note:

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

During the Reporting Period, our operating expenses amounted to RMB4.79 billion, representing an increase of RMB0.34 billion as compared to the same period last year, or a year-on-year increase of 7.7%, mainly due to the year-on-year increase in staff costs, other general and administrative expenses and office expenses.

Our cost-to-income ratio (excluding sundry taxes) was 26.92% and 27.68% for the same period of the previous year and the Reporting Period, respectively, representing a year-on-year increase of 0.76 percentage point.

Management Discussion and Analysis

Staff costs

During the Reporting Period, our total staff costs amounted to RMB2.45 billion, representing an increase of RMB0.17 billion as compared to the same period last year, or a year-on-year increase of 7.5%.

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

	For the year ended 31 December			
	2023	2022	Change in amount	Rate of change (%)
	<i>(Amounts in millions of RMB, except for percentages)</i>			
Salaries, bonuses and allowances	1,713.1	1,552.7	160.4	10.3
Social security contributions	332.1	320.2	11.9	3.7
Housing funds	143.5	141.4	2.1	1.5
Staff welfare	95.1	95.3	(0.2)	(0.2)
Labour union fees and staff education expenses	43.0	36.6	6.4	17.5
Annuity scheme	121.8	132.3	(10.5)	(7.9)
Total	2,448.6	2,278.5	170.1	7.5

Sundry taxes

During the Reporting Period, our sundry taxes amounted to RMB0.23 billion, representing an increase of RMB0.03 billion as compared to the same period last year, or a year-on-year increase of 13.1%, mainly due to the increase in value-added tax surcharge due to growth in interest income.

Office expenses and rental and property management expenses

During the Reporting Period, our office expenses and rental and property management expenses amounted to RMB0.49 billion, representing an increase of RMB0.07 billion as compared to the same period last year, or a year-on-year increase of 16.4%, mainly because the Bank continued to increase technology investment.

Other general and administrative expenses

During the Reporting Period, our other general and administrative expenses amounted to RMB0.83 billion, representing an increase of RMB0.1 billion as compared to the same period last year, or a year-on-year increase of 13.9%, mainly due to that the Bank was actively engaged in the business and the cost of deposit insurance premiums and other costs have increased.

Management Discussion and Analysis

Depreciation and amortisation

During the Reporting Period, depreciation and amortisation of the Bank, including right-of-use assets, amounted to RMB0.79 billion, representing a decrease of RMB0.03 billion as compared to the same period last year, or a year-on-year decrease of 3.3%, mainly due to that certain assets were fully depreciated and amortized.

3.8 Impairment losses under expected credit loss model (ECL), net of reversals

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

	For the year ended 31 December			
	2023	2022	Change in amount	Rate of change (%)
<i>(Amounts in millions of RMB, except for percentages)</i>				
Loans and advances to customers at amortised cost	7,430.3	4,638.2	2,792.1	60.2
Loans and advances to customers at FVOCI	(8.8)	1.7	(10.5)	(617.6)
Credit commitments	(136.6)	(0.9)	(135.7)	15,077.8
Debt instruments at amortised cost	217.2	2,509.4	(2,292.2)	(91.3)
Debt instruments at FVOCI	(14.7)	1.1	(15.8)	(1,436.4)
Deposits with banks and other financial institutions	(18.0)	17.9	(35.9)	(200.6)
Placements with banks and other financial institutions	1.9	0.5	1.4	280.0
Financial assets held under resale agreements	–	353.3	(353.3)	(100.0)
Others	299.0	3.6	295.4	8,205.6
Total	7,770.3	7,524.8	245.5	3.3

During the Reporting Period, our impairment losses under ECL model, net of reversals amounted to RMB7.77 billion, representing an increase of RMB0.25 billion as compared to the same period last year, or a year-on-year increase of 3.3%, which was primarily due to that the Bank increased its provision to enhance its risk offset capability in accordance with the principles of prudence and timeliness.

Management Discussion and Analysis

3.9 Income tax expense

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

	For the year ended 31 December			
	2023	2022	Change in amount	Rate of change (%)
	<i>(Amounts in millions of RMB, except for percentages)</i>			
Profit before tax	3,920.1	3,809.6	110.5	2.9
Tax calculated at the applicable statutory tax rate of 25%	980.0	952.4	27.6	2.9
Income tax at concessionary rate	(2.8)	(0.2)	(2.6)	1,300.0
The effect of utilizing the deductible temporary differences arising from the deferred tax assets that had not been recognized in previous periods	(15.3)	(52.1)	36.8	(70.6)
Income tax adjustment for prior years	0.2	37.7	(37.5)	(99.5)
Tax effect of expenses not deductible for tax purpose	63.6	55.1	8.5	15.4
Tax effect of income not subject to tax ⁽¹⁾	(872.5)	(746.4)	(126.1)	16.9
Income tax expense	153.2	246.5	(93.3)	(37.8)

Note:

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

During the Reporting Period, our income tax amounted to RMB0.15 billion, representing a decrease of RMB0.09 billion as compared to the same period last year, or a year-on-year decrease of 37.8%. The decrease was primarily due to the increase in income not subject to tax.

Management Discussion and Analysis

4. Analysis of the Statement of Financial Position

4.1 Assets

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

	As of 31 December 2023		As of 31 December 2022		Rate of change (%)
	Amount	% of the total (%)	Amount	% of the total (%)	
<i>(Amounts in millions of RMB, except for percentages)</i>					
ASSETS					
Gross loans and advances to customers	407,450.5	48.5	347,428.9	45.6	17.3
Allowance for impairment losses	(11,441.3)	(1.4)	(10,031.7)	(1.3)	14.1
Loans and advances to customers, net	396,009.2	47.1	337,397.2	44.3	17.4
Investment securities and other financial assets, net	346,668.5	41.2	323,408.5	42.5	7.2
Financial assets held under resale agreements	7,668.8	0.9	11,053.5	1.5	(30.6)
Cash and balances with central bank	45,093.9	5.4	42,912.7	5.6	5.1
Deposits with banks and other financial institutions	4,661.4	0.6	6,338.7	0.8	(26.5)
Placements with banks and other financial institutions	28,468.3	3.4	26,347.8	3.5	8.0
Derivative financial assets	82.9	0.0	58.8	0.0	41.0
Other assets ⁽¹⁾	12,118.5	1.4	13,565.7	1.8	(10.7)
Total assets	840,771.5	100.0	761,082.9	100.0	10.5

Notes:

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

As of the end of the Reporting Period, our total assets amounted to RMB840.77 billion, representing an increase of RMB79.69 billion as compared to the end of last year or an increase of 10.5%, which was primarily because the Bank focused on the “Ten Projects (十項行動)” of Tianjin and continued to increase credit investment in key areas of the real economy in response to the policy call, and increased the size of loans and advances to customers.

Management Discussion and Analysis

Loans and advances to customer

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

	As of 31 December 2023		As of 31 December 2022		Rate of change (%)
	Amount	% of the total (%)	Amount	% of the total (%)	
<i>(Amounts in millions of RMB, except for percentages)</i>					
Corporate loans	274,018.9	67.2	185,003.5	53.2	48.1
Personal loans	110,588.8	27.1	123,048.4	35.4	(10.1)
Finance lease receivables	206.0	0.1	627.9	0.2	(67.2)
Discounted bills	22,636.8	5.6	38,749.1	11.2	(41.6)
Total	407,450.5	100.0	347,428.9	100.0	17.3

Corporate loans

As of the end of the Reporting Period, our corporate loans amounted to RMB274.02 billion, representing an increase of RMB89.02 billion as compared to the end of last year or a year-on-year increase of 48.1%, which was primarily due to that the Bank focused on “Ten Projects” of Tianjin and continued to increase credit investment in key areas of the real economy, and increased the scale of corporate loans in response to the policy call.

Management Discussion and Analysis

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

	As of 31 December 2023		As of 31 December 2022		Rate of change (%)
	Amount	% of the total (%)	Amount	% of the total (%)	
<i>(Amounts in millions of RMB, except for percentages)</i>					
Short-term loans (one year or less)	48,622.9	17.7	44,873.5	24.3	8.4
Medium and long-term loans (over one year)	225,396.0	82.3	140,130.0	75.7	60.8
Total corporate loans	274,018.9	100.0	185,003.5	100.0	48.1

Short-term loans as a percentage of our corporate loan portfolio decreased from 24.3% at the end of last year to 17.7% at the end of the Reporting Period and our medium and long-term loans as a percentage of our corporate loan portfolio increased from 75.7% at the end of last year to 82.3% at the end of the Reporting Period, which was mainly due to that the Bank returned to the origins and increased its investment in credit assets to meet project funding needs, and the proportion of medium and long-term loans increased.

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

	As of 31 December 2023		As of 31 December 2022		Rate of change (%)
	Amount	% of the total (%)	Amount	% of the total (%)	
<i>(Amounts in millions of RMB, except for percentages)</i>					
Working capital loans	124,746.9	45.4	88,466.7	47.8	41.0
Fixed asset loans	101,979.2	37.2	69,645.9	37.6	46.4
Trade finance	7,597.1	2.8	3,501.0	1.9	117.0
Others ⁽¹⁾	39,695.7	14.6	23,389.9	12.7	69.7
Total corporate loans	274,018.9	100.0	185,003.5	100.0	48.1

Note:

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

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As of the end of the Reporting Period, our working capital loans amounted to RMB124.75 billion, representing an increase of RMB36.28 billion as compared to the end of last year or an increase of 41.0%, which was primarily due to that the Bank continued to increase in credit facilities to meet the financing needs of production and business activities of real economic entities.

As of the end of the Reporting Period, our fixed assets loans amounted to RMB101.98 billion, representing an increase of RMB32.33 billion as compared to the end of last year or an increase of 46.4%, which was primarily due to the Bank's continuous increase in credit facilities to meet the financing needs for construction of projects.

As of the end of the Reporting Period, our trade finance amounted to RMB7.60 billion, representing an increase of RMB4.10 billion as compared to the end of last year or an increase of 117.0%, which was primarily due to the increased financing demand for customer and the increased business issuance by the Bank.

As of the end of the Reporting Period, our other corporate loans amounted to RMB39.70 billion, representing an increase of RMB16.31 billion as compared to the end of last year or an increase of 69.7%, which was primarily due to that the Bank increased its investment in merger and acquisition loans and factoring to meet market financing needs.

Management Discussion and Analysis

Personal loans

As of the end of the Reporting Period, our personal loans amounted to RMB110.59 billion, representing a decrease of RMB12.46 billion as compared to the end of last year or a decrease of 10.1%.

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

	As of 31 December 2023		As of 31 December 2022		Rate of change (%)
	Amount	% of the total (%)	Amount	% of the total (%)	
<i>(Amounts in millions of RMB, except for percentages)</i>					
Personal loans for consumption ⁽¹⁾	48,451.9	43.8	61,789.4	50.2	(21.6)
Personal loans for business purposes	37,434.6	33.9	33,489.2	27.2	11.8
Residential mortgage loans	24,702.3	22.3	27,769.8	22.6	(11.0)
Total personal loans	110,588.8	100.0	123,048.4	100.0	(10.1)

Note: (1) including credit card overdrafts.

As of the end of the Reporting Period, our personal loans for consumption amounted to RMB48.45 billion, representing a decrease of RMB13.34 billion as compared to the end of last year or a decrease of 21.6%.

As of the end of the Reporting Period, our personal loans for business purposes amounted to RMB37.43 billion, representing an increase of RMB3.95 billion as compared to the end of last year or an increase of 11.8%, which was mainly due to the increase in the scale and percentage of personal loans for business purposes as the Bank actively increased its support for individual entrepreneurs and other customer segments, enriched its credit products and increased its credit issuance.

Management Discussion and Analysis

As of the end of the Reporting Period, our residential mortgage loans amounted to RMB24.70 billion, representing a decrease of RMB3.07 billion as compared to the end of last year or a decrease of 11.0%, which was mainly due to the lack of demand for transactions in the housing market, coupled with fluctuations in returns in the wealth market and other factors, which resulted in insufficient allocation of the Bank's residential mortgage loans, an increase in early repayments, and a decline in loan balances as compared with the end of the previous year.

Finance lease receivables

As of the end of the Reporting Period, our finance lease receivables amounted to RMB0.21 billion, representing a decrease of RMB0.42 billion as compared to the end of last year or a decrease of 67.2%, which was mainly due to that the sale leaseback business has been settled successively.

Discounted bills

As of the end of the Reporting Period, our discounted bills amounted to RMB22.64 billion, representing a decrease of RMB16.11 billion as compared to the end of last year or a decrease of 41.6%, which was primarily due to the decreased financing demand for customer due to factors such as the shortening of the maturity period of bills, resulting in a decline in business volume.

Investment securities and other financial assets

As of the end of the Reporting Period, the balance of our investment securities and other financial assets amounted to RMB346.67 billion, representing an increase of RMB23.26 billion as compared to the end of last year or an increase of 7.2%, which was primarily due to the increased investment in standardised bonds to support the financing demand of the real economy.

Management Discussion and Analysis

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

	As of 31 December 2023		As of 31 December 2022		Rate of change (%)
	Amount	% of the total (%)	Amount	% of the total (%)	
<i>(Amounts in millions of RMB, except for percentages)</i>					
Debt securities					
Debt securities measured at amortised cost	141,766.9	40.9	148,508.0	45.9	(4.5)
Debt securities measured at FVOCI	88,863.2	25.6	65,402.0	20.2	35.9
Debt securities measured at FVTPL	11,580.1	3.3	6,750.5	2.1	71.5
Allowance for impairment losses	(487.0)	(0.1)	(497.7)	(0.2)	(2.1)
Subtotal	241,723.2	69.7	220,162.8	68.0	9.8
Funds	40,579.4	11.7	21,054.2	6.5	92.7
Wealth management products issued by other financial institutions					
	-	-	496.6	0.2	(100.0)
Asset management plans and trust plans and other debt financing products, net					
Asset management plans and trust plans	48,491.3	14.0	57,774.1	17.9	(16.1)
Other debt financing products	13,873.8	4.0	22,171.8	6.9	(37.4)
Allowance for impairment losses	(1,371.9)	(0.4)	(1,144.1)	(0.4)	19.9
Subtotal	60,993.2	17.6	78,801.8	24.4	(22.6)
Equity investments					
Equity investments measured at FVTPL	1,730.5	0.5	1,250.9	0.4	38.3
Equity investments measured at FVOCI	1,642.2	0.5	1,642.2	0.5	-
Subtotal	3,372.7	1.0	2,893.1	0.9	16.6
Total investment securities and other financial assets, net					
	346,668.5	100.0	323,408.5	100.0	7.2

Management Discussion and Analysis

Debt securities

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

	As of 31 December 2023		As of 31 December 2022		Rate of change (%)
	Amount	% of the total (%)	Amount	% of the total (%)	
<i>(Amounts in millions of RMB, except for percentages)</i>					
PRC government bonds	81,234.6	33.5	77,790.6	35.3	4.4
Debt securities issued by PRC public entities and policy banks	86,124.4	35.6	72,664.2	32.9	18.5
Debt securities issued by PRC corporate issuers	53,261.8	22.0	43,953.7	19.9	21.2
Debt securities issued by PRC banks and other financial institutions	11,356.9	4.7	6,850.6	3.1	65.8
Asset-backed securities	10,232.5	4.2	19,401.4	8.8	(47.3)
Total	242,210.2	100.0	220,660.5	100.0	9.8

As of the end of the Reporting Period, our holding of debt securities balance amounted to RMB242.21 billion, representing an increase of RMB21.55 billion as compared to the end of last year or an increase of 9.8%, which was primarily due to the Bank properly adjusted the asset structure, ramped up investments in standardized debt securities and increased the scale of deployment of high-quality current assets with higher comparable yield.

Management Discussion and Analysis

Distribution of investment securities and other financial assets by investment intention

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

	As of 31 December 2023		As of 31 December 2022		Rate of change (%)
	Amount	% of the total (%)	Amount	% of the total (%)	
<i>(Amounts in millions of RMB, except for percentages)</i>					
Debt instruments at amortised costs	162,245.2	46.8	180,133.9	55.7	(9.9)
Financial assets measured at FVOCI	90,505.4	26.1	67,134.2	20.8	34.8
Financial assets measured at FVTPL	93,917.9	27.1	76,140.4	23.5	23.3
Total	346,668.5	100.0	323,408.5	100.0	7.2

Management Discussion and Analysis

Financial assets held under resale agreements

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

	As of 31 December 2023		As of 31 December 2022		Rate of change (%)
	Amount	% of the total (%)	Amount	% of the total (%)	
<i>(Amounts in millions of RMB, except for percentages)</i>					
Analysed by collateral type:					
Debt securities	7,421.9	88.2	10,806.6	91.6	(31.3)
Bills	993.5	11.8	993.5	8.4	-
Total	8,415.4	100.0	11,800.1	100.0	(28.7)
Allowance for impairment losses	(746.6)		(746.6)		-
Net amount	7,668.8		11,053.5		(30.6)

As of the end of the Reporting Period, our financial assets held under resale agreements amounted to RMB7.67 billion, representing a decrease of RMB3.38 billion as compared to the end of last year or a decrease of 30.6%, which was primarily due to the Bank's active adjustment of asset structure and proper decrease in the scale of financial assets held under resale agreements.

Other components of our assets

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

As of the end of the Reporting Period, our cash and balances with central bank amounted to RMB45.09 billion, representing an increase of RMB2.18 billion as compared to the end of last year or an increase of 5.1%.

Management Discussion and Analysis

As of the end of the Reporting Period, our deposits with banks and other financial institutions amounted to RMB4.66 billion, representing a decrease of RMB1.68 billion as compared to the end of last year or a decrease of 26.5%, which was primarily due to the Bank's active adjustment of asset structure and decrease in the scale of such assets.

As of the end of the Reporting Period, our placements with banks and other financial institutions amounted to RMB28.47 billion, representing an increase of RMB2.12 billion as compared to the end of last year or an increase of 8.0%, which was primarily due to the Bank's active adjustment of the asset structure and proper increase in the asset scale of placements with banks and other financial institutions.

As of the end of the Reporting Period, our derivative financial assets amounted to RMB0.083 billion, representing an increase of RMB0.024 billion as compared to the end of last year or an increase of 41.0%, which was primarily due to higher gains on fair value changes as a result of 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. As of the end of the Reporting Period, our other assets amounted to RMB12.12 billion, representing a decrease of RMB1.45 billion as compared to the end of last year or a decrease of 10.7%, which was primarily due to the decrease in other receivables.

Pledge of assets

As of the end of the Reporting Period, the details of pledge of our assets are set out in note 51 and 52.1(8) (iv) to the consolidated financial statements in this annual report.

Management Discussion and Analysis

4.2 Liabilities

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

	As of 31 December 2023		As of 31 December 2022		Rate of change (%)
	Amount	% of the total (%)	Amount	% of the total (%)	
<i>(Amounts in millions of RMB, except for percentages)</i>					
Due to customers	450,686.4	58.1	397,765.3	56.8	13.3
Debt securities issued	83,286.4	10.8	93,473.3	13.3	(10.9)
Deposit from banks and other financial institutions	59,043.6	7.6	42,073.9	6.0	40.3
Financial assets sold under repurchase agreements	68,517.4	8.8	76,259.8	10.9	(10.2)
Placements from banks and other financial institutions	29,725.3	3.8	23,312.2	3.3	27.5
Borrowings from central bank	78,201.3	10.1	61,799.0	8.8	26.5
Income tax payable	8.2	0.0	5.3	0.0	54.7
Derivative financial liabilities	3.2	0.0	60.2	0.0	(94.7)
Other liabilities ⁽¹⁾	6,270.0	0.8	5,714.7	0.9	9.7
Total liabilities	775,741.8	100.0	700,463.7	100.0	10.7

Note:

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

As of the end of the Reporting Period, our total liabilities amounted to RMB775.74 billion, representing an increase of RMB75.28 billion as compared to the end of last year or an increase of 10.7%, which was primarily because the Bank continued the battle of “absorbing deposits” and significantly increased the scale of customer deposits.

Management Discussion and Analysis

Due to customers

As of the end of the Reporting Period, our due to customers amounted to RMB450.69 billion, representing an increase of RMB52.92 billion as compared to the end of last year or an increase of 13.3%, which was mainly due to the Bank's adherence to the concept of "deposit-oriented banking", taking the battle of "absorbing deposits" as the key to strengthen the Bank's responsibility to collect and increase deposits, and giving full play to the role of performance appraisal, to achieve a rapid increase in the scale of deposits.

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

	As of 31 December 2023		As of 31 December 2022		Rate of change (%)
	Amount	% of the total (%)	Amount	% of the total (%)	
<i>(Amounts in millions of RMB, except for percentages)</i>					
Corporate deposits					
Demand	200,619.7	44.5	175,514.5	44.1	14.3
Time	62,930.6	14.0	71,965.5	18.1	(12.6)
Subtotal	263,550.3	58.5	247,480.0	62.2	6.5
Personal deposits					
Demand	25,536.8	5.7	27,248.4	6.8	(6.3)
Time	140,266.1	31.1	112,792.9	28.4	24.4
Subtotal	165,802.9	36.8	140,041.3	35.2	18.4
Others ⁽¹⁾	21,333.2	4.7	10,244.0	2.6	108.3
Total due to customers	450,686.4	100.0	397,765.3	100.0	13.3

Note:

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

Management Discussion and Analysis

As of the end of the Reporting Period, our corporate deposits amounted to RMB263.55 billion, representing an increase of RMB16.07 billion as compared to the end of last year or an increase of 6.5%, which was mainly due to the Bank's increased efforts in expanding corporate and institutional customers and actively attracting settlement low-cost deposits, which resulted in stable growth in deposit size and effective improvement in the quality of liabilities while the deposit structure was further optimized.

As of the end of the Reporting Period, our personal deposits amounted to RMB165.80 billion, representing an increase of RMB25.76 billion as compared to the end of last year or an increase of 18.4%, which was mainly due to the fact that the Bank launched marketing programs throughout the year by optimizing the allocation of financial resources, the assessment of account managers, and the investment of marketing expenses to play a commanding role. The Bank also optimized the experience of its savings deposit products by launching large deposit certificates exclusively for union member cards, putting on-line paper certificates for large deposit certificates, launching "Chinese Zodiac", "Old" and "Young" special deposit certificates, and promoting the stable growth of the scale of savings deposits through policy incentives and product-driven measures.

Debt securities issued

As of the end of the Reporting Period, our debt securities issued amounted to RMB83.29 billion, representing a decrease of RMB10.19 billion as compared to the end of last year or a decrease of 10.9%, which was primarily due to the adjustment of the structure of the Bank's liability business to decrease the scale of such liability business.

Deposit from banks and other financial institutions

As of the end of the Reporting Period, our deposits from banks and other financial institutions amounted to RMB59.04 billion, representing an increase of RMB16.97 billion as compared to the end of last year or an increase of 40.3%, which was primarily due to the adjustment of the structure of the Bank's liability business to increase the scale of such liability business.

Financial assets sold under repurchase agreements

As of the end of the Reporting Period, our financial assets sold under repurchase agreements amounted to RMB68.52 billion, representing a decrease of RMB7.74 billion as compared to the end of last year or a decrease of 10.2%, which was primarily due to the adjustment of the structure of the Bank's liability business to decrease the scale of such liability business.

Management Discussion and Analysis

Placements from banks and other financial institutions

As of the end of the Reporting Period, our placements from banks and other financial institutions amounted to RMB29.73 billion, representing an increase of RMB6.41 billion as compared to the end of last year or an increase of 27.5%, which was primarily due to the adjustment of the structure of the Bank's liability business to increase the scale of such liability business.

Borrowings from central bank

As of the end of the Reporting Period, our borrowings from central bank amounted to RMB78.20 billion, representing an increase of RMB16.40 billion or an increase of 26.5% as compared to that as of the end of last year, which was primarily due to the Bank actively obtained policy support from the central bank to fully utilize medium-term lending facilitation, refinancing, rediscounting and carbon emission reduction support tools to support the real economy, private small and micro-enterprises and green development, and broadened the source of funds.

Income tax payable

As of the end of the Reporting Period, our income tax payable amounted to RMB8 million, representing an increase of RMB3 million or an increase of 54.7% as compared to that as of the end of last year.

Derivative financial liabilities

As of the end of the Reporting Period, our derivative financial liabilities amounted to RMB3 million, representing a decrease of RMB57 million or a decrease of 94.7% as compared to that as of the end of last year, which was mainly due to higher gains or losses on fair value changes as a result of market fluctuation, and thus a corresponding decrease in the size of the liabilities.

Other liabilities

Our other liabilities mainly include lease liabilities, other payables, settlement payable, salaries and benefits payable, dividends payable, provision and sundry taxes payable, etc. As of the end of the Reporting Period, our other liabilities amounted to RMB6.27 billion, representing an increase of RMB0.56 billion or an increase of 9.7% as compared to that as of the end of last year, which was mainly due to the increase in settlement of payables.

Contingent liabilities

As of the end of the Reporting Period, details of the Bank's contingent liabilities are set out in note 49 to the consolidated financial statements in this annual report.

Management Discussion and Analysis

4.3 Equity

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

	As of 31 December 2023		As of 31 December 2022		Rate of change (%)
	Amount	% of the total (%)	Amount	% of the total (%)	
<i>(Amounts in millions of RMB, except for percentages)</i>					
EQUITY					
Share capital	6,070.6	9.3	6,070.6	10.0	–
Capital reserve	10,731.1	16.5	10,731.1	17.7	–
Investment revaluation reserve	146.6	0.2	(497.1)	(0.8)	129.5
Surplus reserve	3,352.5	5.2	3,352.5	5.5	–
General reserve	9,227.3	14.2	9,221.4	15.2	0.1
Retained earnings	34,660.5	53.3	30,906.6	51.0	12.1
Equity attributable to equity holders of the Bank	64,188.6	98.7	59,785.0	98.6	7.4
Non-controlling interests	841.1	1.3	834.1	1.4	0.8
Total equity	65,029.7	100.0	60,619.1	100.0	7.3

As of the end of the Reporting Period, our shareholders' equity amounted to RMB65.03 billion, representing an increase of RMB4.41 billion or an increase of 7.3% as compared to that as of the end of last year. Our equity attributable to equity holders of the Bank was RMB64.19 billion, representing an increase of RMB4.40 billion or an increase of 7.4% as compared to that as of the end of last year. The increase in the shareholders' equity was mainly due to the increase of retained earnings.

Management Discussion and Analysis

5. Analysis of Off-balance Sheet Items

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

	As of 31 December 2023	As of 31 December 2022	Rate of change (%)
	<i>(Amounts in millions of RMB)</i>		
Acceptances	44,296.0	38,741.7	14.3
Undrawn corporate loans limit	26,223.4	18,240.7	43.8
Undrawn credit card limit	10,930.7	17,922.8	(39.0)
Letters of credit	16,479.0	15,252.1	8.0
Letters of guarantee	5,933.0	3,059.5	93.9
Total	103,862.1	93,216.8	11.4

Management Discussion and Analysis

6. Credit Quality Analysis

Distribution of loans by five-category loan classification

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

	As of 31 December 2023		As of 31 December 2022		Rate of change (%)
	Amount	% of the total ⁽¹⁾ (%)	Amount	% of the total (%)	
<i>(Amounts in millions of RMB, except for percentages)</i>					
Normal	388,326.6	95.31	324,836.5	93.50	19.5
Special mention	12,308.1	3.02	16,293.8	4.69	(24.5)
Subtotal	400,634.7	98.33	341,130.3	98.19	17.4
Substandard	4,853.3	1.19	3,986.3	1.15	21.7
Doubtful	1,034.5	0.25	1,546.8	0.45	(33.1)
Loss	928.0	0.23	765.5	0.21	21.2
Subtotal	6,815.8	1.67	6,298.6	1.81	8.2
Gross loans and advances to customers	407,450.5	100.0	347,428.9	100.0	17.3

Note:

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

As of the end of the Reporting Period, according to the five-category loan classification, the normal loans amounted to RMB388.33 billion, accounting for 95.31% of all the loans of the Bank, representing an increase of RMB63.49 billion as compared to that as of the end of last year. Loans classified as special mention were RMB12.31 billion, accounting for 3.02% of all loans, representing a decrease of RMB3.99 billion as compared to that as of the end of last year. The non-performing loans were RMB6.82 billion, representing an increase of RMB0.52 billion as compared to that as of the end of last year, with a non-performing loan ratio⁽¹⁾ of 1.67%, representing a decrease of 0.14 percentage point as compared to that as of the end of last year, which was mainly due to the significant decline in the overall scale of loans classified as special mention and non-performing loans and the Bank's effective improvement in asset quality as a result of increasing the control of asset quality and disposal of risky assets led by the "Battle of Addressing Risks" of the Bank.

Management Discussion and Analysis

Distribution of corporate loans by industry

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

	As of 31 December 2023		As of 31 December 2022		Rate of change (%)
	Amount	% of the total (%)	Amount	% of the total (%)	
<i>(Amounts in millions of RMB, except for percentages)</i>					
Leasing and commercial services	85,267.2	31.1	53,810.9	29.0	58.5
Water, environment and public facilities management	31,190.3	11.4	16,886.7	9.1	84.7
Real estate	30,950.2	11.3	27,976.9	15.1	10.6
Construction	30,419.8	11.1	27,981.9	15.1	8.7
Wholesale and retail	25,741.7	9.4	13,978.2	7.5	84.2
Manufacturing	19,637.5	7.2	20,034.6	10.8	(2.0)
Finance	16,060.0	5.9	8,128.0	4.4	97.6
Scientific research and technical services	11,807.5	4.3	1,725.7	0.9	584.2
Transportation, storage and postal services	7,184.6	2.6	4,280.1	2.3	67.9
Production and supply of electricity, heat, gas and water	3,822.6	1.4	3,564.7	1.9	7.2
Resident services, repair and other services	2,500.3	0.9	2,225.0	1.2	12.4
Agriculture, forestry, animal husbandry and fishery	2,267.5	0.8	641.1	0.3	253.7
Mining	2,083.9	0.8	210.8	0.1	888.6
Culture, sports and entertainment	2,033.9	0.7	1,988.6	1.1	2.3
Information transmission, software and information technology services	1,506.3	0.5	962.3	0.5	56.5
Accommodation and catering	939.4	0.3	554.2	0.3	69.5
Health and social services	560.9	0.2	515.7	0.3	8.8
Education	251.3	0.1	166.0	0.1	51.4
Total corporate loans⁽¹⁾	274,224.9	100.0	185,631.4	100.0	47.7

Note:

(1) Consist of finance lease receivables.

Management Discussion and Analysis

During the Reporting Period, the Bank further optimized its loans structure and increased its credit support to the real economy and infrastructure construction. As of the end of the Reporting Period, loans provided to customers in the industries of (i) leasing and commercial services, (ii) water, environment and public facilities management, (iii) real estate, (iv) construction, and (v) wholesale and retail represented the top five largest components of the Bank's corporate loans. As of the end of the Reporting Period and the end of last year, the balance of loans provided to the corporate customers in these five industries were RMB203.57 billion and RMB140.63 billion, respectively, accounting for 74.3% and 75.8% of the total corporate loans and advances, respectively.

Distribution of non-performing loans to corporate customers by industry

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

	As of 31 December 2023			As of 31 December 2022			Change in NPL ratio (%)
	Amount	% of the total (%)	NPL ratio ⁽¹⁾ (%)	Amount	% of the total (%)	NPL ratio ⁽¹⁾ (%)	
<i>(Amounts in millions of RMB, except for percentages)</i>							
Wholesale and retail	1,207.2	29.4	4.69	970.8	24.9	6.95	(2.26)
Manufacturing	974.2	23.8	4.96	725.9	18.6	3.62	1.34
Construction	520.4	12.7	1.71	124.5	3.2	0.44	1.27
Leasing and commercial services	417.2	10.2	0.49	83.5	2.1	0.16	0.33
Real estate	336.6	8.2	1.09	1,677.3	43.1	6.00	(4.91)
Production and supply of electricity, heat, gas and water	334.1	8.2	8.74	-	-	-	8.74
Agriculture, forestry, animal husbandry and fishery	91.5	2.2	4.04	68.4	1.8	10.67	(6.63)
Scientific research and technical services	75.0	1.8	0.64	35.2	0.9	2.04	(1.40)
Accommodation and catering	45.3	1.1	4.82	12.0	0.3	2.17	2.65
Resident services, repair and other services	44.0	1.1	1.76	44.0	1.1	1.98	(0.22)
Information transmission, software and information technology services	20.4	0.5	1.35	20.4	0.5	2.12	(0.77)
Mining	15.3	0.4	0.73	-	-	-	0.73
Water, environment and public facilities management	9.0	0.2	0.03	128.3	3.3	0.76	(0.73)
Culture, sports and entertainment	6.7	0.2	0.33	-	-	-	0.33
Transportation, storage and postal services	0.0	0.0	0.0	3.3	0.2	0.08	(0.08)
Total non-performing loans to corporate customers⁽²⁾	4,096.9	100.0	1.49	3,893.6	100.0	2.10	(0.61)

Notes:

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

Management Discussion and Analysis

As of the end of the Reporting period, the non-performing loans to corporate customers of the Bank was 1.49%, representing a decrease of 0.61 percentage points as compared to that as of the end of last year. The top five industries in terms of the amount of non-performing loans to the Bank's corporate customers were wholesale and retail, manufacturing, construction, leasing and commercial services and real estate.

As of the end of the prior year and the end of the Reporting Period, our non-performing loan ratio for our corporate loans in the wholesale and retail industry were 6.95% and 4.69% respectively, representing a decrease of 2.26 percentage points, non-performing loans to corporate customers from borrowers in this industry accounted for 24.9% and 29.4% of our total non-performing loans to corporate customers, respectively.

As of the end of the prior year and the end of the Reporting Period, our non-performing loans ratio for our corporate loans in the manufacturing industry were 3.62% and 4.96%, respectively; non-performing loans to corporate customers to borrowers in this industry accounted for 18.6% and 23.8% of our total non-performing loans to corporate customers, respectively.

As of the end of the prior year and the end of the Reporting Period, our non-performing loans ratio in construction industry were 0.44% and 1.71%, respectively. Non-performing loans to corporate customers to borrowers in this industry accounted for 3.2% and 12.7% of our total non-performing loans to corporate customers, respectively.

As of the end of the prior year and the end of the Reporting Period, our non-performing loans ratio in the leasing and commercial services industry were 0.16% and 0.49%, respectively. Non-performing loans to corporate customers to borrowers in this industry accounted for 2.1% and 10.2% of our total non-performing loans to corporate customers, respectively.

As of the end of the prior year and the end of the Reporting Period, our non-performing loan for corporate loans in the real estate industry amounted to RMB1.68 billion and RMB0.34 billion, representing a decrease of 79.9%, and the non-performing loan ratios were 6.00% and 1.09%, representing a decrease of 4.91 percentage points; non-performing loans to corporate customers to borrowers in this industry accounted for 43.1% and 8.2% of our total non-performing loans to corporate customers, respectively.

Management Discussion and Analysis

Distribution of Non-Performing Loans by Product Type

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

	As of 31 December 2023			As of 31 December 2022			Change in NPL ratio (%)
	Amount	% of the total (%)	NPL ratio ⁽¹⁾ (%)	Amount	% of the total (%)	NPL ratio ⁽¹⁾ (%)	
<i>(Amounts in millions of RMB, except for percentages)</i>							
Corporate loans⁽²⁾							
Working capital loans	3,040.1	44.6	2.44	2,340.9	37.2	2.65	(0.21)
Fixed asset loans	663.7	9.7	0.65	1,306.7	20.7	1.88	(1.23)
Finance lease receivables	6.7	0.1	3.25	175.3	2.8	27.92	(24.67)
Others ⁽³⁾	386.4	5.7	0.82	70.7	1.1	0.26	0.56
Subtotal	4,096.9	60.1	1.49	3,893.6	61.8	2.10	(0.61)
Personal loans							
Personal loans for consumption ⁽⁴⁾	1,118.6	16.4	2.31	1,114.8	17.7	1.80	0.51
Personal loans for business purposes	1,371.4	20.1	3.66	1,130.0	17.9	3.37	0.29
Residential mortgage loans	228.9	3.4	0.93	160.2	2.6	0.58	0.35
Subtotal	2,718.9	39.9	2.46	2,405.0	38.2	1.95	0.51
Total non-performing loans	6,815.8	100.0	1.67	6,298.6	100.0	1.81	(0.14)

Notes:

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

The non-performing loan ratio for our corporate loans was 1.49% as of the end of the Reporting Period, representing a decrease of 0.61 percentage point as compared to that as of the end of last year. The non-performing loan ratio for our personal loans was 2.46%, representing an increase of 0.51 percentage point as compared to that as of the end of last year.

Management Discussion and Analysis

Distribution of non-performing loans by geographical region

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

	As of 31 December 2023			As of 31 December 2022			Change in NPL ratio (%)
	Amount	% of the total (%)	NPL ratio ⁽¹⁾ (%)	Amount	% of the total (%)	NPL ratio ⁽¹⁾ (%)	
<i>(Amounts in millions of RMB, except for percentages)</i>							
Tianjin	2,397.3	35.2	1.01	934.9	14.8	0.52	0.49
Shandong Province	1,488.0	21.8	4.04	928.3	14.7	2.51	1.53
Hebei Province	1,411.7	20.8	4.00	2,375.2	37.7	8.99	(4.99)
Shanghai	1,112.5	16.3	2.67	1,455.8	23.1	2.56	0.11
Beijing	207.5	3.0	1.01	305.8	4.9	1.71	(0.70)
Sichuan Province	187.4	2.7	0.53	290.4	4.6	1.03	(0.50)
Others ⁽²⁾	11.4	0.2	1.18	8.2	0.2	0.86	0.32
Total non-performing loans	6,815.8	100.0	1.67	6,298.6	100.0	1.81	(0.14)

Notes:

- (1) Calculated by dividing non-performing loans of each region by the gross loans (interests included) of that region.
- (2) Mainly included regions where the Bank's subsidiaries were located, such as Ningxia.

Management Discussion and Analysis

Distribution of loans by collateral

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

	As of 31 December 2023		As of 31 December 2022		Rate of change (%)
	Amount	% of the total (%)	Amount	% of the total (%)	
<i>(Amounts in millions of RMB, except for percentages)</i>					
Unsecured loans	141,121.8	34.6	155,405.2	44.7	(9.2)
Guaranteed loans	164,558.2	40.4	92,488.8	26.6	77.9
Collateralised loans ⁽¹⁾	75,162.5	18.4	75,813.8	21.8	(0.9)
Pledged loans ⁽¹⁾	26,608.0	6.6	23,721.1	6.9	12.2
Gross loans and advances to customers	407,450.5	100.0	347,428.9	100.0	17.3

Note:

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

Borrowers concentration

As of the end of the Reporting Period, the Bank's total loans to its largest single borrower accounted for 4.85% of its regulatory capital, which was in compliance with regulatory requirements.

a. Indicators of concentration

Major regulatory indicators	Regulatory standard	As of	As of
		31 December 2023	31 December 2022
Loan concentration ratio for the largest single customer (%)	<=10	4.85	6.80

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

Management Discussion and Analysis

b. Loans to top ten single borrowers

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

Industry	As of 31 December 2023			Classification	
	Amount	% of the total loans (%)	% of regulatory capital ⁽¹⁾ (%)		
<i>(Amounts in millions of RMB, except for percentages)</i>					
Borrower A	Leasing and commercial services	3,990.0	0.98	4.85	Normal
Borrower B	Construction	3,983.8	0.96	4.85	Normal
Borrower C	Finance	3,778.0	0.93	4.60	Normal
Borrower D	Real estate	3,657.9	0.90	4.45	Normal
Borrower E	Leasing and commercial services	3,540.5	0.87	4.31	Normal
Borrower F	Leasing and commercial services	3,414.9	0.84	4.15	Normal
Borrower G	Construction	3,374.6	0.83	4.11	Normal
Borrower H	Finance	3,284.5	0.81	4.00	Normal
Borrower I	Leasing and commercial services	3,053.0	0.75	3.71	Normal
Borrower J	Construction	2,998.5	0.74	3.65	Normal
Total		35,075.7	8.61	42.67	

Note:

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

As of the end of the Reporting Period, the loan balance of the largest single borrower of the Bank was RMB3.99 billion, accounting for 0.98% of our total amount of loans, and the total amount of loans of the top ten single borrowers was RMB35.08 billion, representing 8.61% of the total amount of loans of the Bank.

Management Discussion and Analysis

Aging schedule of loans past due

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

Past due	As of 31 December 2023		As of 31 December 2022		Rate of change (%)
	Amount	As a percentage of gross loans and advances to customers (%)	Amount	As a percentage of gross loans and advances to customers (%)	
<i>(Amounts in thousands of RMB, except percentages)</i>					
Past due 1 to 90 days	3,261,828	0.80	3,949,672	1.14	(17.4)
Past due 90 days to 1 year	3,783,328	0.92	2,450,810	0.71	54.4
Past due 1 to 3 years	1,300,269	0.32	3,248,227	0.93	(60.0)
Past due more than 3 years	593,478	0.15	538,929	0.15	10.1
Total	8,938,903	2.19	10,187,638	2.93	(12.3)

Management Discussion and Analysis

Changes in allowance for impairment losses of loans

As of the end of the Reporting Period, the Bank's allowance for impairment losses of loans amounted to RMB11.44 billion, representing an increase of RMB1.41 billion or 14.1% as compared to that as of the end of last year, primarily due to the Bank's increased provision on loan to improve the level of risk offset.

	As of 31 December 2023		As of 31 December 2022		Rate of change (%)
	Amount	NPL ratio ⁽²⁾ (%)	Amount	NPL ratio (%)	
	<i>(Amounts in millions of RMB, except for percentages)</i>				
Beginning of the year	10,031.7		12,412.4		
Net provisions for the year ⁽¹⁾	7,430.3		4,638.2		60.2
Write-off and transfers	(7,084.2)		(7,430.0)		(4.7)
Recovery	1,187.6		535.4		121.8
Other changes	(124.1)		(124.3)		(0.2)
End of the year	11,441.3	1.67	10,031.7	1.81	14.1

Notes:

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

Management Discussion and Analysis

II BUSINESS REVIEW

1. Business segment report

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

	2023		2022		Rate of change (%)
	Amount	% of the total (%)	Amount	% of the total (%)	
<i>(Amounts in millions of RMB, except for percentages)</i>					
Corporate Banking Business	6,928.2	42.1	5,439.7	34.5	27.4
Personal Banking Business	5,311.0	32.3	5,708.8	36.2	(7.0)
Treasury Operations Business	4,211.8	25.6	4,633.2	29.4	(9.1)
Others ⁽¹⁾	4.9	0.0	(22.9)	(0.1)	121.4
Total	16,455.9	100.0	15,758.8	100.0	4.4

Note:

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

Management Discussion and Analysis

2.1 Corporate Banking Business

During the Reporting Period, with focus on serving the real economy, the Bank insisted on returning to the origins and steadily promoted the innovation and development of corporate business. The Bank continued to strengthen its financial service capabilities and levels, fully leveraging the role of finance in facilitating the circulation of the national economy, and effectively promoting the high-quality development of the real economy and achieving a virtuous cycle of high-quality development. Focusing on the “Ten Projects (十項行動)” of Tianjin, the Bank released credit resources through multiple channels, increased credit issuance, provided financial support in key areas such as capital function relief, manufacturing industry, integration of port, industry and city, urban renewal, revitalizing the city through science and education, green development and rural revitalization, and improved the financial supply to major national and regional strategies. Focusing on the goal of the “Double-Five Battles”, the Bank strengthened the policy guidance of the head office, pushed forward the reform tasks, and steadily strengthened the foundation for development, and the incremental increase in corporate deposits and loans were at the best level in recent years.

During the Reporting Period, our operating income from corporate banking business amounted to RMB6.93 billion, accounting for 42.1% of the total operating income over the same period, representing an increase of 27.4% as compared to the same period last year. As of the end of the Reporting Period, the balance of our corporate loans (excluding discounted bills and finance leases receivables) amounted to RMB274.02 billion, representing an increase of 48.1% as compared with that as of the end of the previous year; our total corporate deposits amounted to RMB263.55 billion, representing an increase of 6.5% as compared with that as of the end of the previous year.

Developing institutional business. During the Reporting Period, the Bank set up a new institutional business department, closely linked the “Government Finance” business philosophy with institutional business, strengthened the management responsibilities of institutional business, constructed an institutional business marketing system, and achieved stable growth in institutional customers and deposits. The Bank completed the development and operation the information inquiry function of the medical insurance clearing bank, exclusively providing clearing information of banking institutions for the Tianjin Municipal Medical Insurance Center. The Bank successfully marketed for the Tianjin Youth Palace, promoting its main business to land in the Bank and attracting settlement deposits by comprehensively upgrading the enrollment management platform for it. As at the end of the Reporting Period, the Bank’s institutional-type deposits amounted to RMB150.350 billion, representing an increase of RMB11.325 billion as compared with the end of the previous year; average daily deposits amounted to RMB140.009 billion, representing an increase of RMB1.648 billion.

Management Discussion and Analysis

Making a good job of the green finance by focusing on the development goal of “building a green bank”. During the Reporting Period, the Bank further improved the green finance system framework, strengthened business coordination and resource allocation, enriched the supply of green financial products, promoted the concept of green finance development, and continued to improve the construction of the green finance professional team and the level of digital management, so as to make a good job of the green finance by closely following the requirements of the dual-carbon strategy, and injected more “green energy” into the promotion of the construction of eco-civilization and the high-quality development of green and low-carbon. As at the end of the Reporting Period, the balance of the Bank’s green loans amounted to RMB24.350 billion, representing an increase of 51.25% as compared with the end of the previous year. During the Reporting Period, the Bank issued the first carbon emission reduction loan among local legal entity financial institution in Tianjin and the first pledge loan for charging piles franchise revenue right in the Bank.

We will build a “full life-cycle financial service system” and do a good job in science and technology finance. The Bank actively explores the application scenarios of financial products, accelerates the enhancement of the financial service capacity of technology-based enterprises, and launches exclusive credit products for technology-based enterprises such as the Intelligent Science and Enterprise Loan and the Intelligent Specialized and Specialized New Loan during the year to build a comprehensive financial service model of “customer eco-map + demand scenarios + product eco-map”, to better satisfy the different needs of technology-based enterprises at different stages of development, and to provide comprehensive financial services for the entire lifecycle of technology-based enterprises, and to escort their healthy and high-quality development.

The quality and efficiency of transaction banking business have improved simultaneously. During the Reporting Period, the Bank’s transaction banking business was market-oriented, customer-focused and realized through online and digitalization, with continuous innovation and improvement of the transaction banking product system, and the business volume exceeded 100 billion for three consecutive years. The Bank has promoted the development of supply chain finance with digital intelligence and the declared “Supply chain financing service based on block chain technology” has been reviewed by the People’s Bank of China (PBOC) and other regulatory authorities and government agencies, and the Bank has become the first commercial bank in the Tianjin region to have been approved as a pilot bank for the regulation of fintech innovation by the PBOC.

Management Discussion and Analysis

Online corporate business channels continued to be improved. During the reporting period, the Bank further strengthened the construction of online channels for corporate business, continuously improved the security and experience of online channels, and enriched the functions of corporate online banking. In response to the strategic requirements of vigorously developing “technology finance” and “inclusive finance”, the Bank has set up a special zone for small and micro inclusive business in the corporate online banking, and have successively launched financing products such as the “e-Loan for enterprise taxpayers” and “Loan for technology-based enterprises”, as well as intelligent e-saving products such as the “Smart e-Deposit”. The Bank has also actively promoted the launch of the 1.0 version of Enterprise Mobile Banking, focusing on the high-frequency financial needs of enterprises, aiming to provide customers with a mobile digital experience with more comprehensive functions and more convenient operation. As at the end of the reporting period, the Bank had a cumulative total of approximately 59,230 corporate online banking customers, representing an increase of 22.07% as compared with the end of the previous year; the transactions amount for the year amounted to RMB1,433.940 billion, representing an increase of 23.21% year-on-year; and the number of transactions for the year amounted to 98,845,400, representing an increase of 22.78% year-on-year.

2.2 Personal Banking Business

During the Reporting Period, the Bank’s personal banking business closely centered on the “Ten Projects” (十項行動) and “Stock, Incremental and Quality” work deployment of the Tianjin Municipal Party Committee and Tianjin Municipal Government; and actively implemented the requirements of the Bank’s “Double-Five Battles”. Under the leadership of the Bank, we organized and carried out submissions on retail deposits, wealth management, payroll cards, social security cards to promote reasonable growth in quantity and effective improvement in quality. The Bank actively helped to create a high quality of life by naming the “2023-2025 Tianjin Marathon”, actively participating in the Marathon Expo, setting up a service station at the finish line and a cheering station, and creating a “finance + sports” service system. The Bank also created a “finance + culture” service system and continuously expanding its brand influence by naming the “Haihe Drama Festival of 2023”.

Management Discussion and Analysis

During the Reporting Period, the operating income from our personal banking business amounted to RMB5.31 billion, accounting for 32.3% of our total operating income over the same period. As at the end of the Reporting Period, total personal deposits amounted to RMB165.80 billion, increased by 18.4% compared with the end of the previous year, the interest-bearing rate on retail deposits decreased by 20 BP compared with the beginning of the year, and the weighted average interest rate of newly time deposits decreased by 40 BP compared with the beginning of the year.

Innovation and upgrading of the “Smart Connect” platform. During the Reporting Period, the Bank’s “Smart Connect” financial service platform has been expanding horizontally and innovating vertically. Adhering to the service concept of “Easier Payment and Receipt, More Convenient Loans”, the Bank has launched ten major scenarios, including “Smart Rich Farmers”, “Smart Business” and “Smart Credit” on the basis of “Smart Merchant”.

“Smart Merchant” focused on the smallest details of people’s livelihoods, contributed to the development of cities. By using the payment service as the entry point, supplemented by the full-dimension product matrix of marketing, digitalisation and supply chain, the Bank accurately matched resources and built a comprehensive financial service model of “Finance+” to fully support the business development of small and micro market entities. By the end of the Reporting Period, “Smart Merchant” had nearly 1 million cooperative merchants, covering 10 major industries such as clothing, food, housing, transportation and entertainment, and serving 5.8 million users with nearly 8 million purchases on average per day. As the only financial service project, “Smart Merchant” received the honour of “2023 Excellence Award for the Warm Project of Serving the People” in “Leading by Example – Let Netizen Observation Theme Activity Being Full of Positive Energy” in Tianjin in 2023.

Management Discussion and Analysis

“Smart Rich Farmers” was deeply rooted in the key areas of rural areas, served farmers to create wealth and enhance wealth through business, and was a benchmark in the field of financial services for rural revitalisation. By the end of the Reporting Period, it had accumulatively serviced 153,500 farmers, and served 680,000 users in rural areas with 730,000 consumption per day and 6,653,500 accumulative users. At the same time, “Smart Business – Yongbei ” business loan has provided credit support of RMB3,324 million to 55,300 farming households, effectively enhancing the sense of financial access and satisfaction of farmers.

“Smart Business” has led to the precise drip irrigation of “financial water”, injecting financial energy into the operation and development of small and micro market entities. By the end of the Reporting Period, the Bank has provided financial support to 288,500 small and micro enterprises with fund needs in a market through its “Smart Business – Yongbei” and issued 1,409,100 pure credit-based loans, with a accumulative loans of RMB19,617 million.

“Smart Credit” was committed to providing innovative services in the field of consumer credit, contributing financial strength to boosting consumption and expanding domestic demand. By the end of the Reporting Period, it has gained a total of 169,200 customers and disbursed a total of RMB2,984 million.

Credit card business continued to strengthen marketing and promotion. During the Reporting Period, the Bank actively responded to the coordinated development strategies of Beijing, Tianjin and Hebei by launching the “Warm Travel in Tianjin-Beijing-Hebei – Enjoy Discounts on Tickets Purchased on 12306” campaign, and launched a series of marketing activities for such as “warm gifts”, “warm free meals”, “warm takeaway coupons”, etc. through credit card pay in WeChat and Alipay, further enhancing our market influence.

Management Discussion and Analysis

Continuous optimization of personal online business channels. During the Reporting Period, the Bank continued to promote the optimization and re-edition of personal online channels and accelerated business upgrades, and achieved a comprehensive upgrade of the care edition of mobile banking, further reflecting the humanistic care for elderly customers; continued to optimize various types of basic functions, and optimized and reedited high-frequency businesses such as smart savings, funds, etc., with the UI constantly iterated and upgraded, convenience and intelligence further enhanced. During the Reporting Period, the Bank was awarded the “2023 Digital Finance Golden Award List – Most Characteristic Functions for Mobile Banking” in the “Annual Event of 19th (2023) Digital Finance Joint Publicity Year” organized by the China Financial Certification Authority (CFCA) and other organizations; In the “2023 Beijing International Financial Security Forum and Fintech Standard Certification Eco-Conference” organized by China Fortune Media Group and the Beijing Municipal Bureau of Local Financial Regulation and Supervision, the Bank was awarded the “Best Security Management APP in the Financial Industry in 2023”. As at the end of the Reporting Period, the number of transactions for the Bank’s various personal online business channels amounted to 23.4286 million, representing an increase of 27.79% year-on-year.

2.3 *Small and Micro Inclusive Financial Services*

During the Reporting Period, the Bank continued thoroughly implementing the work arrangement and requirements of the Central Committee of the CPC, the State Council and regulatory agencies regarding the enhancement of financial services to small and micro enterprises with the targets of “increase in volume, coverage expansion, quality improvement and cost reduction”, comprehensively improved the financial support for small and micro inclusive enterprises. By further strengthening financial technology empowerment, enriching the service systems of small and micro inclusive financial products and enhancing the service coverage of small and micro inclusive financial products, the Bank continued to fully apply the central financial policies to benefit more small and micro-enterprises.

Management Discussion and Analysis

The Bank has established a comprehensive small and micro inclusive financial services system. In terms of organisational system, special committees under the Board at the head office level have been set up to be responsible for the establishment, development and management of the small and micro inclusive financial services system, while branches at all levels are responsible for devoting to small and micro inclusive financial services and building a long-term mechanism for small and micro inclusive financial services at multiple levels through special policy support, building special teams and improving professional ability. During the Reporting Period, our Bank made full use of financial technology, and made online self-managed loans for small and micro enterprises as an important focus developing the inclusive business for small and micro enterprises. With the application of exclusive financial products such as “e-Loan for taxpayers”, “e-Loan for supermarkets”, “e-Loan for residential mortgage”, “e-Loan for enterprise taxpayers” and “Smart Business – Yongbei”, our Bank solves the financing pain points of small and micro business owners and individual entrepreneurs, and thus meet different needs of customers and promote scale growth simultaneously. At the same time, our Bank actively implemented a series of central financial policies such as refinancing, small and micro inclusive loan support tools and deferred principal and interest repayment, made full use of the central financial policies, and took multiple measures to increase financial support for micro and small enterprises. Our Bank continued to effectively transfer policy support to terminal interest rates. As of the end of the Reporting Period, loans of the Bank (excluding subsidiaries) to small and micro enterprises measured in according with the standards of an individual lending amount of RMB10 million or less amounted to RMB37,253 million, representing an increase of 26.01% as compared to that as of the end of the prior year, number of clients for loans to small and micro enterprises with an individual lending amount of RMB10 million or less increased by 3.77% to 575.9 thousand. In the Reporting Period, as the weighted average interest rate of newly released loans to small and micro enterprises with an individual lending amount of RMB10 million or less was 6.03%, representing a decrease of 0.15 percentage point over the same period in last year, the Bank achieved high quality completion of the “double increases (兩增)” and “double controls (兩控)” regulatory requirements.

Management Discussion and Analysis

Our Bank thoroughly implemented the work arrangements of the Party Central Committee, the State Council and regulatory agencies on financial services for rural revitalisation, in a bid to promote services to smaller local markets. We continued to enhance financial support for “agriculture, rural areas and farmers” and focused on inclusive agriculture-related businesses, steadily enhancing the efficiency and level of financial services for rural revitalisation. As at the end of the Reporting Period, the aggregate balance of loans of the Bank (excluding subsidiaries) to inclusive agricultural household business loans in according with the standards of an individual lending amount of RMB5 million or less and inclusive agriculture-related small and micro enterprises loans in according with the standards of an individual lending amount of RMB10 million or less amounted to RMB4.64 billion (excluding discounting), representing an increase of 14.01% as compared with that as at the end of the previous year.

2.4 *Treasury operation business*

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

During the Reporting Period, our operating income in treasury operation business was RMB4.21 billion, accounting for 25.6% of our total operating income.

Management Discussion and Analysis

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

During the Reporting Period, in terms of financial market business, the Bank ranked sixteenth in China as the principal underwriter of policy financial bonds, ranking first among all legalized banks in Tianjin and fourth among all city commercial banks in China; the Bank was awarded “Outstanding Underwriter for Interbank Market” by China Development Bank in 2023; and it won the award of “2023 Interbank Local Currency Market Popularity List – Most Popular Credit Bond Market Maker”, “2023 Market Influential Institution - Core Dealer, Money Market Dealer, Bond Market Dealer” and “2023 Market Innovative Business Institution - X-Repo, X-Lending”; the Bank was awarded “X-lending Active Institution” by China Foreign Exchange Trading Center for 12 consecutive months, “Repo Active Trader” by China Foreign Exchange Trading Center for several times, and ranked the third place in the list of city commercial banks as the investors of Green Debt Financing Instrument for the year of 2023 published by the Association of Dealers and ranked the first in terms of the size of local government bonds underwritten by banks in Tianjin region.

Management Discussion and Analysis

Money Market Transactions

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

Fixed Income Business

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

Firstly, we adhered to the development strategy of "cultivating the local area of Tianjin and optimizing the neighboring five provinces", continued to optimize its investment structure and increased investment in bonds. We served the local economic development of regions in which the Bank operated and supported the financing needs of highly rated enterprises in those regions.

Secondly, we built "interbank ecosystem" and "bond ecosystem" and transformed to standardization, lightness and scenario-based structure. We established Bank of Tianjin FICC brand to empower high quality corporate clients, retail clients and institutional clients with investment and financing and risk management needs, and effectively increased the proportion of non-interest income and comprehensive income contribution from clients through market making in bonds, underwriting distribution, gold leasing, foreign exchange trading, bill trading and other representative transactions and intermediate businesses.

Thirdly, we actively performed our duties as a bond underwriter, practiced our social responsibilities and expanded our intermediate business income sources; In 2023, we underwrote a total of RMB102.744 billion of bonds, including government bonds, local government bonds and policy bank financial bonds, and ranked 16th in China as the main underwriter of policy bank financial bonds, and the first among legal entities in Tianjin and the fourth among urban commercial banks in China.

Management Discussion and Analysis

Fourthly, we implemented the ESG operation principle and served the major national strategic deployment. We actively participated in the underwriting and investment of special theme bonds, focusing on the areas of green and low-carbon, rural revitalization, technological innovation, inclusive development, and the coordination of Beijing, Tianjin and Hebei. As the only leading underwriter selected among local corporates in Tianjin, the Bank underwrote the financial bonds under the theme of "Yangtze River Protection and Green Development (長江大保護及綠色發展)" issued by China Development Bank (CDB) and the first tranche of 2023 "Bond Connect" green financial bonds issued by The Export-Import Bank of China (CEIB), contributing to the promotion of economic and social green and low-carbon transformation; and underwrote financial bonds under the themes of "Spring Ploughing and Ploughing Preparation", "Support for Important Agricultural Products and Logistics Systems Construction" and "Support for Green Development" issued by China Agricultural Development Bank, to help supply seeds, fertilizers, pesticides and other agricultural materials for spring ploughing and ploughing preparation, and support loan investments in key areas including rural infrastructure construction and green development.

Fifthly, we strengthened market analysis and research, and enriched trading strategies. We effectively enhanced its active trading capability and the Bank's market-making business reached a new level through intelligent quotation by leveraging the advantages of programmed and automated market making system, providing high coverage and full maturity market-making services for the interbank bond market.

Forex and Precious Metal Transactions

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

Management Discussion and Analysis

Treasury Business Conducted on Behalf of Customers

During the Reporting Period, the Bank's wealth management business continued to be developed steadily. In order to continuously improve the net-worth product system, the Bank increased its efforts in product optimisation and innovation by launching wealth management products under amortised cost valuation and hybrid valuation to reduce fluctuations in the net value of the products and stabilise customers' expectations; and issued a new 90-day fixed-term open-ended net-value wealth management product, "Haiou Yue Feng" (海鷗悅風) and 270-day minimum holding period wealth management product, "Haiou Chang You" (海鷗暢遊), which balanced the needs of customers in terms of liquidity and long-term investment and further enriched the financial product system. The Bank also launched exclusive wealth management products for specific customer bases and key events including union member cards, social security cards, first-time purchasers, marathon events and theater festivals, and increased the stickiness of specific and strategic customer to satisfy the investment needs of customers at different levels, thus further realised the characteristics of the Bank's brand of wealth management and built a wealth management brand for Citizen's Bank. As of the end of the Reporting Period, the Bank issued RMB63.06 billion of wealth management products, all of which were net-worth products in compliance with the new regulations on asset management. Meanwhile, our Bank optimised the allocation of major types of assets, strengthened investment in standardised assets such as bonds and mutual funds, increased the proportion of high-yield asset allocation, gradually reduced the investment in non-standard assets, strengthened investment research, and utilized various trading strategies to enhance product performance according to market changes.

During the Reporting Period, the Bank was awarded three "Gold Honours" by Pystandard: "Outstanding Asset Management Award for City Commercial Bank", "Outstanding Cash Management Bank Wealth Management Product (City Commercial Bank) (Hong Ding Wealth Cash Management)", "Outstanding Fixed Income Bank Wealth Management Product (City Commercial Bank) (Gang Wan Wealth Series)"; "2023 Gamma Award for Golden Quality Bank Wealth Management" by Securities Times; and "Golden Bull Award for Wealth Management Banks (City Commercial Bank)" and "Golden Bull Award for Wealth Management Products of Banks" by CSJ Golden Bull for its outstanding asset management capabilities.

Management Discussion and Analysis

Investment Banking Business

During the Reporting Period, in accordance with the work requirements of the Tianjin Municipal Committee of the Communist Party of China and Tianjin Government, the Bank's investment banking business solidly promoted the "Ten Projects (十項行動)" for high-quality development and effective implementation. Through multiple measures of "revitalizing the stock, cultivating the incremental growth and improving quality", we injected financial vitality into high-quality economic and social development to accurately serve the real economy. The Bank has successively led the underwriting of the first rural revitalization CMBN and the first security escort fee income right ABN in the national inter-bank market in China, as well as Tianjin's first private science and technology innovation enterprise intellectual property ABN. The Bank achieved a bond lead underwriting scale of RMB125.594 billion throughout the year, exceeding RMB100 billion for three consecutive years. In particular, RMB69.335 billion were corporate credit bonds for the Tianjin region, ranked first in the Tianjin market for three consecutive years; RMB6.000 billion were asset-backed securities, ranking third among city commercial banks nationwide. Focusing on national strategic areas including scientific and technological innovation, green environmental protection and rural revitalization, the Bank increased its support and underwrote a total of RMB9.341 billion in theme bonds including science and innovation bills, green bonds, rural revitalization bonds and energy guaranteed supply special bonds during the Reporting Period.

During the Reporting Period, the Bank won the "Best Inter-bank Debt Financing Instrument Underwriter – Excellent City Commercial Bank" issued by Wind.

2.5 *International business*

During the Reporting Period, the Bank further enriched its customer service methods, actively improved customer service experience, created the "Smart Cross-border Connect" cross-border financial service product, and established a full-field and full-cycle product system integrating "payment and settlement, trade financing, cross-border guarantees and cross-border loans". During the Reporting Period, the Bank's international settlement volume amounted to US\$5.03 billion.

2.6 *Integrated operation of subsidiaries*

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

Management Discussion and Analysis

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

During the Reporting Period, total operating income of Bank of Tianjin Financial Leasing Co., Ltd. amounted to RMB423 million. Ningxia Yuanzhou Jinhui Rural Bank (寧夏原州津匯村鎮銀行), our consolidated subsidiary, recorded operating income of RMB23 million. Ningxia Tongxin Jinhui Rural Bank (寧夏同心津匯村鎮銀行), our another consolidated subsidiary, recorded operating income of RMB44 million.

3. Geographical segment report

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

	For the year ended 31 December				
	2023		2022		Rate of change (%)
	Amount	% of the Total (%)	Amount	% of the Total (%)	
<i>(Amounts in millions of RMB, except for percentages)</i>					
Tianjin	11,265.1	68.5	9,122.0	57.9	23.5
Shanghai	1,487.4	9.0	2,805.5	17.8	(47.0)
Shandong Province	1,380.2	8.4	1,216.5	7.7	13.5
Sichuan Province	1,100.4	6.7	1,307.4	8.3	(15.8)
Beijing	596.9	3.6	759.6	4.8	(21.4)
Hebei Province	558.6	3.4	481.7	3.1	16.0
Others ⁽¹⁾	67.3	0.4	66.1	0.4	1.8
Total	16,455.9	100.0	15,758.8	100.0	4.4

Note:

(1) Mainly includes regions where the Bank's subsidiaries are located, such as Ningxia.

Management Discussion and Analysis

III ANALYSIS ON CAPITAL ADEQUACY RATIO

Our Bank calculated and disclosed the capital adequacy ratios according to the Administrative Measures for the Capital of Commercial Banks. As of the end of the Reporting Period, our Bank's capital adequacy ratio met the regulatory requirements under such regulations, with the capital adequacy ratio was 12.64%, which decreased by 0.16 percentage point as compared with that as of the end of the previous year. The tier-one capital adequacy ratio was 10.83%, representing an increase of 0.44 percentage points as compared with those as of the end of the previous year; core tier-one capital adequacy ratio was 9.80%, representing a decrease of 0.58 percentage points as compared with those as of the end of the previous year. The decrease in capital adequacy ratio and core tier-one capital adequacy ratio was mainly due to the Bank's increased support to the real economy and increased credit investment, which led to a corresponding increase in the scale of risk-weighted assets; meanwhile, during the Reporting Period, the Bank issued RMB6.7 billion of conversion agreement deposits to replenish its tier-one capital, which led to a corresponding increase in tier-one capital adequacy ratio.

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

	As of 31 December 2023	As of 31 December 2022	Rate of change (%)
<i>(Amounts in millions of RMB, except for percentages)</i>			
Core capital			
– Share capital	6,070.6	6,070.6	–
– Capital reserve and investment revaluation reserve	10,877.6	10,234.0	6.3
– Surplus reserve	3,352.5	3,352.5	–
– General reserve	9,227.3	9,221.4	0.1
– Retained earnings	34,660.5	30,906.6	12.1
– Non-controlling interests that may be included	358.0	318.2	12.5
Total core capital	64,546.5	60,103.3	7.4
Core tier-one capital	64,546.5	60,103.3	7.4
Core tier-one capital deductible items	(820.5)	(702.5)	16.8
Net core tier-one capital	63,726.0	59,400.8	7.3
Net tier-one capital	70,473.7	59,443.2	18.6

Management Discussion and Analysis

	As of 31 December 2023	As of 31 December 2022	Rate of change (%)
<i>(Amounts in millions of RMB, except for percentages)</i>			
Tier-two capital			
– Net tier-two capital instruments and related premiums	7,000.0	10,000.0	(30.0)
– Surplus allowance for impairment losses on loans	4,625.5	3,733.0	23.9
– Non-controlling interests that may be included	95.5	84.8	12.6
Total tier-two capital	11,721.0	13,817.8	(15.2)
Net capital	82,194.7	73,261.0	12.2
Total risk-weighted assets	650,513.7	572,202.0	13.7
–Credit risk weighted assets	613,744.9	536,854.5	14.3
–Market risk weighted assets	5,098.6	3,202.7	59.2
–Operational risk weighted assets	31,670.2	32,144.8	(1.5)
Core tier-one capital adequacy ratio <i>(expressed in percentage)</i>	9.80	10.38	(0.58)
Tier-one capital adequacy ratio <i>(expressed in percentage)</i>	10.83	10.39	0.44
Capital adequacy ratio <i>(expressed in percentage)</i>	12.64	12.80	(0.16)

As of the end of the Reporting Period, the Bank's leverage ratio was 7.86%, which increased by 0.52 percentage point as compared with that as of the end of the previous year.

	As of 31 December 2023	As of 31 December 2022	Rate of change (%)
Leverage ratio	7.86%	7.34%	0.52

Please refer to the Bank's official website at <https://www.bankoftianjin.com/> for specific information on the capital structure and leverage ratio of the Bank as of the end of the Reporting Period.

Management Discussion and Analysis

IV RISK MANAGEMENT

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

Credit risk

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

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

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

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

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

Management Discussion and Analysis

Operational risk

Operational risk refers to risk caused by issues of 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. In terms of operational risk loss data management, the Bank follows seven types of operational risk loss events including internal fraud incidents, external fraud incidents, employment system and workplace safety incidents, customer, product and business activity incidents, damage to physical assets, information technology system incidents, as well as execution, delivery and process management incidents, and includes operational risk loss data into the internal control compliance and operational risk management platform. The Bank strictly adheres to the Administrative Measures for Operational Risk Report of the Bank of Tianjin to regulate the reporting system of operational risk. The Bank also issued the Negative List for Business Risk Prevention and Control to clarify on the dos and don'ts. Our Bank has made the effort to carry out various inspection procedures which are carrying forward, stereoscopic and multi-dimensional. We have placed emphasis on our accountability and reporting system. In addition, we have established a risk warning system. Multi-dimensional educative activities have been carried out across the Bank to enhance risk prevention and warning education.

Market risk

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

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

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

Management Discussion and Analysis

Market Risk of Banking Book

Interest Rate Risk

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

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

Exchange Rate Risk

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

Market Risk of Trading Book

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

Management Discussion and Analysis

Liquidity risk management

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

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

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

Information technology risk management

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

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

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

Changes in Share Capital and Information on Shareholders

I. CHANGES IN SHARES OF THE BANK

Share capital

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

Statement of Changes in Shares

	1 January 2023		Changes during the Reporting Period	31 December 2023	
	Number of Shares	Percentage of total share capital		Number of Shares	Percentage of total share capital
Domestic legal persons	3,974,260,517	65.47%	–	3,974,260,517	65.47%
Domestic natural persons	331,692,242	5.46%	–	331,692,242	5.46%
H Shares	1,764,599,063	29.07%	–	1,764,599,063	29.07%
Other foreign shares	–	–	–	–	–
Total	6,070,551,822	100%	–	6,070,551,822	100%

Changes in Share Capital and Information on Shareholders

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

No.	Name of Shareholder	Nature of Shares	Total number of shares held at the beginning of the Reporting Period (Shares)	Total number of shares held at the end of the Reporting Period (Shares)	Shareholding percentage held at the end of the Reporting Period (%)
1	Tianjin Port Free Trade Zone Investment Co., Ltd.	Domestic legal persons	967,462,369	967,462,369	15.94
2	Australia and New Zealand Banking Group Limited	H Shares	725,644,563	725,644,563	11.95
3	Tianjin Pharmaceutical Holdings Ltd.	Domestic legal persons	487,078,366	487,713,488	8.03
4	Tianjin Bohai Chemical Industry Group Co., Ltd.	Domestic legal persons	487,078,366	487,078,366	8.02
5	CSSC International Holding Company Limited	H Shares	303,193,000	303,193,000	4.99
6	Harbin Economic Development and Investment Co., Ltd.	Domestic legal persons	166,657,161	166,657,161	2.75
7	Tianjin Hi-tech Holding Group Co., Ltd.	Domestic legal persons	149,056,239	149,056,239	2.46
8	Tianjin Jinrong Investment Service Group Co., Ltd. ⁽¹⁾	Domestic legal persons	117,378,125	117,378,125	1.93
9	Tianjin Ningfu Investment Co., Ltd.	Domestic legal persons	114,278,299	114,278,299	1.88
10	Hong Kong Bohai Leasing Asset Management Corp., Limited	H Shares	106,993,500	106,993,500	1.76
	Total		3,624,819,988	3,625,455,110	59.72

Note:

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

Changes in Share Capital and Information on Shareholders

III. INFORMATION ON SHAREHOLDERS

As at the end of the Reporting Period, the Bank had a total of 7,230 Shareholders. During the Reporting Period, the Bank had no de facto controllers.

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

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

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

Changes in Share Capital and Information on Shareholders

Name of Shareholder	Nature of interests	Class of Shares	Number of Shares directly or indirectly held (long position)	Approximate % of interest in our Bank	Approximate % of the relevant class of Shares of the Bank
Jinhushen Biological Medical Science and Technology Co., Ltd. ⁽⁴⁾	Interest of a controlled corporation	Domestic Shares	489,107,183	8.06	11.36
CSSC International Holding Company Limited ⁽⁵⁾	Beneficial owner	H Shares	303,193,000	4.99	17.18
China State Shipbuilding Corporation Limited ⁽⁵⁾	Interest of a controlled corporation	H Shares	303,193,000	4.99	17.18
Hong Kong Bohai Leasing Asset Management Corp., Limited ⁽⁶⁾	Beneficial owner	H Shares	106,993,500	1.76	6.06
Tianjin Bohai Leasing Co., Ltd. ⁽⁶⁾	Interest of a controlled corporation	H Shares	106,993,500	1.76	6.06
Bohai Leasing Co., Ltd. ⁽⁶⁾	Interest of a controlled corporation	H Shares	106,993,500	1.76	6.06

Notes:

- (1) Tianjin Port Free Trade Zone Investment Co., Ltd. is wholly-owned by Tianjin Port Free Trade Zone Investment Holdings Co., Ltd., which is controlled by Tianjin Port Free Trade Zone State-owned Assets Supervision and Administration Bureau. By virtue of the SFO, Tianjin Port Free Trade Zone Investment Holdings Co., Ltd. is deemed to be interested in the Shares held by Tianjin Port Free Trade Zone Investment Co., Ltd.
- (2) Australia and New Zealand Banking Group Limited, a Shareholder of our Bank, was incorporated in the State of Victoria, Australia on 14 July 1977. After an internal reorganization in January 2023, Australia and New Zealand Banking Group Limited is wholly owned by ANZ BH Pty Ltd, which is wholly owned by ANZ Group Holdings Limited. Accordingly, ANZ BH Pty Ltd and ANZ Group Holdings Limited are deemed to be interested in the 725,644,563 shares held by Australia and New Zealand Banking Group Limited.
- (3) Tianjin Bohai Chemical Industry Group Co., Ltd. (i) directly holds 487,078,366 Shares; and (ii) through a number of controlled corporations, holds an aggregate of 2,778,686 Shares. As such, Tianjin Bohai Chemical Industry Group Co., Ltd. is interested in a total of 489,857,052 Shares by virtue of the SFO.
- (4) Tianjin Pharmaceutical Holdings Ltd. (i) directly holds 487,713,488 Shares; and (ii) through a number of controlled corporations, holds an aggregate of 1,393,695 Shares. As such, Tianjin Pharmaceutical Holdings Ltd. is interested in a total of 489,107,183 Shares by virtue of the SFO. Jinhushen Biological Medical Science and Technology Co., Ltd. is a controlling shareholder of Tianjin Pharmaceutical Holdings Ltd. By virtue of the SFO, Jinhushen Biological Medical Science and Technology Co., Ltd. is deemed to be interested in the Shares held by Tianjin Pharmaceutical Holdings Ltd.

Changes in Share Capital and Information on Shareholders

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

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

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

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

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

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

Name of Shareholder	Shareholding ratio (%)	Industry
Tianjin Port Free Trade Zone Investment Co., Ltd.	15.94	Leasing and commercial services
Australia and New Zealand Banking Group Limited	11.95	Finance
Tianjin Pharmaceutical Holdings Ltd.	8.03	Manufacturing
Tianjin Bohai Chemical Industry Group Co., Ltd.	8.02	Manufacturing
CSSC International Holding Company Limited	4.99	Leasing and commercial services
Tianjin Jinrong Investment Service Group Co., Ltd.	1.93	Leasing and commercial services

As of the end of the Reporting Period, the number of the Bank's substantial Shareholders and their controlling Shareholders, de facto controllers, related parties, persons acting in concert and ultimate beneficiaries was approximately 815. As of the end of the Reporting Period, balance of the related party transactions between the Bank and its substantial Shareholders and their controlling Shareholders, de facto controllers, related parties, persons acting in concert and ultimate beneficiaries amounted to RMB13.950 billion in total, representing 17.47% of the net capital as of the end of the third quarter of 2023.

Changes in Share Capital and Information on Shareholders

Due to limitations on space, this annual report does not provide the list of all the related parties of the substantial Shareholders and details of the related party transactions. For related party transactions under relevant accounting policies, please refer to Note 48 to the financial statements.

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

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

VII. PUBLIC FLOAT

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

VIII. PRE – EMPTIVE RIGHT

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

Directors, Supervisors, Senior Management Officers and Employees

I. INCUMBENT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OFFICERS

1. Directors

Name	Age	Position	Date of Appointment
Mr. YU Jianzhong	53	Executive Director	18 July 2023
		Chairman	28 August 2023
Mr. WU Hongtao	52	Executive Director	28 February 2022
		President	28 February 2022
Mr. ZHENG Ke	49	Executive Director	18 August 2022
		Vice President	28 February 2022
Ms. DONG Xiaodong	45	Executive Director	18 August 2022
		Secretary of the Board	28 February 2022
Ms. DONG Guangpei	43	Non-executive Director	28 February 2022
Mr. Alistair Marshall BULLOCH	66	Non-executive Director	28 February 2022
Mr. ZHAO Wei	54	Non-executive Director	28 February 2022
Mr. WANG Shunlong	47	Non-executive Director	28 February 2022
Ms. LI Jun	51	Non-executive Director	28 February 2022
Mr. JIN Qingjun	66	Independent Non-executive Director	28 February 2022
Mr. HE Jia	69	Independent Non-executive Director	28 February 2022
Mr. ZENG Jianhua	66	Independent Non-executive Director	18 August 2022
Mr. LU Jianzhong	69	Independent Non-executive Director	18 August 2022

Notes:

- (1) Except for Mr. JIN Qingjun, the term of office of the above Directors is from their respective appointment dates to the expiry date of the term of office of the seventh session of the Board.
- (2) On 11 May 2023, Mr. JIN Qingjun has tendered his resignation to the Board of Directors of the Bank, applying for his resignation as an independent non-executive Director and the relevant special committee of the Board of Directors of the Bank. Before the new independent non-executive Director takes office, Mr. JIN Qingjun will continue to perform his duties as an independent non-executive Director and special committee of the Board of Directors in accordance with relevant laws and regulations and the relevant provisions of the Articles of Association of the Bank.

Directors, Supervisors, Senior Management Officers and Employees

2. Supervisors

Name	Age	Position	Date of Appointment
Ms. FENG Xia	52	Employee Representative Supervisor	5 January 2022
Ms. PENG Junying	49	Employee Representative Supervisor	22 December 2023
Mr. WU Chong	44	Shareholder Representative Supervisor	18 May 2023
Mr. LIU Baorui	66	External Supervisor	28 February 2022
Mr. LAW Yee Kwan, Quinn	71	External Supervisor	18 August 2022

Notes:

- On 31 January 2024, the Board of Supervisors of the Bank received a letter of resignation from Ms. FENG Xia, the Chairwoman of the Board of Supervisors, who resigned as the Chairwoman of the Board of Supervisors, an employee representative Supervisor, a member of the Nomination Committee of the Board of Supervisors and a member of the Supervision Committee of the Board of Supervisors of the Bank due to work arrangement. Pursuant to the Articles of Association of the Bank, Ms. FENG Xia will continue to perform her duties as an employee representative Supervisor, a member of the Nomination Committee of the Board of Supervisors and a member of the Supervision Committee of the Board of Supervisors until her successor assumes office. Accordingly, Ms. FENG Xia's resignation as the Chairwoman of the Board of Supervisors has taken effect from 31 January 2024. Her resignation as a member of the Nomination Committee of the Board of Supervisors and a member of the Supervision Committee of the Board of Supervisors will take effect from the date on which the Board of Supervisors approves her resignation, and her resignation as an employee representative Supervisor will take effect from the date on which her succeeding employee representative Supervisor is formally appointed by the Bank.
- Except for Ms. FENG Xia, the term of office of the above Supervisors is from their respective appointment dates to the expiry date of the term of office of the seventh session of the Board of Supervisors.

3. Other Senior Management Officers

Name	Age	Position	Date of First Appointment as Senior Management Officers
Mr. LIU Gangling	47	Vice President	March 2021
Mr. XIA Zhenwu	54	Assistant to President	January 2008

Directors, Supervisors, Senior Management Officers and Employees

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

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

Note: Mr. PENG Chong has been nominated as a non-executive director of the Bank by Tianjin Port Free Trade Zone Investment Co., Ltd. and was considered and approved by the sixteenth meeting of the seventh session of the Board of Directors of the Bank on 15 January 2024, and the proposed appointment of Mr. PENG Chong as a non-executive Director shall be subject to the approval of the shareholders of the Bank in the general meeting and also subject to formal approval by the regulatory authorities as to his qualification.

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

On 18 April 2023, the Board of Supervisors received the resignation of Mr. YU Yang, a shareholder representative Supervisor of the Bank, who resigned as a shareholder representative Supervisor of the Bank and a member of the Supervision Committee of the Board of Supervisors due to work adjustment. Mr. YU Yang's resignation became effective on 18 April 2023. On the same day, the Board of Supervisors of the Bank held a meeting and elected Mr. WU Chong as a shareholder representative Supervisor and a member of the Supervision Committee of the Board of Supervisors of the Bank, whose appointment was approved at the 2022 annual general meeting of the Bank on 18 May 2023. Please refer to the Bank's announcement dated 18 April 2023 entitled "Change of Supervisor" and the announcement entitled "Poll Results of the 2022 Annual General Meeting Held on Thursday, 18 May 2023" for details.

Directors, Supervisors, Senior Management Officers and Employees

On 11 May 2023, the Board received an application for resignation from Mr. SUN Ligu, who resigned as Chairman and executive Director of the Bank, the chairman of the Strategic Development Committee of the Board, a member of the Nomination and Remuneration Committee of the Board, a member of the Inclusive Finance Development and Consumer Rights Protection Committee of the Board and authorized representative appointed under Rule 3.05 of the Hong Kong Listing Rules, as he has reached the retirement age, with effect from 11 May 2023. In order to ensure a smooth transition and orderly handover of the work of the Board, Mr. WU Hongtao, the President of the Bank, has temporarily acted as the Chairman of the Board until the Board elects its next Chairman whose qualification for appointment is approved. On the same day, the Board has also received a resignation application from Mr. JIN Qingjun, who has served as an independent non-executive Director of the Bank for six years and has applied for resignation as an independent non-executive Director of the Bank, the chairman of the Related Party Transactions Control Committee of the Board and a member of the Risk Management Committee of the Board, with effect from the election of a new independent non-executive Director at the general meeting of the Bank and the approval by the regulatory authority to fill the vacancy. For details, please refer to the announcement of the Bank dated 11 May 2023 entitled "Resignation of Chairman; Resignation of Independent Non-executive Director; Proposed Appointment of Executive Director; Proposed Appointment of Independent Non-executive Director and Change of Authorized Representative".

On 11 May 2023, the Board proposed to appoint Mr. YU Jianzhong as an executive Director of the seventh session of the Board of the Bank and the proposed appointment of Mr. YU Jianzhong as an executive Director is subject to the approval of the Shareholders of the Bank at the general meeting and the formal approval of his qualification by the regulator. The appointment of Mr. Yu Jianzhong was approved by the Shareholders of the Bank at the 2023 first extraordinary general meeting on 2 June 2023 and the qualification was approved by the regulator on 18 July 2023. For details, please refer to the announcement of the Bank entitled "Announcement on Approval of Qualification of Directorship by the Regulatory Body" dated 19 July 2023.

On 11 May 2023, the Board proposed to appoint Mr. ZENG Zhiyuan as an independent non-executive Director of the seventh session of the Board of the Bank and the proposed appointment of Mr. ZENG Zhiyuan as an independent non-executive Director is subject to the approval of the Shareholders of the Bank at the general meeting and the formal approval of his qualification by the regulator. The appointment of Mr. ZENG Zhiyuan was approved by the Shareholders of the Bank at the 2023 first extraordinary general meeting held on 2 June 2023. For details, please refer to the Bank's announcement dated 11 May 2023 entitled "Resignation of Chairman; Resignation of Independent Non-executive Director; Proposed Appointment of Executive Director; Proposed Appointment of Independent Non-executive Director and Change of Authorized Representative" and the announcement entitled "Poll Results of the 2023 First Extraordinary General Meeting Held on Friday, 2 June 2023". On 28 August 2023, the Board of Directors of the Bank received a resignation application from Mr. ZENG Zhiyuan as he was unable to act as an independent non-executive Director of the seventh session of the Board of the Bank due to his personal reasons in that he had to focus on his other work engagements, with effect from 28 August 2023. For details, please refer to the announcement of the Bank dated 28 August 2023 entitled "Resignation of Proposed Independent Non-executive Director and Proposed Appointment of Independent Non-executive Director".

Directors, Supervisors, Senior Management Officers and Employees

On 24 July 2023, the Board elected Mr. YU Jianzhong as the Chairman of the seventh session of the Board of the Bank, and the relevant appointment shall become effective upon the approval of the regulatory authorities. On the same date, the Board appointed Mr. YU Jianzhong as the chairman of the Strategic Development Committee of the seventh session of the Board of the Bank, a member of the Nomination and Remuneration Committee of the seventh session of the Board of the Bank, and a member of the Inclusive Finance Development and Consumer Rights Protection Committee of the seventh session of the Board of the Bank. The qualification of Mr. YU Jianzhong as the Chairman of the Board of the Bank was approved by the Tianjin Regulatory Bureau of the NFRA on 28 August 2023. For details, please refer to the announcement of the Bank dated 24 July 2023 entitled "Appointment of the Chairman; Adjustment to the Members of the Special Committees under the Board" and the announcement of the Bank dated 28 August 2023 entitled "Announcement on Approval of the Qualification of Chairman".

On 28 August 2023, the Board proposed to appoint Ms. CHEN Yanhong as an independent non-executive Director of the seventh session of the Board of the Bank and the chairman of the Related Party Transactions Control Committee of the Board and a member of the Risk Management Committee of the Board. The proposed appointment of Ms. CHEN Yanhong as an independent non-executive Director is subject to the approval of the Shareholders of the Bank at the general meeting and the formal approval of her qualification by the regulatory authority. Ms. CHEN Yanhong's service on the relevant special committees under the Board of Directors will take effect at the same time from the date on which her qualification of directorship is approved by the regulatory authorities. On 20 September 2023, the proposal in relation to the proposed appointment of Ms. CHEN Yanhong as an independent non-executive Director was considered and approved by the general meeting of the Bank. For details, please refer to the announcement of the Bank dated 28 August 2023 entitled "Resignation of Proposed Independent Non-executive Director and Proposed Appointment of Independent Non-executive Director" and the announcement of the Bank dated 20 September 2023 entitled "Poll Results of the 2023 Second Extraordinary General Meeting, the 2023 First Domestic Share Class Meeting and the 2023 First H Share Class Meeting Held on Wednesday, 20 September 2023".

On 13 December 2023, Mr. HUA Yaogang, an independent non-executive Director of the Bank, was unable to continue to perform his duties due to his personal reasons and has tendered his resignation in writing to the Board on 13 December 2023 from his positions as an independent non-executive Director and as the chairman of the Inclusive Finance Development and Consumer Rights Protection Committee of the Board, a member of the Audit Committee of the Board and a member of the Related Party Transactions Control Committee of the Board with immediate effect. For details, please refer to the announcement of the Bank dated 13 December 2023 entitled "Resignation of Independent Non-executive Director; Independent Non-executive Directors' Number below One-third of the Board; The Proportion of Independent Non-executive Directors Less than A Majority of the Members of the Audit Committee".

Appointed by the employee representative meeting and the Board of Supervisors of the Bank, Ms. PENG Junying has served as an employee representative Supervisor of the seventh session of the Board of Supervisors and a member of the Nomination Committee of the Board of Supervisors of the Bank. The above appointments have taken effect from 22 December 2023 until the expiry of the term of office of the seventh session of the Board of Supervisors. Meanwhile, Mr. JIANG Zhengjun resigned as an employee representative Supervisor and a member of the Nomination Committee of the Board of Supervisors of the Bank with effect from 22 December 2023. For details, please refer to the announcement of the Bank dated 22 December 2023 entitled "Change of Employee Representative Supervisor".

Directors, Supervisors, Senior Management Officers and Employees

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

The changes in Directors, Supervisors and senior management officers of the Bank from the end of the Reporting Period to the disclosure date of this annual report are as follows.

On 15 January 2024, the Board of Directors of the Bank received a resignation letter from Ms. SUN Jingyu, who has resigned as a non-executive Director of the seventh session of the Board and a member of the Strategic Development Committee of the Board as she reached the age of retirement. The above resignation has taken effect from 15 January 2024. On 15 January 2024, the Board proposed to appoint Mr. PENG Chong as a non-executive Director of the seventh session of the Board of the Bank. The proposed appointment of Mr. PENG Chong as a non-executive Director is subject to the approval of the Shareholders of the Bank at the general meeting and the formal approval of his qualification by the regulatory authority. Mr. PENG Chong will serve as a member of the Strategic Development Committee of the Board from the date on which his qualification as a non-executive Director is approved by the regulatory authorities. For details, please refer to the announcement of the Bank headed “Resignation of Non-executive Director and Proposed Appointment of Non-executive Director” dated 15 January 2024.

On 31 January 2024, the Board of Supervisors of the Bank received a resignation letter from Ms. FENG Xia, who has resigned as the chairwoman of Board of Supervisors, the employee representative Supervisor, a member of the Nomination Committee of the Board of Supervisors and a member of the Supervision Committee of the Board of Supervisors of the Bank due to work adjustment. Pursuant to the Articles of Association of the Bank, Ms. FENG Xia will continue to perform her duties as an employee representative Supervisor, a member of the Nomination Committee of the Board of Supervisors and a member of the supervision committee of the Board of Supervisors until her successor assumes office. Accordingly, Ms. FENG Xia resigned as the chairwoman of Board of Supervisors with effect from 31 January 2024. Her resignation as a member of the Nomination Committee of the Board of Supervisors and a member of the Supervision Committee of the Board of Supervisors will take effect from the date on which the Board of Supervisors approves her relevant resignation, and her resignation as the employee representative Supervisor will take effect from the date on which her successor is formally appointed by the Bank. For details, please refer to the Bank’s announcement headed “Resignation of Chairwoman of Board of Supervisors” dated 31 January 2024.

Save as disclosed above, from the end of the Reporting Period to the disclosure date of this annual report, there is no other relevant information required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

Directors, Supervisors, Senior Management Officers and Employees

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

1. Directors

Mr. YU Jianzhong, aged 53, Mr. YU has been the secretary of the Party Committee of the Bank since April 2023. Mr. YU has been an executive Director of the Bank since July 2023 and has been the Chairman of the Board of Directors of the Bank since August 2023, presiding over the overall work of the Party Committee and the Board of Directors of the Bank, in charge of auditing and the Audit Department. Mr. YU is an expert enjoying the special allowance of the State Council, and also serves as the vice chairman of the Ninth Council of the Asia-Pacific Society of China, a visiting professor of the University of International Business and Economics, and a member of the Fourth Standing Committee of the Working Committee of Urban Commercial Banks of the China Banking Association. Mr. YU has successively served as deputy secretary of the Party Committee, president, secretary of the Party Committee and chairman of the board of directors of Tianjin Rural Commercial Bank Co., Ltd. from February 2020 to April 2023, and he has successively served as deputy secretary of the party committee, vice president and president of China Overseas Holding Group from November 2018 to December 2019. Mr. YU has served as vice president of Evergrande Group from May 2018 to November 2018. From July 1995 to May 2018, Mr. YU has successively served as an employee, deputy director of the Wealth Management Division of the Treasury Trading Center of the Asset and Liability Management Department, deputy director of the Wealth Management Division of the Treasury Trading Center and deputy general manager of the Shanghai Branch (in charge of work) of the Asset and Liability Management Department thereof, deputy director of the Wealth Management Division of the Treasury Trading Center and deputy general manager of the Shanghai Branch (in charge of work) of the Treasury Operation Department thereof, general manager of Treasury Trading Center Shanghai Branch of the Treasury Operation Department, director of Treasury Trading Center of the Treasury Operation Department, director of Transaction Risk Supervision Division of Financial Markets Department, deputy general manager of Financial Market Department, a member of the party committee and vice president of Guangxi Zhuang Autonomous Region Branch, deputy director of the Organization Department of the Party Committee, deputy general manager of Human Resources Department/Sannong Human Resources Management Center, president of the Investment Banking Department etc, at Agricultural Bank of China Co., Ltd.. During the term of office of the above titles, Mr. YU has also worked as a postdoctoral researcher in applied economics at the Chinese Academy of Social Sciences from July 2007 to June 2009, and took a temporary post as a member of the Party Leadership Group and deputy mayor of Qinzhou City, Guangxi Province from August 2008 to November 2009. From January 2020 to November 2021, he worked as a researcher at the School of International Trade and Economics, University of International Business and Economics. He also worked as a distinguished research fellow of the National Institution for Finance and Development, a vice chairman of the Bond Market Committee of the National Association of Financial Market Institutional Investors, and a non-executive director of China Bond Rating Co., Ltd..

Directors, Supervisors, Senior Management Officers and Employees

Mr. YU graduated from the College of Economics and Management of Beijing Agricultural University in July 1995, majoring in Finance and minoring in Computer Science. From September 2000 to October 2006, Mr. YU finished the successive postgraduate and doctoral programs of study, and obtained his PhD in management at Nanjing Agricultural University, majoring in Agricultural Economics and Management.

Mr. WU Hongtao, aged 52. Mr. WU has served as the deputy secretary of the Party Committee of the Bank since September 2020. Mr. WU has served as our executive Director since January 2021 and acted as our President since November 2020. He is responsible for the overall work of our Bank's operation and management and is in charge of publicity, branding, asset and liability work, internal control and compliance, anti-money laundering and anti-terrorist financing, legal, confidentiality, letters and calls and consumer rights protection work. He is also in charge of the Party Committee Office/Party Committee Propaganda Department/Office/Consumer Rights and Interests Protection Office, Asset and Liability Management Department and the Internal Control and Compliance Department, etc. From January 2020 to September 2020, Mr. WU served as the president and a partner of Southern China area of New Hope Group; the president and executive director of Guangdong Huaxing Bank from November 2018 to October 2019; the president of Guangdong Huaxing Bank from February 2018 to November 2018; the deputy secretary of the party committee, vice chairman and president of Jiangxi Bank from May 2016 to January 2018; the vice chairman and president of Jiangxi Bank from December 2015 to May 2016; the deputy secretary of the party committee, vice chairman and president of Bank of Nanchang from March 2013 to December 2015; the party committee member and vice president of China Guangfa Bank, Guangzhou branch from April 2011 to March 2013; successively the supervisor of the research and development department, deputy general manager of the office, deputy general manager of the bank card department, deputy general manager of the financial interbank department, the general manager of the financial interbank and consolidation department and the general manager of the financial institution department of China Guangfa Bank from January 2001 to April 2011. From May 1997 to January 2001, Mr. WU successively served as the staff and deputy director of the office of China Guangfa Bank, Nanjing branch, and served as the staff of GF Securities of China Guangfa Bank from August 1995 to May 1997.

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

Directors, Supervisors, Senior Management Officers and Employees

Mr. ZHENG Ke, aged 49. Mr. ZHENG has served as our executive Director since August 2022 and the vice president of the Bank since January 2022 and is in charge of retail, small and micro inclusive finance, science and innovation finance, online finance, asset management, IT, international business and operations, and is in charge of the Retail Finance Department and the Wealth Management Department, the Retail Credit Department and the Credit Card Department, the Inclusive Finance Department/Science and Innovation Finance Department, the E-Bank Department, the Asset Management Department, the IT Department, the International Business Department, the Operation Management Department and the Operation Center. Mr. ZHENG served as the line president of China Bohai Bank and the party secretary and president of Tianjin Branch of China Bohai Bank from November 2020 to October 2021; the line president of China Bohai Bank and the party secretary and president of Taiyuan Branch of China Bohai Bank from May 2019 to November 2020; the line president, the general manager of the asset management department and the general manager of the interbank business department of China Bohai Bank from April 2018 to May 2019; the general manager of the asset management department of China Bohai Bank from November 2011 to April 2018, and concurrently served as the general manager of the interbank business department from November 2014 to April 2018; successively served as the deputy general manager of the global market department and the deputy general manager of the financial market department of China Bohai Bank from June 2009 to November 2011; the senior product manager of the capital business department of Beijing Branch of Bank of China from December 2007 to June 2009; the assistant to the president of Beijing Haidian sub-branch of Bank of China from May 2007 to December 2007; successively served as the staff member of the foreign exchange trading section of the capital planning department, product manager of the development team of the capital business department and head of the foreign exchange trading team of the capital business department of Beijing Branch of Bank of China from August 2003 to May 2007.

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

Directors, Supervisors, Senior Management Officers and Employees

Ms. DONG Xiaodong, aged 45, has served as our executive Director since August 2022 and the secretary of the Board of Directors of the Bank since March 2021, and is in charge of the daily work of the Board of Directors Office and strategic development work. She is also in charge of the Board of Directors Office and the Strategic Development Department, and assists to manage the work of publicity, branding, consumer protection and letters and calls. She has served as director of the Board of Directors Office of the Bank since June 2023. She has successively served as deputy general manager, deputy general manager (presiding over the work) and general manager of the Strategic Development Department of the Bank from January 2017 to August 2023; the deputy director of Office of Legal Person of Tianjin Regulatory Bureau of China Banking Regulatory Commission (the "CBRC Tianjin Office") from August 2014 to January 2017; a staff, a deputy director staff and a director staff of CBRC Tianjin Office successively from September 2003 to August 2014, during which period she engaged in an exchange program at the Tianjin Branch of Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行天津分行) from February 2004 to January 2005; and a staff in the Tianjin Branch of the People's Bank of China (中國人民銀行天津分行) from July 2002 to September 2003.

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

Ms. DONG Guangpei, aged 43, has served as our non-executive Director since June 2020. She has served as the party branch secretary, executive director and general manager of Tianjin Port Free Trade Zone Investment Co., Ltd. since January 2020; the party branch secretary, executive director and vice general manager of Tianjin Port Free Trade Zone Investment Co., Ltd. from October 2019 to January 2020; the vice general manager of Tianjin Port Free Trade Zone Investment Co., Ltd. from September 2019 to October 2019; the general manager assistant of Tianjin Port Free Trade Zone Investment Co., Ltd. from August 2018 to September 2019. Ms. DONG has served as the investment commissioner, investment manager and head of investment review department of Tianjin Port Free Trade Zone Investment Co., Ltd. from January 2011 to August 2018; the head of sales department of Tianjin Binhai Kaiyuan Property Development Co., Ltd. from January 2010 to December 2010; the head of sales department of Tianjin Tianbao Property Development Co., Ltd. from May 2005 to December 2009; the head of sales department of Hefu Huihuang Real Estate Marketing and Planning Co., Ltd. from December 2004 to May 2005; and the head of sales management department of Tianjin Shunchi Rongxin Real Estate Co., Ltd. from March 2004 to November 2004.

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

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

Mr. Alistair Marshall BULLOCH, aged 66, has served as our non-executive Director since June 2009. Mr. Alistair Marshall BULLOCH has held a number of positions at ANZ and is currently a representative of ANZ in the Board of the Bank. He successively held positions in ANZ as deputy chief executive officer of Asia Pacific, Europe and America from December 2009 to September 2010 and as managing director and senior advisor of Asia Pacific, Europe and America from September 2010 to June 2014. He joined ANZ in March 2008 and held the positions of chief executive officer of North East Asia and chief executive officer of Hong Kong from March 2008 to December 2009.

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

Mr. ZHAO Wei, aged 54, has served as our non-executive Director since December 2014. He has served as the deputy general manager and the secretary to the board of directors of Tianjin Pharmaceutical Holdings Ltd. since December 2021, the deputy general manager of Tianjin Pharmaceutical Holdings Ltd. since December 2013 and as chief financial officer of Tianjin Pharmaceutical Holdings Ltd. since 24 September 2019. Prior to that, he served successively as deputy general manager of Tsinlien Group (Tianjin) Assets Management Company Limited, general manager of the financial market department of Tsinlien Group Company Limited in Hong Kong, general manager of Tianjin Development Assets Management Company Limited and assistant to general manager of Tsinlien Group Company Limited in Hong Kong from September 2005 to December 2013. Between July 1992 and September 2005, Mr. ZHAO held a number of positions at Northern International Trust and Investment Corporation, including being assistant to manager of the international business department, assistant to manager of the trading department, manager of the international business department and deputy general manager of the securities investment department.

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

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Mr. WANG Shunlong, aged 47, has served as our non-executive Director since June 2020. Mr. WANG has served as the chief accountant of Tianjin Bohai Chemical Industry Group Co., Ltd. since January 2020. From November 2016 to January 2020, Mr. WANG successively served as head of the investment department, head of the finance department and deputy chief economist of Tianjin Water Group Co., Ltd.; from March 2012 to November 2016, Mr. WANG successively served as deputy chief accountant and chief accountant of Tianjin Water Works Group Co., Ltd.; from March 2008 to March 2012, Mr. WANG successively served as head of financial assets department, deputy chief accountant and general manager assistant of Tianjin Pipeline Engineering Group Co., Ltd.; from July 2000 to March 2008, Mr. WANG successively served as finance chief, head of general management department and deputy chief accountant of TPEG Preinsulated Pipe Factory of Tianjin Pipeline Engineering Group Co., Ltd.

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

Ms. LI Jun, aged 51, has served as our non-executive Director since June 2018. She has been the chief accountant of CSSC (Hong Kong) Shipping Company Limited (a company listed on the Hong Kong Stock Exchange, stock code: 03877) since February 2017. Prior to that, Ms. LI's primary work experiences include serving as: (i) the deputy chief accountant and chief accountant of CSSC Chengxi Shipbuilding (Guangzhou) Company Limited from July 2011 to February 2017; (ii) several positions in CSSC Offshore & Marine Engineering (Group) Company Limited (a company listed on the Hong Kong Stock Exchange (stock code: 00317) and the Shanghai Stock Exchange (stock code: 600685)) from March 1995 to July 2011, such positions included serving as manager, assistant to the director and deputy director of the finance department.

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

Mr. JIN Qingjun, aged 66, has served as our independent non-executive Director since March 2017. Since September 2002, he has been a partner of Beijing King & Wood Mallesons. In 2012, Mr. JIN was among the Top 10 PRC Lawyers of the Year and also earned the title of the PRC Securities Lawyer of the Year. From October 1993 to August 2002, he was a partner of Shu Jin Law Firm. From April 1989 to October 1993, he was an attorney at Chinatrust Law Firm. From August 1987 to April 1989, he successively worked as an exchange attorney at a Hong Kong law firm and a UK law firm. From August 1984 to July 1987, he studied at China University of Political Science and Law and earned a master's degree of law. From January 1982 to August 1984, he worked as a teaching assistant at the School of Library at Anhui University. From March 1975 to March 1977, he was a teacher at Anhui Bengbu No. 21 Secondary School.

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Mr. JIN has served as an independent director of Prinx Chengshan Holdings Limited since September 2023. Since December 2019, Mr. JIN has served as an independent director of Goldstream Investment Limited. Since September 2018, he has served as an independent director of Shenzhen Cheng Chung Design Co., Ltd. (stock code: 002811). Since September 2018, he has served as a director of Shenzhen Kingkey Smart Agriculture Times Co., Ltd. (stock code: 000048). Since October 2017, he has served as an independent director of Central Development Holdings Limited (stock code: 00475). Since March 2016, he has served as an independent director of Sino-Ocean Group Holding Limited. Since October 2015, he has served as an independent director of Times China Holdings Limited. From January 2013 to June 2021, he served as an independent director of Guotai Junan Securities Co., Ltd. (Hong Kong Stock Exchange stock code: 02611, Shanghai Stock Exchange stock code: 601211).

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

Mr. HE Jia, aged 69, has served as our independent non-executive Director since June 2018. He has been the chair professor of Chang Jiang Scholars Program since September 2008, the Qiushi chair professor at Zhejiang University since May 2021, a chair professor at Shandong University since October 2021, the double employed professor of Tsinghua University from September 2005 to October 2020, and the leading professor of Southern University of Science and Technology from May 2014 to November 2020. Prior to that, Mr. HE's primary work experiences in education industry include serving as: (i) the director of finance in Shanghai Jiaotong University from September 2006 to August 2007; (ii) the EMBA core professor of CEIBS from September 2003 to August 2006; (iii) the part-time professor of Graduate School of the People's Bank of China from September 1998 to August 2008; (iv) the professor of CUHK Business School and director of the Chinese Academy of Finance Reform and Development, CUHK from August 1998 to July 2015; (v) the adjunct professor of Faculty of Engineering, CUHK from August 1996 to July 1998; (vi) the adjunct professor (tenure) of University of Houston from April 1996 to August 1999; (vii) the assistant professor of University of Houston from September 1991 to August 1995; (viii) the assistant professor of DePaul University from September 1989 to August 1991; (ix) the assistant professor of Baruch College from September 1988 to August 1989; and (x) the research assistant (RA) of Link Project (L. R. Klein as project leader) from September 1984 to August 1986.

Directors, Supervisors, Senior Management Officers and Employees

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

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

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

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

Directors, Supervisors, Senior Management Officers and Employees

Mr. ZENG Jianhua, aged 66, has served as our independent non-executive Director since August 2022. Mr. ZENG has served as the chairman of Beijing Huahan Consulting Co., Ltd. (北京華函諮詢有限公司) since March 2021, and as the chairman of Gongqingcheng Huajian Function Private Equity Management Co., Ltd. (共青城華建函數私募基金管理有限公司) since August 2019. From March 2017 to August 2019, Mr. ZENG served as the chairman of the board of directors and president of Kong Sun Holdings Limited. From September 2013 to March 2017, Mr. ZENG served as the chief risk officer of China Construction Bank. From March 2011 to September 2013, Mr. ZENG served as the chief financial officer of China Construction Bank. From July 2007 to February 2011, Mr. ZENG served as the secretary of the party committee and president of Guangdong Branch of China Construction Bank. From October 2004 to July 2007, Mr. ZENG served as the secretary of the party committee and president of Shenzhen Branch of China Construction Bank. From July 2003 to October 2004, Mr. ZENG served as the deputy general manager of the asset and liability management department of the head office of China Construction Bank. From February 1996 to July 2003, Mr. ZENG served as the vice president and a member of the party committee of Hunan Branch of China Construction Bank. Mr. ZENG served as the office director of Hunan Branch of China Construction Bank from October 1994 to February 1996; secretary of the party committee and president of Hunan Electric Power Branch of China Construction Bank from April 1992 to October 1994; deputy director (presiding over the work) of the planning and capital department of Hunan Branch of China Construction Bank from July 1987 to April 1992; and staff member and chief officer of the planning and capital department of Hunan Branch of China Construction Bank from July 1980 to July 1987.

Mr. ZENG has served as an independent non-executive director of Minsheng Financial Leasing Co., Ltd. since May 2023. Mr. ZENG has served as an independent non-executive director of Dongguan Rural Commercial Bank Co., Ltd. (stock code: 09889.HK) since September 2022, as an independent non-executive director of CCB Life Asset Management Company Limited since May 2021, as an external supervisor of Sichuan Bank Company Limited (四川銀行股份有限公司) since January 2021; served as an independent non-executive director of Zhejiang Furun Digital Technology Co., Ltd. (浙江富潤數字科技股份有限公司) (stock code: 600070) from May 2020 to September 2023, and served as an independent non-executive director of Jiangsu Tongda Power Technology Co., Ltd. (江蘇通達動力科技股份有限公司) (stock code: 002576) from January 2020 to May 2022.

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

Mr. LU Jianzhong, aged 69, has served as our independent non-executive Director since August 2022. Mr. LU has served as a certified accountant at Zhongxinghua Certified Public Accountants since January 2022; a certified accountant at Da Hua Certified Public Accountants LLP from October 2016 to December 2022; a partner of Shanghai De'An Certified Public Accountants LLP, the marketing director of WUYIGE Certified Public Accountants LLP and a partner of Zhongxinghua Certified Public Accountants LLP from July 2012 to September 2016; a certified accountant and a partner of the audit department of PricewaterhouseCoopers Zhong Tian LLP from September 1997 to June 2012; a lecturer and an associate professor of Finance and Accounting at the Shanghai Maritime University from September 1986 to August 1997; a section member of the Finance Section of Shanghai Daily Hardware Industry Company from December 1982 to August 1986.

Directors, Supervisors, Senior Management Officers and Employees

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

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

2. Supervisors

Ms. FENG Xia, aged 52, was appointed as our employee representative Supervisor in January 2018 and has been the Chairwoman of the Board of Supervisors of our Bank from January 2018 to January 2024. Ms. FENG has served as the deputy secretary of the Party Committee of our Bank from December 2017 to December 2023 and as trade union president of our Bank from July 2019 to December 2023. Ms. FENG worked as our Shareholder Representative Supervisor from April 2013 to January 2018. She served as the deputy general manager and member of the Party Committee of Tianjin Jinrong Investment Service Group Co., Ltd. from June 2013 to December 2017. Ms. FENG also served as the deputy general manager and member of the Party Committee of Tianjin Investment Group from November 2012 to June 2013. She served as the deputy secretary of the Tianjin Municipal Committee of the Communist Youth League from June 2007 to November 2012, deputy secretary and secretary of Tianjin Dongli District Youth League from May 1998 to June 2007 and the clerk and the deputy director of office of the Tianjin Dongli District Township Economic Commission from July 1994 to May 1998.

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

Directors, Supervisors, Senior Management Officers and Employees

Ms. PENG Junying, aged 49, has been appointed as an employee representative supervisor of the Bank since December 2023 and is currently the head of the Party Committee Organization Department, the head of the Party Committee United Front Work Department and the general manager of the Human Resources Department of the Bank. Prior to that, Ms. PENG served as the director of the general office (Party Committee Office) of the Bank from January 2021 to July 2023; from October 2014 to January 2021, she successively served as the deputy director (presiding over the work) and the director of the office of the board of directors of the Bank, during which she concurrently served as the director of the office of the board of supervisors from February 2017 to January 2021; from May 2007 to October 2014, she successively served as the deputy director and senior executive of general office of the Bank; from March 2007 to May 2007, she served as the assistant to general manager of the international business department of the Bank; and from July 1999 to March 2007, she successively served as an employee of the personnel division, the training center and the international business department of the Bank. In addition to the above, Ms. PENG served as the secretary for the Office of the Party Committee of the Bank from May 2023 to September 2023; as a director of Bank of Tianjin Financial Leasing Co., Ltd. from October 2016 to July 2022, during which she served as the chairwoman of the board of directors of Bank of Tianjin Financial Leasing Co., Ltd. from October 2016 to October 2017; as the chairwoman of the board of directors of Ningxia Tongxin Jinhui County Bank Co., Ltd. from August 2016 to November 2020; and as the secretary of the Youth League of the Bank from October 2003 to May 2014.

Ms. PENG obtained a bachelor's degree in finance from the department of finance of Nankai University in July 1996 and a master's degree in finance from the department of finance of Nankai University in July 1999, and held the titles of senior political engineer and economist.

Mr. WU Chong, aged 43, has been a Supervisor of the Bank since May 2023. Mr. WU has been the deputy general manager of Tianjin Jinrong Investment Service Group Co., Ltd. since October 2023, and has been the deputy general manager and chief auditor of Tianjin Jinrong Investment Service Group Co., Ltd. from December 2022 to September 2023. From July 2022 to December 2022, he served as the deputy general manager of Tianjin Jinrong Investment Service Group Co., Ltd.. From December 2021 to July 2022, he served as the assistant to the general manager of Tianjin Jinrong Investment Service Group Co., Ltd.. From February 2020 to December 2021, he served as the general manager of the Asset Management Division of Tianjin Jinrong Investment Service Group Co., Ltd.. From January 2018 to February 2020, he successively served as the general manager, director and the party branch secretary of Tianjin Jinrong Guoxin Capital Management Co., Ltd. (天津津融國信資本管理有限公司). From July 2002 to January 2018, he successively served as the customer manager of the Corporate Business Department, the head of SME Department, vice president of Nankai Branch, general manager of Administrative Department, general manager of Corporate Finance Department of Tianjin Branch, Bank of China.

Mr. WU graduated from Tianjin Foreign Studies University majoring in English in July 2002.

Directors, Supervisors, Senior Management Officers and Employees

Mr. LIU Baorui, aged 66, was appointed as our external Supervisor since June 2018. He has been serving as chairman of the board of Shenzhen First Financial Services Limited since September 2013. Mr. LIU served as the executive director and CEO of China Financial International Investments Limited (中國金融國際投資有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 00721.HK) from February 2011 to January 2013, assistant to president, the deputy president, executive director, and deputy secretary of the Party Committee of Shenzhen Development Bank Co., Ltd. (深圳發展銀行股份有限公司) (currently known as Ping An Bank Co. Ltd., a company listed on the Shenzhen Stock Exchange, Stock Code: 000001.SZ) from August 1998 to December 2010. From April 1981 to August 1998, Mr. LIU successively served as a staff, deputy director, director and branch president of Agricultural Bank of China Limited. From January 1976 to March 1981, Mr. LIU worked as a clerk at the People's Bank of China.

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

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

Mr. LAW Yee Kwan, Quinn, aged 71, has served as our external Supervisor from August 2022. Mr. LAW has served as our independent non-executive Director from October 2015 to August 2022. Mr. LAW is a professional accountant. Mr. LAW currently serves as an advisor of the Hong Kong Business Accountants Association, a member of the Court of the Hong Kong University of Science and Technology, a member of the Council of the Hong Kong University of Science and Technology (Guangzhou), an independent director of ENN Energy Holdings Limited and an independent director of BOC Hong Kong (Holdings) Limited.

Mr. LAW worked as a director and vice president of the Hong Kong Business Accountants Association from October 2014 to July 2017 and has served as its consultant since August 2017. Mr. LAW served as a council member cum audit committee chairman of the Hong Kong University of Science and Technology from August 2012 to July 2018 and has served as a court member of this university since October 2018. He has been a member of the Financial Affairs Expert Working Group of University Grants Committee from December 2013 to July 2018. He also served on a number of committees of the Hong Kong Institute of Certified Accountants from 2008 to 2018. Mr. LAW has been an independent non-executive director of BOC Hong Kong (Holdings) Limited (a company listed on the Hong Kong Stock Exchange, stock code: 02388) since March 2019. Mr. LAW has been an independent non-executive director of HKBN Limited (a company listed on the Hong Kong Stock Exchange, stock code: 01310) from February 2015 to December 2023 and an independent non-executive director of ENN Energy Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 02688) since May 2014. From March 2008 to March 2013, Mr. LAW was the deputy chairman of the board and the chief executive officer of the Urban Renewal Authority, a statutory organization in Hong Kong.

Directors, Supervisors, Senior Management Officers and Employees

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

3. Other Senior Management Officers

Mr. LIU Gangling, aged 47, has served as our vice president since March 2021, and is in charge of the corporate wholesale, financial market and asset preservation work. He is also in charge of the Corporate Business Department, the Institutional Business Department, the Transaction Banking Department, the Investment Banking Department, the Financial Market Department and the Asset Preservation Department; and has served as our secretary of the Party Committee and general manager of the Business Department since July 2023. Mr. LIU has served as the general manager of the Asset Management Department of the Bank from March 2017 to October 2020; from August 2015 to March 2017, he served successively as the vice general manager of the interbank business department and the vice general manager (presiding over the work) of the Asset Management Department of the Bank. Mr. LIU served as the chief officer of the global market department of Deutsche Bank (China) from June 2014 to August 2015; the chief officer of the financial market department of Standard Chartered Bank (China) in Northern China and Southern China from July 2006 to June 2014; the manager of the treasury department of Shenzhen branch of HSBC from April 2005 to July 2006. He worked successively in the planning and capital department and the assets management office of the capital transaction centre of Hangzhou branch of Shenzhen Development Bank from August 2001 to April 2005, and served as the deputy manager of the asset management office of the capital transaction centre of Shenzhen Development Bank from June 2004 to April 2005. Mr. LIU served in the finance department of Zhengzhou Zhongyuan Installation Company from August 1998 to September 1999.

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

Mr. XIA Zhenwu, aged 54, has been serving as assistant to our president of the Bank since April 2014, and is in charge of risk, finance, administrative, infrastructure and security work. He is also in charge of Risk Management Department, Credit Management Department, Finance and Accounting Department, Administrative Affairs Department and Security Protection Department (People's Armed Forces Department).

Directors, Supervisors, Senior Management Officers and Employees

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

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

IV. CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

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

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

Directors, Supervisors, Senior Management Officers and Employees

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

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

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

	Number of employees	% of the total
Nil to RMB500,000	0	0
RMB500,000 to RMB10,000,000	2	100%

Note:

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

VI. DIRECTORS’ AND SUPERVISORS’ SERVICE CONTRACTS

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

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

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

Directors, Supervisors, Senior Management Officers and Employees

Director

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

Supervisors

Name of Supervisor	Capacity	Class of Shares	Number of Shares directly or indirectly held (long position)	Approximate % of interest in our Bank
PENG Junying	Beneficial interest	Domestic Shares	58,564	0.00096%
LIU Baorui	Beneficial interest	Domestic Shares	15,959	0.00026%

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

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

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

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

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

X. ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

Directors, Supervisors, Senior Management Officers and Employees

XI. THE FINAL REMUNERATION OF THE BANK'S CHAIRMAN, CHAIRMAN OF THE BOARD OF SUPERVISORS, PRESIDENT AND VICE PRESIDENT IN 2022

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

Unit: RMB' 0,000

Name	Position	Current year beginning and end date of remuneration	Remuneration paid by the Bank before tax in 2022					Whether remunerated by shareholding companies or related party companies	Total remuneration before tax received from related party companies
			Remuneration payable ⁽¹⁾	Social insurance, contribution to annuity funds, supplemental medical insurance and housing funds deposited by the Company ⁽²⁾	Other income in the form of money (indicate specific item and break down) ⁽³⁾	Tenure incentives income ⁽⁴⁾			
WU Hongtao	deputy secretary of the Party Committee, President	2022.01-2022.12	268.19	21.89	-	-	No	-	
FENG Xia	former deputy secretary of the Party Committee, Chairwoman of Board of Supervisors, Trade Union President	2022.01-2022.12	74.27	21.89	-	-	No	-	
HE Lin	member of the Party Committee, Team Leader of the Discipline Inspection and Supervision Team stationed in the Bank	2022.01-2022.12	69.42	21.89	-	-	No	-	
LIU Gangling	vice President	2022.01-2022.12	213.19	24.87	-	-	No	-	
ZHENG Ke	vice President	2022.01-2022.12	213.19	24.87	-	-	No	-	
SUN Liguo	former secretary of the Party Committee, Chairman	2022.01-2022.12	77.13	21.89	-	-	No	-	
JIANG Hua	former vice President	2022.01-2022.12	153.18	21.89	-	-	No	-	

Note: The remuneration disclosed in the above table was the total remuneration payable before tax to person in charge of the enterprises of the Bank in 2022 and social insurances deposited by the Company according to the state regulations.

Directors, Supervisors, Senior Management Officers and Employees

XII. EMPLOYEES' REMUNERATION POLICIES AND TRAINING PLANS FOR EMPLOYEES

(I) Overview of the employees

As of the end of the Reporting Period, we had 6,699 regular employees in total, of which 1,320 employees at our head office and 5,272 employees at our branches and sub-branches, 66 employees at our consolidated county banks and 41 employees at Bank of Tianjin Financial Leasing Co., Ltd. As of the end of the Reporting Period, we had 6,126 or 91.45% employees who had bachelor's degrees or above, and our staff's average age was 39.3.

By adhering to the concept of diversity, the Bank do not set discriminative or restrictive requirements on nationality, gender, religion, ethnicity or native place during recruitment, treat people with disabilities fairly, treat employees with different background equally and is committed to creating a workplace atmosphere featuring diversity. As of the end of the Reporting Period, we have 2,721 or 40.62% male employees and 3,978 or 59.38% female employees.

(II) Remuneration of the employees

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

In accordance with Regulatory Guidelines for the Stability of Remuneration in Commercial Banks of NFRA, our Bank has formulated Remuneration Management Policy of Bank of Tianjin Co., Ltd. and Remuneration Management Measures of Bank of Tianjin to regulate our management of remuneration. Our Bank has successfully established a broadband salary management system with diversified composition, standardized management and systematic implementation and adopted a market-oriented and diversified management by region in order to scientifically and effectively motivate our employees and ensure the smooth implementation of our developmental strategies. During the Reporting Period, the Bank recorded total staff costs of RMB2,448.617 million.

Directors, Supervisors, Senior Management Officers and Employees

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

Remuneration policies of our Bank are in line with our risk management system and our employee compensation level also matches our Bank performance. By strengthening the orientation of performance appraisal and aligning remuneration with performance contribution, the Bank ensures that remuneration incentives match risk-adjusted performance, and prevents radical business behaviors and violations of laws and regulations. In accordance with the principles of combining incentives and constraints, acting within one's capabilities and being coordinated and sustainable, and based on risk management needs, the Bank implements a deferred payment and recourse deduction system for performance-based remuneration of personnel in positions that have a significant impact on risks. The proportion of deferred payment of performance-based remuneration shall not be less than 40% of the total annual performance-based remuneration, and the deferred payment period shall be three years, which complies with regulatory requirements; the recovery and deduction of performance-based remuneration includes the recovery of paid performance-based remuneration and the cessation of payment of unpaid performance-based remuneration. During the Reporting Period, the Bank's deferred payment of performance-based remuneration amounted to RMB166.17 million, and the amount recovered and deducted amounted to RMB1.74 million.

(IV) Training plans of the employees

The Bank formulates key points and training plans for staff education and training on a yearly basis and conducts hierarchically echelon cultivation programs for key talents including new employees, youth backbones, business professionals and management. The head office organises exemplary training to key business personnel from branches and sub-branches on front-line business operations, promotion of new products and services, customer marketing management, case prevention of internal control and compliance by professions and levels, guiding branches and sub-branches to carry out secondary training in accordance with the actual situation. The Bank has launched the system of job-related post certificates for the staff throughout the Bank. The Bank has also regularly organised various types of vocational qualifications and selection competitive examinations, promoted employee vocational qualification management and encouraged employees to attend external professional qualification courses. As of the date of this annual report, more than 15,096 people passed the tests and obtained various kinds of vocational qualification certificates.

Corporate Governance Report

CORPORATE GOVERNANCE OVERVIEW

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

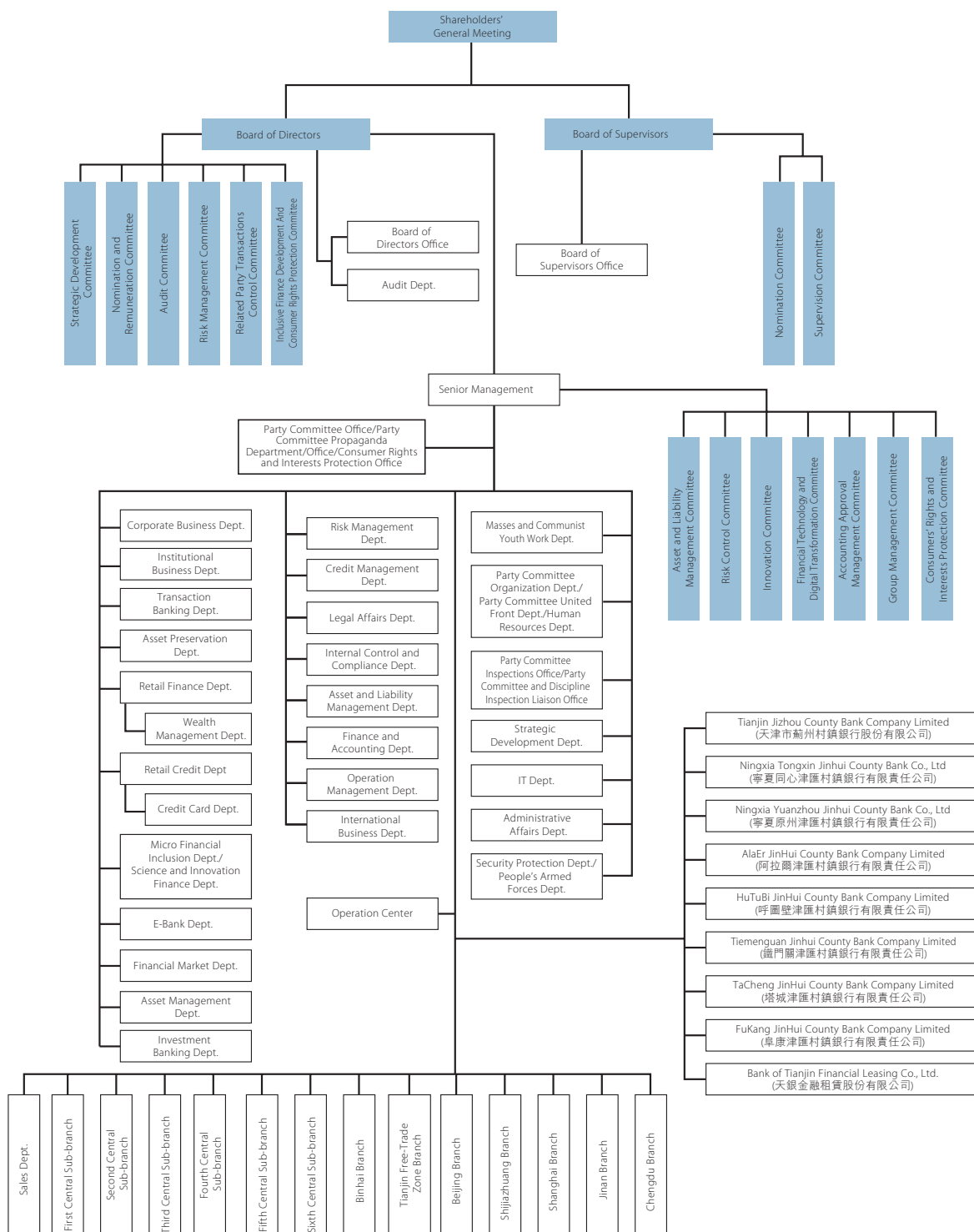
Our Bank has established a relatively comprehensive corporate governance structure in accordance with the requirements of the Hong Kong Listing Rules. Save as disclosed below, the composition of the Board and the special committees of the Board is in compliance with the requirements of the Hong Kong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

Our Bank has adopted the Corporate Governance Code (the "Code") in 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. During the Reporting Period, due to the resignation of the independent non-executive Director, the number of independent non-executive Directors of the Bank was temporarily less than one-third of the number of Board members as stipulated in Rule 3.10A of the Hong Kong Listing Rules, and was temporarily unable to meet the requirement for independent non-executive directors to constitute a majority of the audit committee members under Rule 3.21 of the Hong Kong Listing Rules. The Bank will identify appropriate candidates as soon as possible to meet the relevant requirements. Save for the above, the Board believes that our Bank has always complied with the requirements of the code provisions set out in the Code in the Hong Kong Listing Rules during the Reporting Period.

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

Corporate Governance Report

ORGANISATION CHART



Corporate Governance Report

SHAREHOLDERS' GENERAL MEETINGS

Information of Shareholders' General Meetings

In 2023, the Bank held five Shareholders' general meetings (including class meetings), details of which are set out below:

At the 2022 annual general meeting of the Bank held at the East Building Office of the Bank of Tianjin at No. 15 Youyi Road, Hexi District, Tianjin, the PRC on 18 May 2023, Shareholders and proxies attending the 2022 annual general meeting represented an aggregate of 3,662,170,695 Shares of the Bank carrying voting rights, being approximately 68.12% of the total number of Shares of the Bank carrying voting rights as at the date of the 2022 annual general meeting. Eight proposals were considered and approved, including the Work Report of the Board of Directors for 2022, Work Report of the Board of Supervisors for 2022, the Report for Final Financial Accounts for 2022, the Profit Distribution Plan for 2022, the Report for Financial Budget for 2023, the engagement of external auditors to review and audit the financial statements for 2023, the Investment Plan for 2023 and the appointment of shareholder representative Supervisor. The Shareholders also listened to the Appraisal Report on the Performance of Duties by the Board, the Directors, Board of Supervisors, Supervisors, senior management and its members for 2022, the Work Report of Independent Non-executive Directors for 2022 and the Report of Related Party Transactions and Management of Related Party Transactions of the Bank for 2022.

At the 2023 first extraordinary general meeting of the Bank held at the East Building Office of Bank of Tianjin at No. 15 Youyi Road, Hexi District, Tianjin, the PRC on 2 June 2023, Shareholders and proxies attending the 2023 first extraordinary general meeting represented an aggregate of 3,552,936,405 Shares of the Bank carrying voting rights in relation to the resolutions proposed, being approximately 66.09% of the total number of Shares of the Bank carrying voting rights in relation to the resolutions proposed as at the date of the 2023 first extraordinary general meeting. Proposals were considered and approved, including the appointments of executive Director and independent non-executive Director.

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At the 2023 second extraordinary general meeting, the 2023 First Domestic Share Class Meeting and the 2023 First H Share Class Meeting of the Bank held at the East Building Office of Bank of Tianjin at No. 15 Youyi Road, Hexi District, Tianjin, the PRC on 20 September 2023, Shareholders and proxies attending the 2023 second extraordinary general meeting represented an aggregate of 3,639,974,526 Shares of the Bank carrying voting rights in relation to the resolutions proposed, being approximately 67.12% and 66.39%, respectively, of the total number of Shares of the Bank carrying voting rights in relation to the resolutions No. 1 and No. 2 proposed as at the date of the 2023 second extraordinary general meeting. Proposals were considered and approved, including the replenishment of other tier-one capital through convertible negotiated deposit and issuance of shares under specific mandate and appointment of independent non-executive Director. Shareholders and proxies attending the 2023 First Domestic Share Class Meeting represented an aggregate of 2,610,948,963 Shares of the Bank carrying voting rights in relation to the resolutions proposed, being approximately 69.35% of the total number of Domestic Shares of the Bank carrying voting rights in relation to the resolution proposed as at the date of the 2023 First Domestic Share Class Meeting. Proposal in relation to the replenishment of other tier-one capital through convertible negotiated deposit and issuance of shares under specific mandate was considered and approved. Shareholders and proxies attending the 2023 First H Share Class Meeting represented an aggregate of 1,029,025,563 Shares of the Bank carrying voting rights in relation to the resolution proposed, being approximately 62.05% of the total number of H Shares of the Bank carrying voting rights in relation to the resolution proposed as at the date of the 2023 First H Share Class Meeting. Proposal in relation to the replenishment of other tier-one capital through convertible negotiated deposit and issuance of shares under specific mandate was considered and approved.

The notices and convening and voting procedures of the 2023 first extraordinary general meeting, the 2023 second extraordinary general meeting, the 2023 First Domestic Share Class Meeting, the 2023 First H Share Class Meeting and the 2022 annual general meeting were all in compliance with the relevant requirements of the Company Law of the People's Republic of China, the Articles of Association and the Hong Kong Listing Rules. Please refer to the poll results announcements published on the websites of the Bank and the Hong Kong Stock Exchange on the date of convening the meetings for details.

BOARD

The Operation of the Board of Directors

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

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

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

Composition of the Board of Directors

As of the date of this annual report, the Board of the Bank comprised a total of thirteen Directors, including four executive Directors, namely Mr. YU Jianzhong, Mr. WU Hongtao, Mr. ZHENG Ke and Ms. DONG Xiaodong; five non-executive Directors, namely Ms. DONG Guangpei, Mr. Alistair Marshall BULLOCH, Mr. ZHAO Wei, Mr. WANG Shunlong and Ms. LI Jun; and four independent non-executive Directors, namely Mr. JIN Qingjun, Mr. HE Jia, Mr. ZENG Jianhua and Mr. LU Jianzhong. Mr. YU Jianzhong is the Chairman of the Board of Directors. During the Reporting Period, due to the resignation of the independent non-executive Director, the number of independent non-executive Directors of the Bank was temporarily less than one-third of the number of Board members as stipulated in Rule 3.10A of the Hong Kong Listing Rules, and was temporarily unable to meet the requirement for independent non-executive directors to constitute a majority of the audit committee members under Rule 3.21 of the Hong Kong Listing Rules. The Bank will identify appropriate candidates as soon as possible to meet the relevant requirements. Save for the above, the number and composition of the Board of Directors of the Bank conform to applicable laws and regulations.

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

Change of Directors during the Reporting Period

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

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Duties of the Board of Directors

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

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

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

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- (ab) to assume management responsibility for the Shareholders' affairs; and
- (ac) other rights conferred by the laws, regulations, regulatory provisions or our Articles of Association and Shareholders' general meeting.

Director's Responsibility for the Preparation of the Financial Statements

The Directors acknowledge that they are responsible for the preparation of the financial statements of our Bank for the year of 2023, which give a true and fair view of the state of affairs and results of the Bank. In doing so, the Directors opted for suitable accounting policies and applied them consistently and used accounting estimates as appropriate in the circumstances. With the assistance of the accounting and finance staffs, the Directors ensured that the financial statements of the Bank are prepared in accordance with statutory requirements and applicable financial reporting standards. The statement of the external auditors in relation to their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 175 to 184.

Meetings of the Board of Directors and the Directors' Attendance

During the Reporting Period, our Bank held eight meetings of the Board of Directors, considering and approving 59 proposals on matters mainly including adoption and/or amendments to various corporate governance measures, profit distribution plans and business operations. The details of the Board meetings held during the Reporting Period are set out below:

Meeting	Meeting Date	Meeting Form
the 8th meeting of the seventh session of the Board	30 March 2023	On-site
the 9th meeting of the seventh session of the Board	11 May 2023	On-site
the 10th meeting of the seventh session of the Board	30 June 2023	On-site
the 11th meeting of the seventh session of the Board	14 July 2023	On-site
the 12th meeting of the seventh session of the Board	24 July 2023	On-site
the 13th meeting of the seventh session of the Board	28 August 2023	On-site
the 14th meeting of the seventh session of the Board	23 October 2023	On-site
the 15th meeting of the seventh session of the Board	22 December 2023	On-site

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

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

Notes: (1) Appointed as member of the Board on 18 July 2023.

(2) Resigned as member of the Board on 11 May 2023.

(3) Resigned as member of the Board on 15 January 2024.

(4) Resigned as member of the Board on 13 December 2023.

(5) The number of class meetings is counted separately.

Corporate Governance Report

Independent Non-executive Directors

The Board of our Bank currently has four independent non-executive Directors, which is in compliance with the requirements of the Hong Kong Listing Rules regarding the appointment of at least three independent non-executive directors, with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise. During the Reporting Period, due to the resignation of the independent non-executive Director, the number of independent non-executive Directors of the Bank was temporarily less than one-third of the number of Board members as stipulated in Rule 3.10A of the Hong Kong Listing Rules. The Bank will identify appropriate candidates as soon as possible to meet the relevant requirements.

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

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

Special Committees of the Board

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

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Strategic Development Committee

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

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

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During the Reporting Period, the Strategic Development Committee held six meetings, considering and approving 23 proposals on matters mainly including Final Financial Accounts for 2022, 2022 Social Responsibility Report, Annual Operation Plan for 2023, Financial Budget for 2023 and Investment Plan for 2023. The attendance of each member in the meetings of the Strategic Development Committee in 2023 is set out below:

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
Mr. YU Jianzhong ⁽¹⁾	2	2	0
Mr. WU Hongtao	6	5	1
Mr. Alistair Marshall BULLOCH	6	6	0
Mr. HE Jia	6	6	0
Mr. SUN Ligu ⁽²⁾	1	1	0
Ms. SUN Jingyu ⁽³⁾	6	6	0

Notes: (1) Appointed as chairman of the Strategic Development Committee on 24 July 2023.

(2) Resigned as chairman of the Strategic Development Committee on 11 May 2023.

(3) Resigned as member of the Strategic Development Committee on 15 January 2024.

Audit Committee

Our Bank has established the Audit Committee with written terms of reference in compliance with the requirements under the Hong Kong Listing Rules. The terms of reference of the Audit Committee can be found on the website of the Hong Kong Stock Exchange and website of our Bank. As of the date of this annual report, the Audit Committee consists of four Directors, being Mr. LU Jianzhong, Mr. WANG Shunlong, Ms. LI Jun and Mr. ZENG Jianhua. The chairman of the Audit Committee is Mr. LU Jianzhong. Mr. WANG Shunlong and Ms. LI Jun are non-executive Directors, whereas Mr. LU Jianzhong and Mr. ZENG Jianhua are independent non-executive Directors. An independent non-executive Director serves as chairman of the Audit Committee. During the Reporting Period, due to the resignation of the independent non-executive Director, the Bank was temporarily unable to meet the requirement for independent non-executive directors to constitute a majority of the audit committee members under Rule 3.21 of the Hong Kong Listing Rules. The Bank will identify appropriate candidates as soon as possible to meet the relevant requirements.

The primary duties of the Audit Committee include the following:

- reviewing our accounting policies, financial position and financial reporting procedures, and inspecting our risk and compliance;

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- considering our financial statements, annual report, half-year report and (if prepared for publication) quarterly reports as issued by the external auditor on our operating results in the previous year, and to review significant financial information views contained in such statements and reports; to make judgements on the truthfulness, accuracy, completeness and timeliness of the information of the audited financial reports, and to submit the deliberations to the Board of Directors;
- engaging, re-engaging and dismissing accounting firms that perform audit work for the Bank, approving their remuneration and terms of employment, and dealing with issues related to the aforementioned matters;
- monitoring and evaluating the external auditor's independence and objectivity and the effectiveness of the audit process;
- being responsible for the communication between internal auditors and external auditors, and ensuring coordination between the internal auditors and external auditors;
- organising and leading our internal audit work pursuant to the authority of the Board, to approve our audit policies and procedures and our annual audit work plan, and to supervise the implementation;
- considering the internal control reports, supervising and inspecting the effectiveness of the implementation, and submitting comments and suggestions to the Board of Directors; and
- listening to the audit report of the internal audit department regularly, and submitting it to the Board of Directors.

During the Reporting Period, the Audit Committee held five meetings, considering and approving 21 proposals on matters mainly including 2022 Annual Report of Bank of Tianjin Co., Ltd., 2023 Interim Report of Bank of Tianjin Co., Ltd., Evaluation Report on 2022 Internal Control of Bank of Tianjin Co., Ltd., The Report on 2022 Internal Audit Work of Bank of Tianjin Co., Ltd. and 2023 Internal Audit Work Plan of Bank of Tianjin Co., Ltd.

The Audit Committee also organised the preparation and review of the 2022 Annual Report and 2023 Interim Report according to relevant disclosure requirements on the annual financial report. During the Reporting Period, the Audit Committee had several meetings and communications with the external auditors in the absence of executive Directors and senior management. On 20 March 2024, the Audit Committee reviewed the audited consolidated financial statements for the year of 2023 prepared in accordance with the accounting principles and policies of the Bank. It also reviewed the internal control system and the effectiveness of the Bank's internal audit function by periodically listening to the internal audit work report of our internal audit department.

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

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
Mr. LU Jianzhong	5	4	1
Mr. WANG Shunlong	5	4	1
Ms. LI Jun	5	4	1
Mr. ZENG Jianhua	5	5	0
Mr. HUA Yaogang ⁽¹⁾	4	4	0

Note: (1) Resigned as a member of the Audit Committee on 13 December 2023.

Related Party Transactions Control Committee

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

- assisting the Board of Directors in performing the duties in the management of related party transactions of the Bank;
- being responsible for researching, formulating and revising the policies, rules and regulations of the Bank's related party transactions;
- being responsible for supervising the senior management's implementation of relevant regulations, systems and policies on related party transaction management;
- reviewing the related party transactions of the Bank in accordance with the provisions of Chinese laws and the business principles of fair and equitable;
- being responsible for putting forward review opinions on major related party transactions of the Bank and reporting to the Board of Directors for approval, and accepting the filing of general related party transactions of the Bank; and
- formulating the working rules of the Related Party Transactions Control Committee.

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During the Reporting Period, the Related Party Transactions Control Committee held five meetings, considering and approving eight proposals on matters mainly including the Report on Related Party Transactions and the Management of Related Party Transactions of Bank of Tianjin Co., Ltd. for 2022 and the Report on Material Related Party Transactions of Tianjin State-owned Capital Investment and Operation Co., Ltd., etc.

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

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
Mr. JIN Qingjun	5	5	0
Mr. ZHENG Ke	5	4	1
Ms. DONG Xiaodong	5	5	0
Mr. LU Jianzhong	5	4	1
Mr. HUA Yaogang ⁽¹⁾	4	4	0

Note: (1) Resigned as a member of the Related Party Transactions Control Committee on 13 December 2023.

Risk Management Committee

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

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

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- discussing our risk management and internal control system with senior management to ensure the effectiveness of our risk management systems; and
- conducting regular review of and supervising the effectiveness of our risk management systems.

During the Reporting Period, the Risk Management Committee held four meetings in total, considering and approving 13 proposals on matters mainly including the 2022 Risk and Risk Management Status Report, 2022 Annual Implementation Report of Expected Credit Loss, 2022 Annual Information Technology Risk Management Report, 2023 Risk Preference Statement, 2023 Recovery Plan, Measures for Business Risk Management Off-balance Sheet of Bank of Tianjin Co., Ltd. and Financial Asset Risk Classification Policy. The Risk Management Committee regularly reviewed the risk management systems of our Bank by hearing on a quarterly basis, the report by our senior management on the risk management of our Bank, including credit risk, market risk, operational risk, compliance risk, liquidity risk and information technology risk, reputation risk, etc. Based on the economic development trends, the changes in macro-economic regulation and control and our Bank's actual operational development, the Risk Management Committee will put forward opinions and suggestions to improve our Bank's risk management and urge the senior management to improve the workflow of risk management.

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

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
Mr. WU Hongtao	4	4	0
Ms. DONG Guangpei	4	4	0
Mr. ZHAO Wei	4	2	2
Mr. JIN Qingjun	4	4	0
Mr. ZENG Jianhua	4	4	0

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Nomination and Remuneration Committee

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

Nomination duties

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

Remuneration and appraisal duties

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

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During the Reporting Period, the Nomination and Remuneration Committee held six meetings, considering and approving 14 proposals on matters mainly including opinions for the evaluation of the performance of the Directors and the members of senior management in 2022, performance indicators for the Company in 2023, 2022 annual performance assessment result and salary distribution plan of professional managers and the election of chairman of Bank of Tianjin Co., Ltd..

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

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
Mr. HE Jia	6	6	0
Mr. YU Jianzhong ⁽¹⁾	2	2	0
Ms. DONG Xiaodong	6	6	0
Mr. ZENG Jianhua	6	6	0
Mr. LU Jianzhong	6	4	2
Mr. Sun Liguó ⁽²⁾	1	1	0

Note: (1) Appointed as member of the Nomination and Remuneration Committee on 24 July 2023.

(2) Resigned as member of the Nomination and Remuneration Committee on 11 May 2023.

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

In selecting the Board members, the Board and the Nomination and Remuneration Committee consider various factors, including but not limited to skills, gender, age, cultural and educational background, professional experience and years of service, in order to achieve the Board diversity. Our Nomination and Remuneration Committee is responsible for reviewing the structure, size and composition of the Board annually, determining the policy for the remuneration of Directors, assessing performance of executive Directors and approving the terms of executive Directors' service contracts and making recommendations on the remuneration packages of individual executive Directors and senior management to the Board. As at the end of the Reporting Period, the Board is comprised of 13 Directors, among which 3 are female, 4 are within the age group of 40 to 49, 4 are within the age group of 50 to 59, 5 are aged 60 and above; 6 with professional financial background, 3 with professional accounting and audit background, 2 with professional economic and management background, 1 with professional legal background and 1 with educational background. Accordingly, the Board of Directors considers the Bank's diversity policy to be feasible and effective.

Corporate Governance Report

Inclusive Finance Development and Consumer Rights Protection Committee

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

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

During the Reporting Period, the Inclusive Finance Development and Consumer Rights Protection Committee held two meetings in total, considering and approving 2 proposals on matters mainly including the Report on the protection of the rights and interests of consumers in 2022, and work plan for the inclusive small and micro businesses in 2023, etc.

Corporate Governance Report

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

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

Notes: (1) Appointed as a member of the Inclusive Finance Development and Consumer Rights Protection Committee on 24 July 2023.

(2) Resigned as a member of the Inclusive Finance Development and Consumer Rights Protection Committee on 11 May 2023.

(3) Resigned as the chairman of the Inclusive Finance Development and Consumer Rights Protection Committee on 13 December 2023.

Corporate Governance Functions

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

BOARD OF SUPERVISORS

Composition of the Board of Supervisors

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

Corporate Governance Report

Change of Supervisors during the Reporting Period

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

Meetings of the Board of Supervisors and the Supervisor’ Attendance

During the Reporting Period, our Bank held nine meetings of the Board of Supervisors in total, considering and approving 67 proposals on matters mainly including Work Report of the Board of Supervisors for 2022 of Bank of Tianjin Co., Ltd., 2022 Annual Report of Bank of Tianjin Co., Ltd., the Report of the Evaluation of the Board of Supervisors on the Performance of the Board of Directors and Directors of the Bank of Tianjin Co., Ltd. for the Year of 2022, the Report of Performance Evaluation of the Board of Supervisors and Supervisors of the Bank of Tianjin Co., Ltd for the Year of 2022., and the Report of the Evaluation of the Board of Supervisors on the Performance of the Senior Management and Its Members of the Bank of Tianjin Co., Ltd. for the Year of 2022.

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

Members of the Board of Supervisors	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
Ms. FENG Xia ⁽¹⁾	9	9	0
Ms. PENG Junying ⁽²⁾	0	0	0
Mr. WU Chong ⁽³⁾	6	4	2
Mr. LIU Baorui	9	8	1
Mr. LAW Yee Kwan, Quinn	9	8	1
Mr. JIANG Zhengjun ⁽⁴⁾	8	8	0
Mr. YU Yang ⁽⁵⁾	2	2	0

Notes: (1) Resigned as the chairwoman of Board of Supervisors on 31 January 2024.

(2) Appointed as a member of the Board of Supervisors on 22 December 2023.

(3) Appointed as a member of the Board of Supervisors on 18 May 2023.

(4) Resigned as a member of the Board of Supervisors on 22 December 2023.

(5) Resigned as a member of the Board of Supervisors on 18 April 2023.

Corporate Governance Report

Committees under the Board of Supervisors

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

Supervision Committee

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

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

During the Reporting Period, the Supervision Committee held eight meetings in total, considering and approving 78 proposals on matters mainly including 2022 Annual Report of the Bank of Tianjin Co., Ltd., Work Report on Specialized Supervision of the Seventh Session of the Board of Supervisors for 2023 of the Bank of Tianjin Co., Ltd., 2022 Annual Corporate Governance Evaluation Report of the Bank of Tianjin Co., Ltd. The attendance of each member in the meetings of the Supervision Committee during the Reporting Period is set out below:

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
Mr. LIU Baorui	8	7	1
Ms. FENG Xia	8	8	0
Mr. WU Chong ⁽¹⁾	5	3	2
Mr. YU Yang ⁽²⁾	2	2	0

Notes: (1) Appointed as member of the Supervision Committee on 18 May 2023.

(2) Resigned as member of the Supervision Committee on 18 April 2023.

Corporate Governance Report

Nomination Committee

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

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

During the Reporting Period, the Nomination Committee held eight meetings in total, considering and approving 17 proposals on matters mainly including 2023 Performance Appraisal Indicators System for Professional Managers of the Bank of Tianjin Co., Ltd., the Report of the Evaluation of the Board of Supervisors on the Performance of the Board of Directors and Directors of the Bank of Tianjin Co., Ltd. for the Year of 2022, the Report of the Evaluation of the Board of Supervisors on the Performance of the Senior Management and Its Members of the Bank of Tianjin Co., Ltd. for the Year of 2022. The attendance of each member in the meetings of the Nomination Committee during the Reporting Period is set out below:

Committee members	Number of meetings requiring attendance	Number of meetings attended in person	Number of meetings attended by proxy
Mr. LAW Yee Kwan, Quinn	8	8	0
Ms. FENG Xia	8	8	0
Ms. PENG Junying ⁽¹⁾	0	0	0
Mr. JIANG Zhengjun ⁽²⁾	7	7	0

Notes: (1) Appointed as member of the Nomination Committee on 22 December 2023.

(2) Resigned as member of the Nomination Committee on 22 December 2023.

Corporate Governance Report

Attendance at Shareholders' general meetings during the Reporting Period

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

Attendance at Board meetings during the Reporting Period

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

Trainings to the Directors and Supervisors during the Reporting Period

During the Reporting Period, all the Directors and Supervisors of the Bank accepted or participated in relevant trainings. The main contents of the trainings included the 2023 Strategic Committee Special Training conducted by Tianjin State-owned Assets Supervision and Administration Commission, Reputation Risk Prevention and Typical Public Opinion Management Training, Hong Kong Listed Company Compliance Training, Commercial Bank Related Party Transactions Management and Shareholders' and Directors' and Supervisors' Rights and Obligations Training, ESG Related Training, and Anti-corruption Special Training, etc.

CHAIRMAN AND PRESIDENT

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

COMPANY SECRETARIES

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

RELATIONSHIPS BETWEEN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OFFICERS

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

Corporate Governance Report

SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

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

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

SENIOR MANAGEMENT OFFICERS

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

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

REMUNERATION OF SENIOR MANAGEMENT OFFICERS

Details of the remuneration of the members of the senior management officers for 2023 are set out in “Directors, Supervisors, Senior Management officers and Employees – Information on Remuneration paid to Directors, Supervisors and Senior Management officers”.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

There were no amendments to the Articles of Association during the Reporting Period.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS

The Bank values comments and recommendations of Shareholders, and has been strengthening communication and exchanges with Shareholders through the establishment of a dedicated service position, a service hotline, a customer service platform, stakeholder surveys and general meetings so as to maintain a good relationship, and satisfy the reasonable requests of Shareholders in a timely manner. During the Reporting Period, the Bank held 5 general meetings (including class meetings), 1 special stakeholder communication, and received more than 1,000 calls from Shareholders, achieving a good communication with Shareholders as a result.

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

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

Postal Code: 300201

Tel: +86 2228405536

Fax: +86 2228405518

E-mail: ir@bankoftianjin.com

SHAREHOLDERS' RIGHTS

Procedures of Convening an Extraordinary General Meeting of the Shareholders

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

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

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

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

Corporate Governance Report

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

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

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

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

Procedures for Submitting a Proposal to the Shareholders' General Meeting

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

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

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

Corporate Governance Report

EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The Bank engaged PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers in Hong Kong (collectively, referred to as "PricewaterhouseCoopers") to act as domestic auditor and international auditor, respectively, for the 2023 annual financial statements of the Bank. The remuneration paid by the Bank to PricewaterhouseCoopers for the audit of the 2023 annual financial statements was RMB2.89 million, and the service fee for reviewing the interim financial statements was RMB2.09 million. The remuneration paid by the Bank to PricewaterhouseCoopers for non-audit and review services during the reporting period was RMB3.27 million.

PricewaterhouseCoopers has been serving as the auditor of the Bank for three consecutive years, the engagement partner is Ye Shaokuan and has been providing audit services to the Bank for 3 years.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

Corporate Governance Report

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

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

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

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

Corporate Governance Report

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

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

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

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

Corporate Governance Report

INTERNAL AUDIT

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

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

Report of the Board of Directors

I. PRINCIPAL BUSINESS

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

II. BUSINESS REVIEW

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

A review of the Bank's business during the Reporting Period is set out in the "Management Discussion and Analysis – Business Review". Results of the Bank for the year of 2023 are set out in the "Financial Statements – Consolidated Statement of Profit or Loss and Other Comprehensive Income" in this annual report.

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

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

(III) Exposure to major risks

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

(IV) Future development

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

III. DIVIDEND

(I) Dividend policy and plan

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

The profit distribution plan for 2022 of the Bank was considered and approved by the Shareholders of the Bank at the 2022 annual general meeting of the Bank held on 18 May 2023. The Bank has not distributed any final dividend for the year of 2022.

Report of the Board of Directors

The Board has recommended the payment of a final dividend of RMB1.2 per ten Shares (inclusive of tax) in cash for the year ended 31 December 2023, representing a total payment of approximately RMB728.47 million. The final dividend is subject to approval at the forthcoming 2023 annual general meeting of the Bank. Subject to the approval at the 2023 general meeting of the Bank, the final dividend of the Bank for the year ended 31 December 2023 will be denominated and declared in Renminbi. Distribution of the dividends to holders of domestic shares of the Bank will be paid in Renminbi, while dividends to holders of H shares of the Bank will be paid in Hong Kong dollars. For such conversion, Renminbi will be converted into Hong Kong dollars based on the average middle exchange rate of the five business days preceding 19 April 2024 (inclusive), being the date of the Bank's 2023 annual general meeting, as announced by the People's Bank of China. If approved by the Bank's 2023 annual general meeting, it is expected the final dividend will be payable on 12 June 2024. The H shares register of members of the Bank will be closed from Thursday, 25 April 2024 to Tuesday, 30 April 2024 (both days inclusive). Shareholders whose names appear on the register of H share register of members and domestic share register of members of the Bank on Tuesday, 30 April 2024 will be entitled to receive the final dividend. The holders of H Shares who qualify for receiving the final dividend must lodge all the transfer documents accompanied by the relevant H share certificates with the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong to process the registration not later than 4:30 p.m. on Wednesday, 24 April 2024.

(II) TAX RELIEF

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

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

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

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

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

Report of the Board of Directors

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

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

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

IV. ENVIRONMENTAL POLICY AND PERFORMANCE

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

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

The Bank took “creating a green bank” as the major development direction of the Bank so as to provide the effective guarantee for green finance development in terms of organizational structure, resource allocation and evaluation system. By improving the green finance development system, the Bank has coordinated the promotion of green and low-carbon transformation, product innovation and risk management. The Bank set up a professional team of green finance at the head office level, continued to improve the green finance institutional framework, strengthen business coordination and resource allocation, enrich the supply of green financial products, promote the concept of green finance development, and strive to enhance the professional service capabilities of employees. During the Reporting Period, the Bank successfully issued the first carbon emission reduction loan among the local legal person financial institutions in Tianjin and the first pledge loan of charging pile franchise income rights within the Bank; as of the end of the Reporting Period, the Bank’s green loan balance reached RMB24.35 billion, representing a year-on-year increase of 51.25%.

Report of the Board of Directors

The Bank formulated the “Bank of Tianjin Credit Business Environmental, Social and Governance Risk Management Measures (Trial)”, which fully embedded environmental, social and governance risk requirements into the management of loan process, and implemented classified management of credit customers to effectively enhance the Bank’s environmental, social and governance risk management capacity. During the year, the Bank organised and carried out special training in relation to environmental, social and governance risk management and invited external experts to provide professional explanations on the connotation of environmental, social and governance risks, development trends, environmental, social and governance risk management systems and case studies of peers, which facilitated stronger cultivation of environmental, social and governance risk-related concept while providing advice for better implementation of green finance. At the same time, the Bank was committed to integrating climate considerations into development. We added the special topic of climate risk management to the 2023 Credit Policy Guidelines of Bank of Tianjin, to assess the risks and opportunities brought to the Bank by climate change and clarify the relevant management initiatives.

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

For details of the Bank’s environmental policies and performance, please refer to the “2023 Social Responsibility Report of Bank of Tianjin Co., Ltd.”.

Report of the Board of Directors

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

(I) Relationship between the Bank and its Employees

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

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

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

Report of the Board of Directors

(II) Relationship between the Bank and its Customers

We are the only City Commercial Bank headquartered in Tianjin. With our roots in Tianjin, we have developed an in-depth understanding of Tianjin's economic structure and industry layout over the last 20 years. We have established long-term strategic cooperative relationships with a number of local enterprises with a strong business portfolio, particularly those operating in infrastructures, energy conservation, environmental protection, medical and health care, high-end equipment manufacturing, education, tourism, and public-service, as well as technology-based SMEs. Meanwhile, the Bank have in-depth cooperation with finance, government agencies, public institutions, social security and social groups, and our services reach the housing and construction, finance, taxation, social security, medical insurance, provident fund, trade unions, hospitals, education and other sectors.

The Bank insists on vigorously developing inclusive small and micro financial business and technology financial business as an important starting point to promote operational transformation, adjust and optimize business structure and achieve high-quality development, and continues to build a high-quality brand of "Small and Medium Enterprise Partner Bank". We work hard to focus on business in key areas including inclusive small and micro businesses and technology-based businesses, deepen customer service and customer bases, and continue to implement the central financial policy on re-lending; proactively adapt to market changes, and actively transform the customer acquisition methods and business models of small and micro businesses, use big data technology and electronic channels and focus on customer needs to launch online loan products including "e-Loan for taxpayers", "e-Loan for supermarkets", "Smart Business-Yongbei", "e-Loan for residential mortgage" and "e-Loan for enterprise taxpayers", providing credit funds rapidly and efficiently. Focusing on small and micro customer bases, the Bank has integrated inclusive financial credit products and set up a special channel for inclusive finance through the Bank of Tianjin micro-banking official account and new generation mobile portal. Focusing on the science and technology innovation customer bases, the Bank has created exclusive business products for "Technology Enterprise Loans" and formed the Technology Innovation Finance Exclusive Product Plan, covering dozens of products including loans, guarantees, leasing, bond issuance, equity investment linkage, to promote the formation of a comprehensive service model of "stocks, bonds, loans, funds, leases and guarantees", and focus financial resources on technology-based enterprises, specialized and new enterprises and other industry sectors.

Report of the Board of Directors

Meanwhile, with the core of supporting small and micro merchants, the Bank has given full play to technological capabilities, financial capabilities, product capabilities and operational capabilities to build Tianjin's localized life service platform "Smart Connect" and build a "payment + scenario + finance" ecosystem. The Bank has actively connected with information platforms established by the government including "Jinxinrong and Xinyidai", increased the application of multi-dimensional data on the platform, and used platform channels to provide more credit products and financial services to small and micro enterprises to achieve comprehensive access of credit funds to long-tail, first-time loan and inclusive customer bases and "precise drip irrigation" of financial vitality to small and micro customer bases, striving to solve the difficulties and pain points that restrict the financing of small and micro enterprises.

The Bank's retail business is guided by the "1-3-6" development strategy; that is, adhering to the "three major tasks of financial work" as one center; strengthening the "3 constructions" (capacity building, scenario construction and digital bank construction) and the "6 focus" (focus on liabilities, focus on customers, focus on cost reduction, focuses on asset optimization, focus on smart merchant connect scenarios and focus on marketing effectiveness) to efficiently promote various work measures, and achieve high-quality and unconventional development of main operating indicators. The Bank has implemented the business philosophy of "deepening the region of Tianjin and optimizing other regions outside Tianjin" and built a customer-centered comprehensive service model. Based on the existing product pedigree and organically combining customer network attributes, life cycle and financial value, the Bank has formed a comprehensive retail financial service system of "Citizen Finance", "Life Companion" and "Bank of Tianjin Haiou Wealth" to create retail financial services brand. The Bank has deepened the citizen service offerings of social security cards and optimized the card issuance process; strengthened the cooperation between and integration of the Human Resources and Social Security Bureau and banks and made every effort to promote the integration of multiple cards to serve citizens. Relying on "Smart Merchant", "Smart Rich Farmers", "Smart Business", "Smart Credit" to continue to deepen the in-depth application of digital technology, big data and other financial technology technologies, connect physical merchants and users through digital means, promote the deep integration of the digital economy and the real economy, and embrace the future together with users.

During the Reporting Period, the Bank innovatively launched a series of peer activities, "Firewood Pickup Plan" to continuously expand its circle of friends. The Bank has continued to deepen cooperation with various financial institutions and promote the sharing of resources among local legal person financial institutions in terms of strategies, funds, assets, licenses, information technology; established a comprehensive financial "peer ecosystem" including various types of licensed financial institutions covering "stocks, bonds, loans, funds, leases and guarantees", and dedicated its efforts to building a comprehensive financial service provider to better provide support and guarantee for serving the real economy.

Report of the Board of Directors

The Bank has been granted “AAA” credit rating and stable outlook by China Lianhe Credit Rating Co., Ltd. We have obtained the highest corporate credit rating for domestic commercial banks for 7 consecutive years.

(III) Protection of Consumer Rights

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

To safeguard the consumer rights, our Bank was principally engaged in the following activities during the Reporting Period: (1) we further improved the system for consumer rights protection. The Bank revised 4 consumer rights protection systems and continued to set up a sound consumer rights protection system framework, to provide a strong guarantee for smooth implementation of consumer rights protection work. (2) We carried out financial knowledge publicity and education campaigns. Based on its business outlets, the Bank conducted more than 10 financial knowledge publicity and education activities on a continuous basis by bringing financial knowledge into the campus, into the community, into enterprises, and into the township by various media such as LED display, video player facilities, WeChat, and SMS. According to statistics, during the Reporting Period, the Bank held 5,306 indoor and outdoor publicity and education activities, and a total of more than 390 thousand sets of promotional materials were distributed. Financial knowledge was promoted by official WeChat for more than 240 times, and more than 10.29 million SMS were sent for publicity, benefiting over 10.0 million people times.

Report of the Board of Directors

In terms of handling consumer complaints, according to the standard statistical method of Statistical Classification of Complaints Filed by Financial Customers of People's Bank of China, the Bank received a total of 2,233 complaints during the Reporting Period. The types of complaints included RMB deposit, loans, bank cards, etc., and the geographical distribution of complaints were mainly Tianjin, Beijing, Hebei, Shanghai, Shandong and Sichuan. Upon receiving consumer complaints, the Bank actively communicates with consumers, patiently explain to consumers and fully utilize diverse solutions to solve the complaints through negotiation; therefore, there were no continuous disturbing visits, group visits or major complaints involving public opinion and litigation.

For details of our relationship with stakeholders including employees and customers, please refer to the "2023 Social Responsibility Report of Bank of Tianjin Co., Ltd."

VI. COMPLIANCE WITH LAWS AND REGULATIONS

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

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

Report of the Board of Directors

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

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

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

We have developed many internal policies and procedures with respect to anti-money laundering which are primarily related to customer due diligence and customer identification information, transaction record keeping, list management monitoring, and large and suspicious transaction reporting. We have also developed and have continuously updated our anti-money data supervision and reporting system which consists of eight functional modules: risk assessment, basic management, modeling laboratory, data reporting, statistical reporting, list monitoring, operation and maintenance management and risk analysis.

Report of the Board of Directors

VII. OTHER REPORTING MATTERS

DIRECTORS

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

DONATIONS

The charitable and other donations made by the Bank amounted to RMB12.6 million for the year of 2023.

PERMITTED INDEMNITY PROVISION

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

MANAGEMENT CONTRACTS

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

EQUITY-LINKED AGREEMENT

In order to actively implement the government’s special bond policy, enhance the Bank’s capital strength and risk resistance level, the Bank carries out the convertible negotiated deposit business to replenish other tier-one capital. On 20 September 2023, the 2023 second extraordinary general meeting, the 2023 first Domestic Share Class Meeting and the 2023 first H Share Class Meeting were held to consider and approve the engagement of convertible negotiated deposit business to replenish other tier-one capital and the issuance of Shares under Specific Mandate. Pursuant to the agreement on the convertible negotiated deposit (the “Agreement”), the Bank received not more than RMB6.7 billion in convertible negotiated deposit for replenishing the Bank’s other tier-one capital. Subject to the fulfillment of the conditions for conversion, the convertible negotiated deposit can be converted to a maximum of 2,933,524,691 Domestic Shares and 1,202,277,777 H Shares of the Bank, with a par value of RMB1 per Share. Based on that and the estimated minimum conversion price of RMB1.62 per Share, no theoretical dilutive effect will be resulted from the conversion.

Report of the Board of Directors

Pursuant to the Agreement, the conversion of the convertible negotiated deposit into the ordinary Shares of the Bank shall be subject to all the following conditions at the same time:

- ① the core tier-one capital adequacy ratio of the Bank is lower than 5.125%;
- ② Tianjin Finance Bureau consents to the conversion;
- ③ The class and number of the converted ordinary Shares and the shareholding structure of the Bank after the conversion shall satisfy the particular requirement of Hong Kong Stock Exchange for the minimum public float, otherwise all or part of the Shares shall be held by the Independent Third Parties or the conversion shall be terminated.

The Agreement shall be terminated in any of the following circumstances:

- ① The parties reach consensus to terminate the Agreement;
- ② The convertible negotiated deposit cannot be implemented due to force majeure and other objective factors beyond the control of the parties;
- ③ The severe violation of the Agreement or applicable laws by any party of the Agreement makes it impossible to perform and complete the Agreement. In this case, the other party has the right to unilaterally terminate the Agreement through written notice.

The Bank has entered into the Agreement with Tianjin Finance Bureau. As at the date of this Annual Report, the conditions for conversion contained in the Agreement have not been fulfilled and the Bank has not yet issued any shares under the Agreement. Please refer to the Bank's circular dated 28 August 2023 for further details.

Save for the above information, during the Reporting Period, the Bank did not enter into or renew any other equity-linked agreement.

Major Events Subsequent to the end of the Reporting Period

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

On Behalf of the Board of Directors

YU Jianzhong

Chairman

Report of the Board of Supervisors

In 2023, the Board of Supervisors of the Bank closely focused on the strategic development planning and central work of the Bank as a whole, actively performed duties and functions of the Board of Supervisors conferred by the Articles of Association, continuously strengthened the supervision over the performance of the Board of Directors and the senior management and its members, so as to effectively ensure the legitimate rights and interests of the Bank, shareholders, employees, creditors and other stakeholders. The major work of the Board of Supervisors in 2023 is set forth hereunder:

I. MAJOR WORK OF THE BOARD OF SUPERVISORS

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

Completion of the election of members of the Board of Supervisors. The Bank strictly implemented the laws and regulations, regulatory requirements and the Articles of Association, and effectively carried out the resignation and election of the relevant supervisors. During the period, the working body of the Board of Supervisors of the Bank actively coordinated with the relevant shareholders, assisted the shareholders in the nomination of shareholder supervisors, carefully examined the qualifications of the proposed shareholder representative Supervisors, and ensured that the new shareholder representative Supervisor took up his duty in May 2023 through the consideration and approval of the Board of Supervisors and the 2022 annual general meeting in strict accordance with the election procedures. In connection with the change of one employee representative Supervisor of the Bank, the Bank has completed the election of the new employee representative Supervisor as a member of the relevant specialized committee and business registration to ensure that the employee representative Supervisors are in place and in compliance with the regulatory requirements. At the same time, the Bank strictly complies with the requirements of the Hong Kong Stock Exchange for timely disclosure of information on changes in supervisors to ensure investors' right to know.

Strengthening the training of supervisors in performing their duties. A total of three special training sessions were organized for supervisors, covering the management of connected transactions, rights and obligations of supervisors, financial anti-corruption, compliance management of Hong Kong-listed companies, and prevention and control of reputational risks, so as to further enhance the professional capacity and performance level of supervisors.

Report of the Board of Supervisors

(II) Conscientiously implement supervision duties and strengthen special supervision

Focusing on the statutory duties and the central work of the Bank, the Board of Supervisors held 9 meetings, considered 67 proposals in total, and reviewed 34 reports, earnestly performing its supervisory duties.

Performance of duties supervision. Focusing on the Bank's strategic development and important matters of operation and management, the Board of Supervisors studied and considered the 2021-2025 development strategic plan (2023 revision), as well as the 2023 business operation plan, company performance appraisal indicators, inclusive small and micro business work plan, investment plan report, institutional development plan, the annual performance appraisal index system for professional managers, the performance appraisal method for professional managers and other proposals, reviewed the business reports of the senior management to further strengthen the supervision on the performance of duties of the Board of Directors, senior management and their members, and strengthened the supervision on the scientificity and rationality of the salary plan of professional managers.

Financial supervision. The Board of Supervisors of the Bank has strengthened its financial supervision duties by reviewing the 2022 annual report and results announcement, the 2023 interim report and results announcement, the 2022 financial final account and profit distribution, the 2023 financial budget, etc., reviewing the audit opinions of the external audit institution carefully, and putting forward audit opinions on the compliance and rationality of regular reports and profit distribution plan prepared by the Bank, so as to continue to strengthen the supervision on the Bank's operating results, financial execution, profit distribution.

Risk management and supervision. The Board of Supervisors of the Bank effectively assumed the supervisory responsibility for comprehensive risk management, regularly reviewed comprehensive risk and risk management reports including major risks such as operational risk, liquidity risk, market risk, and reputation risk, reviewed and approved the 2023 risk preference statement, information technology outsourcing risk management policy, information technology outsourcing strategy and other proposals, carefully reviewed the 2022 annual information technology risk management report, etc., and continuously strengthened the supervision on the performance of duties and responsibilities of the Board of Directors and senior management in terms of risk management. In particular, the Board of Supervisors implemented the regulatory requirements on expected credit loss management of commercial banks by specifically reviewing the Report on the Implementation of the Expected Credit Loss Law of Bank of Tianjin Co., Ltd. for 2022 and the Report on the Pre-commissioning Validation of the Model of the Expected Credit Loss Law of Bank of Tianjin Co., Ltd. and attended the Board meetings to supervise the consideration of the aforesaid reports, so as to strengthen the expected credit loss management of the Bank.

Report of the Board of Supervisors

Internal control and supervision. The Board of Supervisors of the Bank continued to pay attention to the construction of the internal control system, considered the internal control evaluation report, reviewed the work report of the senior management, focused on the fulfillment of the duties of the Board of Directors and senior management in crime prevention work, and supervised the implementation of the crime prevention and control work management system. In view of the weaknesses in internal control, the Board of Supervisors has strengthened regularized and continuous supervision, and promoted the improvement of mechanisms and the enhancement of foundation and quality. The Board of Supervisors supervised and promoted the role of internal audit, considered internal audit work reports and audit work plans, and regularly reviewed quarterly internal audit work report, special audit conclusions and opinions, etc., and played the role of internal audit supervision and improved the quality and efficiency of internal audit work. Focusing on key areas of corporate governance, the Board of Supervisors has strengthened supervision by considering reports on major related party transactions, regularly reviewing related party transactions and their management, supervising the performance of the Board of Directors and senior management in managing related party transactions to ensure that related party transactions complied with regulatory requirements and the Bank's system requirements.

Special supervision. The Board of Supervisors of the Bank implemented the work requirements of the regulators, financial management departments and higher authorities, and selected the areas of material procurement and bidding, anti-money laundering work and other areas to carry out special supervision in light of the key areas of concern of the entire Bank. The Board of Supervisors set up a special supervision leading group, formulated a supervision and inspection plan, actively promoted the implementation of the supervision and inspection work, completed the Report on Special Supervision of Material Procurement and Bidding Work of Bank of Tianjin Co., Ltd. for the Year 2022 and the Report on Special Supervision of Implementation of Anti-money Laundering Work of Bank of Tianjin Co., Ltd. for the Year 2023, and fed back the results of the consideration to the Board of Directors and senior management of the Bank.

Supervision of the rectification and implementation work of regulatory opinions. The Board of Supervisors of the Bank listened to reports on the implementation of regulatory opinions and the Bank's rectification work, paid close attention to the issues and suggestions raised by the regulatory authorities in the assessment of corporate governance supervision, annual supervisory circulars, joint supervisory meetings and special inspections, and urged comprehensive rectification of the issues. The Board of Supervisors has made the rectification and implementation of issues identified as important matter for supervision by the Board of Supervisors, continuously strengthened the supervision of the rectification and implementation work by the Board of Directors and the senior management of the Bank, and provided timely feedback on the supervisors' concerns and opinions to promote the further performance of the supervisory.

Report of the Board of Supervisors

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

Performance interview. In April 2023, the Board of Supervisors selected some directors to conduct performance interviews, and attentively listened to directors' opinions and suggestions on the Bank's corporate governance, business development, strategic planning, etc. in light of the directors' annual performance of duties, and reviewed and approved the 2022 Report of the Board of Supervisors of Bank of Tianjin Co., Ltd. on the Performance Interviews with Directors.

Performance of evaluation work. The Bank's Board of Supervisors closely combined the performance evaluation system to organize and complete the 2022 annual performance evaluation of the Board of Directors and directors, the Board of Supervisors and supervisors, senior management and its members in terms of the fulfillment of the obligation of loyalty, the fulfillment of the obligation of diligence, the professionalism in performance of duties, the independence and ethical standards in performance of duties, and compliance in performance of duties of the directors and supervisors, and conducted a focused evaluation of the performance of the Board of Directors and the senior management on their performance of duties in the areas of promotion of reform and development, enhancement of risk management, strengthening of internal control and compliance and rectifying supervisory feedback, etc., implemented the process supervision of major matters and important decisions, and formulated a special report, which was reviewed and approved by the Board of Supervisors for submission to the Bank's 2022 annual general meeting. Of the 13 Directors, 5 Supervisors and 5 members of senior management who participated in the Bank's performance evaluation work in 2022, except for one Director who was rated as "basically competent" because he attended in person less than two-thirds of the number of meetings of the Board of Directors that he was required to attend in 2022, the rest of the Directors, Supervisors and members of senior management were all rated as competent.

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

(I) Work of the Supervision Committee

In 2023, the Bank held a total of 8 meetings of the Supervision Committee of the Board of Supervisors, deliberating 78 proposals. The Supervision Committee deliberated and approved the assessment report on the implementation of the "14th Five-Year Plan" development strategy plan of Bank of Tianjin Co., Ltd., supervised the senior management to implement the development strategy in line with the actual situation of the Bank; regularly reviewed reports on risk and risk management status, related party transactions and related party transaction management reports, and special internal audit conclusions and opinions to strengthen the supervision on the Bank's business decision-making, risk management and internal control; deliberated and approved off-balance-sheet business risk management measures and other systems to promote the construction of the Bank's business system.

Report of the Board of Supervisors

(II) Work of the Nomination Committee

In 2023, the Bank held a total of 8 meetings of the Nomination Committee and reviewed 17 proposals. The Nomination Committee deliberated and approved the Bank's 2022 performance evaluation opinions of directors and senior management officers, the 2022 Board of Supervisors' evaluation report on the performance of the Board of Directors and directors, the 2022 Board of Supervisors' evaluation report on the performance of senior management and its members, the 2022 Board of Supervisors and supervisors' performance evaluation report, etc., and continuously strengthened the supervision on the performance of directors, supervisors and senior management officers; deliberated and approved the Bank's 2023 annual performance appraisal index system for professional managers, professional managers' 2022 annual performance appraisal results and salary distribution plan and other proposals, and continuously strengthened the supervision on the scientificity and rationality of the Bank's professional managers' remuneration plan.

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

Legal operation. In 2023, the Bank adhered to operating in accordance with laws and regulations, and constantly improved the internal control system. The operating decision-making procedures complied with laws, regulations, regulatory requirements and the relevant provisions of the Articles of Association. Members of the Board of Directors and members of the senior management performed their duties conscientiously, and no behaviors that violated laws, regulations, regulatory requirements or damaged the interests of the Bank and its Shareholders were found in the performance of their duties.

Preparation of regular reports. In 2023, the preparation and review procedures of the Bank's regular reports complied with laws, regulations and regulatory requirements, and the contents of the reports truly, accurately and completely reflected the actual situation of the Bank.

Related party transactions. In 2023, the Board of Supervisors supervised the management of related party transactions of the Bank, and found no behavior that harmed the interests of the Bank and its Shareholders.

Implementation of the resolutions of the general meetings. In 2023, the Board of Supervisors had no objection to the various reports and proposals submitted by the Board of Directors for consideration at the general meetings, supervised the implementation of the resolutions of the general meetings, and believed that the Board of Directors of the Bank could conscientiously implement the relevant resolutions of the general meetings.

Board of Supervisors

Important Events

CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

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

The details of the related party transactions conducted by the Bank in the ordinary and usual course of business during the Reporting Period are set out in note 48 to the financial statements. The definition of connected persons under Chapter 14A of the Hong Kong Listing Rules is different from the definition of related parties under the International Accounting Standard 24, "Related Party Disclosures", and its interpretations by the International Accounting Standards Board. Certain related party transactions set out in the notes to the financial statements also constitute connected transactions as defined under the Hong Kong Listing Rules, but none constitute a discloseable connected transaction as required under the Hong Kong Listing Rules.

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

OVERALL SITUATION OF RELATED PARTY TRANSACTIONS UNDER REGULATORY STANDARDS

According to the Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions, the overall situation of related party transactions under the regulatory standards of the Bank during the Reporting Period is as follows:

(I) Identification of related parties

As of the end of the Reporting Period, the Bank's list of related parties includes 2,476 related natural persons and 815 related legal persons or other organizations. Among them, 217 related natural persons have been added, 276 related natural persons have been deleted and the information on 47 related natural persons have been changed; 343 related legal persons have been added, 113 related legal persons have been deleted and the information on 120 related legal persons have been changed throughout the year.

(II) Related Transaction Filing and Approval

During the Reporting Period, the Bank considered and approved a total of 4 major related transactions of credit grant with a total amount of RMB30.38 billion, and accepted 81 general related transactions of credit grant and the provision of services for filing and approval with a total amount of RMB12.239 billion.

Important Events

(III) Related party transactions in key areas

Related party transactions regarding the credit extension: As at the end of the Reporting Period, the Bank's related party transactions regarding the credit extension business balance amounted to RMB13,998 million, of which the balance of credit granted by legal persons of related parties was RMB13,950 million and the balance of credit granted by natural persons of related parties was RMB48 million.

Related party transactions regarding the provision of services: During the Reporting Period, the Bank's related party transactions regarding the provision of services amounted to RMB273 million in total, of which RMB268 million was service fees for the business of services provided by legal persons of related parties, and RMB5 million was property rental fees for the business of property leasing by legal persons of related parties.

Deposits and other types of related party transactions: As at the end of the Reporting Period, the balance of the Bank's deposits and other types of related party transactions amounted to RMB8,020 million, of which the balance of deposits from legal persons of related parties amounted to RMB4,781 million; the balance of deposits from natural persons of related parties amounted to RMB221 million; and the balance of interbank deposits from related parties amounted to RMB3,018 million.

(IV) Implementation of regulatory ratios

As of the end of the Reporting Period, the credit balance of the largest single account accounted for 4.43% of the Bank's net capital, not exceeding the requirement of 10% stipulated by the regulation; the credit balance of the customers of the group in which the largest related legal person or other organization belongs to accounted for 7.76% of the Bank's net capital, not exceeding the requirement of 15% stipulated by the regulation; and the credit balance of all the related parties amounted to RMB13,998 million, accounting for 17.53% of the Bank's net capital, not exceeding the regulatory requirement of 50%.

During the Reporting Period, the Bank's credit granting business to related parties complied with the requirements of various regulatory indicators, and no irregularities, such as issuance of unsecured loans to related parties, the provision of credit by pledging the Bank's equity interests as collateral, or the provision of guarantees for related party financing were found.

Important Events

USE OF PROCEEDS

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

ISSUANCE OF BONDS

Previous Financial Bonds Issuance

The 10-year fixed-rate tier-two capital bonds were issued on 10 April 2023 by the Bank at a face value of RMB7 billion with a fixed coupon rate of 4.7% per annum, payable annually.

MATERIAL LITIGATIONS AND ARBITRATIONS

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

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

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

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

Under the circumstances that the final rulings have taken effect and there has been no change to the basis of the rulings, the Bank received a notice of response to action in April 2020, as 5 companies, including Wuzhou Glory (Tianjin) Group Co. Ltd. and 4 individuals, including Wang Weiqiang and Zhang Li have, based on the same facts and reasons as the aforementioned cases, filed lawsuits against us again in relation to savings deposit contract dispute to the Secondary Intermediate People's Court of Tianjin. On 29 December 2023, the Secondary Intermediate People's Court of Tianjin ruled that the claims of the five enterprises and four individuals were rejected. To date, the Bank has received appeal briefs filed by five of these enterprises and two individuals served by the Court.

Important Events

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

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

The case was heard by the Shanghai Financial Court, the Shanghai Municipal Higher People's Court and the Supreme People's Court, which ruled that Zhejiang Chouzhou Commercial Bank was liable to pay supplementary compensation to the extent of RMB40 million for the losses that could not be recovered by our Shanghai Branch through the criminal recovery process. Our Shanghai Branch has filed a protest.

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

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

PROPERTY AND EQUIPMENT

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

CHANGES IN THE RESERVES

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

DISTRIBUTABLE RESERVES

The distributable reserves of the Bank as of the end of the Reporting Period were RMB34.66 billion.

RETIREMENT BENEFITS

Please refer to Note 11 and Note 36 to the financial statements in this annual report for details of the retirement benefits provided to the employees of the Bank.

Important Events

MAJOR CUSTOMERS AND MAJOR SUPPLIERS

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

MAJOR EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

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

Independent Auditor's Report

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

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

OPINION

What we have audited

The consolidated financial statements of Bank of Tianjin Co., Ltd. (the "Bank") and its subsidiaries (the "Group"), which are set out on pages 185 to 330, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Independent Auditor's Report

BASIS FOR OPINION

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

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

Independence

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

KEY AUDIT MATTERS

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

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

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

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Measurement of expected credit losses for loans and advances to customers and debt instruments measured at amortized cost</p> <p><i>Refer to Note 2.8, 3.1, 12, 24, 26 and 52.1</i></p> <p>As at 31 December 2023, gross loans and advances to customers as presented in the Group's consolidated statement of financial position, amounted to RMB407,451 million, for which management recognized an impairment allowance of RMB11,478 million; total debt instruments measured at amortized cost amounted to RMB164,104 million, for which management recognized an impairment allowance of RMB1,859 million.</p> <p>Management recognized an impairment allowance of RMB7,639 million for the purpose of expected credit losses for loans and advances to customers and debt instruments measured at amortized cost in the consolidated statement of comprehensive income for the year ended 31 December 2023.</p> <p>The balances of loss allowances for loans and advances to customers and debt instruments measured at amortized cost represent management's best estimates at the balance sheet date of expected credit losses ("ECL") under International Financial Reporting Standard 9: Financial Instruments.</p>	<p>We obtained an understanding of the management's internal control and assessment process of ECL for loans and advances to customers and debt instruments measured at amortized cost, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors.</p> <p>We evaluated and tested the design and operating effectiveness of the internal controls relating to ECL for loans advances to customers and other debt instruments measured at amortized cost, primarily including:</p> <ol style="list-style-type: none"> (1) Governance over ECL models, including the selection, approval and application of modelling methodology; and the internal controls relating to the on-going monitoring and optimization of the models; (2) Internal controls relating to significant management judgments and assumptions, including the assessment and approval of portfolio segmentation, model selections, parameters estimation, identification of significant increase in credit risk, defaults or credit-impaired loans, forward-looking measurement;

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Measurement of expected credit losses for loans and advances to customers and debt instruments measured at amortized cost <i>(Continued)</i></p>	<p>(3) Internal controls over the accuracy and completeness of key inputs used by the models;</p> <p>(4) Evaluation and approval of the measurement result of ECL for loans and advances to customers and other debt instruments measured at amortized cost.</p>
<p>Management assesses whether the credit risk of loans and advances to customers and debt instruments measured at amortized cost have increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their ECL. For stages 1 and 2 loans and advances to customers and debt instruments measured at amortized cost and stage 3 personal loans and advances, management assesses impairment allowance using risk parameter model that incorporates key parameters, including probability of default, loss given default, exposure at default and discount rates. For stages 3 loans and advances to corporate customers and debt instruments measured at amortized cost, management assesses impairment allowance using both risk parameter model and discounted cash flows model.</p>	

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Measurement of expected credit losses for loans and advances to customers and debt instruments measured at amortized cost <i>(Continued)</i></p> <p>The measurement of ECL involve significant management judgments and assumptions, primarily including:</p> <ol style="list-style-type: none"> (1) Segmentation of business operations sharing similar credit risk characteristics, selection of appropriate models and determination of relevant key measurement parameters; (2) Criteria for determining whether or not there was a significant increase in credit risk, or a default or credit-impaired; (3) Economic indicators for forward-looking measurement, and the application of economic scenarios and weightings; (4) The estimated future cash flows for loans and advances to corporate customers and other debt instruments measured at amortized cost in stage 3. <p>The amount of impairment of loans and advances to customers and debt instruments measured at amortized cost is significant, and the measurement has a high degree of estimation uncertainty. For measuring ECL, management adopted complex models, employed numerous parameters and data inputs, and applied significant management judgments and assumptions, and involved significant inherent risks. In view of these reasons, we identified this as a key audit matter.</p>	<p>The substantive procedures we performed primarily included:</p> <p>According to the risk characteristics of assets, we evaluated the segmentation of business operations. We assessed the appropriateness of the modelling methodologies adopted for ECL measurement by comparing with the industry practice. We also examined the model measurement on a sample basis, tested whether or not the models reflect the modelling methodologies documented by management.</p> <p>We have selected samples and examined the accuracy and completeness of key data used by the models including the historical and reporting date on a sample basis.</p> <p>We selected samples, in consideration of the financial information and non-financial information of the borrowers, relevant external evidence and other factors, to assess the appropriateness of the management's identification of significant increase in credit risk, defaults and credit-impaired loans.</p> <p>For forward-looking measurements, we assessed management's selection and of economic indicators and management's analysis of economic scenarios and weightings. We further tested the reasonableness of the prediction of economic. In addition, we performed sensitivity analysis of economic scenarios and weightings.</p> <p>For stages 1 and 2 loans and advances to customers and debt instruments measured at amortized cost and the stage 3 personal loans and advances, we examined, on a sample basis, the accuracy of the relevant modelling calculations.</p> <p>For loans and advances to corporate customers and other debt instruments measured at amortized cost in stage 3, we examined, on a sample basis, forecasted future cash flows prepared by the Group based on financial information of borrowers and guarantors, latest collateral valuations and other available information together with discount rates in supporting the computation of loss allowance.</p> <p>Based on our procedures performed, the models, key parameters and data, significant judgements and assumptions adopted in the ECL measurement together with the measurement results were considered acceptable.</p>

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Consolidation of structured entities</p> <p><i>Refer to Note 2.3, 3.6, 47</i></p> <p>Structured entities primarily included asset management plans, asset-backed securities, trust plans and funds, managed or invested by the Group. As at 31 December 2023, the carrying amount of unconsolidated structured entities sponsored by third party institutions invested by the Group amounted to RMB99,303 million. In addition, as at 31 December 2023, the amount of assets of non-principal guaranteed WMPs sponsored and/or managed by the Group which were not included in the consolidated statement of financial position were RMB63,059 million.</p> <p>Management had determined whether the Group had control of certain structured entities based on the assessment of the Group's power over, its exposure to variable returns from its involvement with, and its ability to use its power to affect the amount of its returns from these structured entities.</p> <p>The significant judgement exercised by management in assessing whether the Group had control of structured entities and the significant amount of such structured entities resulted in this matter being identified as a key area of audit focus.</p>	<p>We understood, evaluated the Group's relevant business process and internal controls over consolidation assessment of structured entities. We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the degree of other inherent risk factors, and further tested consolidation of structured entities on a sample basis, including the following procedures.</p> <ol style="list-style-type: none"> (1) reviewed contracts and other supporting documents, analysed the Group's contractual rights and obligations in light of the transaction structures, and evaluated the Group's power over the structured entities. (2) performed independent analysis and tests on the variable returns from the structured entities, including but not limited to investment return, commission income, asset management fees, the retention of residual income, and, if any, the liquidity and other support provided to the structured entities. (3) evaluated whether the Group acted as a principal or an agent, through analysis and assessment of the scope of the Group's decision-making authority over the structured entities, the remuneration to which the Group was entitled for asset management services to the Group's exposure to variability of returns from other interests in the structured entities, and the rights held by other parties in the structured entities. <p>Based on the procedures performed, we found management's consolidation judgement of these structured entities acceptable.</p>

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of financial instruments measured at Level 3 fair value</p> <p><i>Refer to Note 2.8, 3.3, 53</i></p> <p>As at 31 December 2023, the amount of fair value of financial instruments measured at Level 3 is RMB64,794 million. The financial instruments measured at Level 3 are asset management plans, trust plans, other debt financing products and unlisted equity.</p> <p>The main valuation technique used by the Group is discounted cash flow model for financial instruments in Level 3, based on significant unobserved inputs. The assumption of the valuation technique and the input data needs reasonable estimation and adjustment by management.</p> <p>Considering the measurement of fair value of Level 3 financial instruments has a high degree of estimation uncertainty, using important unobservable input data and involving significant management judgements and assumptions, we identified this as a key audit matter.</p>	<p>We understood, evaluated and tested the Group's relevant controls over valuation of financial instruments measured at Level 3 fair value and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors.</p> <p>Our procedures in relation to valuation of financial instruments measured at Level 3 fair value included:</p> <ol style="list-style-type: none"> (1) Understood design and testing operating effectiveness of the controls in relation to financial instrument valuation process; (2) Assessed the valuation methodology and assumptions used as well as the unobservable input in valuation; (3) Recalculated the fair value of financial instruments, on a sample basis, and comparing to the results of the Group's. <p>Based on the procedures performed, we found management's valuation of financial instruments measured at Level 3 fair value acceptable.</p>

Independent Auditor's Report

OTHER INFORMATION

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

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

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

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

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

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

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

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

Independent Auditor's Report

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

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

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

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

Independent Auditor's Report

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

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

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

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

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

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 20 March 2024

Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023
(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Year ended 31 December	
		2023	2022
Interest income		31,212,336	30,385,697
Interest expense		(19,791,966)	(18,912,719)
Net interest income	5	11,420,370	11,472,978
Investment income	6	2,926,224	1,585,354
Fee and commission income		2,084,626	2,134,760
Fee and commission expense		(514,454)	(448,261)
Net fee and commission income	7	1,570,172	1,686,499
Net trading gains/(losses)	8	360,870	795,672
Net gain arising from derecognition of financial assets measured at amortised cost	9	30,719	101,044
Other income, gains or losses	10	147,520	117,204
Operating income		16,455,875	15,758,751
Operating expenses	11	(4,789,274)	(4,448,622)
Impairment losses under expected credit loss model, net of reversals	12	(7,770,265)	(7,524,819)
Share of results of associates		23,785	24,249
Profit before tax		3,920,121	3,809,559
Income tax expense	13	(153,226)	(246,490)
Profit for the year		3,766,895	3,563,069

Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Year ended 31 December	
		2023	2022
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Fair value gains/(losses) on:			
– financial assets measured at fair value through other comprehensive income	42	1,345,921	(185,476)
Amount reclassified to profit or loss upon disposal of:			
– financial assets measured at fair value through other comprehensive income	42	(364,748)	(463,697)
Impairment loss for financial assets measured at fair value through other comprehensive income included in profit or loss	42	(123,001)	2,806
Income tax relating to items that may be reclassified subsequently	42	(214,543)	161,592
Other comprehensive income/(expense) for the year, net of income tax		643,629	(484,775)
Total comprehensive income for the year		4,410,524	3,078,294
Profit for the year attributable to:			
Equity holders of the Bank		3,759,899	3,564,965
Non-controlling interests		6,996	(1,896)
		3,766,895	3,563,069
Total comprehensive income for the year attributable to:			
Equity holders of the Bank		4,403,528	3,080,190
Non-controlling interests		6,996	(1,896)
		4,410,524	3,078,294
Total comprehensive income for the year:			
– from continuing operations		4,410,524	3,078,294
Earnings per share attributable to equity holders of the Bank (Expressed in RMB Yuan per share)			
From continuing operations			
– Basic and diluted	14	0.62	0.59

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

Financial Statements

Consolidated Statement of Financial Position

As at 31 December 2023

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	31 December 2023	31 December 2022
ASSETS			
Cash and balances with central bank	17	45,093,912	42,912,719
Deposits with banks and other financial institutions	18	4,661,406	6,338,690
Placements with banks and other financial institutions	19	28,468,293	26,347,825
Derivative financial assets	20	82,886	58,811
Financial assets held under resale agreements	21	7,668,752	11,053,540
Financial investments:			
Financial assets at fair value through profit or loss	22	93,917,897	76,140,375
Debt instruments at fair value through other comprehensive income	23	88,863,192	65,492,044
Debt instruments at amortised cost	24	162,245,189	180,133,899
Equity instruments at fair value through other comprehensive income	25	1,642,224	1,642,224
Loans and advances to customers	26	396,009,202	337,397,157
Deferred tax assets	27	4,113,462	4,475,513
Other assets	28	4,460,730	5,235,255
Property and equipment	29	2,221,694	2,455,711
Right-of-use assets	30	1,019,906	1,120,158
Interests in associates	31	302,715	278,930
Total assets		840,771,460	761,082,851
LIABILITIES			
Borrowings from central bank	32	78,201,369	61,798,955
Deposits from banks and other financial institutions	33	59,043,611	42,073,862
Placements from banks and other financial institutions	34	29,725,285	23,312,180
Financial assets sold under repurchase agreements	35	68,517,406	76,259,825
Derivative financial liabilities	20	3,212	60,220
Income tax payable		8,198	5,339
Other liabilities	36	5,211,188	4,560,627
Lease liabilities	37	1,058,762	1,154,111
Due to customers	38	450,686,381	397,765,271
Debt securities issued	39	83,286,392	93,473,329
Total liabilities		775,741,804	700,463,719

Financial Statements

Consolidated Statement of Financial Position

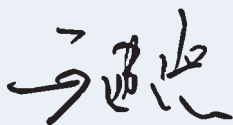
As at 31 December 2023

(Amounts in thousands of Renminbi, unless otherwise stated)

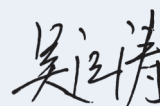
	Notes	31 December 2023	31 December 2022
EQUITY			
Share capital	40	6,070,552	6,070,552
Capital reserve	41	10,731,130	10,731,130
Investment revaluation reserve	42	146,519	(497,110)
Surplus reserve	43	3,352,480	3,352,480
General reserve	44	9,227,306	9,221,377
Retained earnings		34,660,522	30,906,552
Equity attributable to equity holders of the Bank		64,188,509	59,784,981
Non-controlling interests		841,147	834,151
Total equity		65,029,656	60,619,132
Total equity and liabilities		840,771,460	761,082,851

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

The consolidated financial statements on pages 185 to 330 were approved and authorised for issue by the Board of Directors on 20 March 2024 and are signed on its behalf by:



EXECUTIVE DIRECTOR



EXECUTIVE DIRECTOR

Financial Statements

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023
(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Attributable to equity holders of the Bank							Non-controlling interests	Total
		Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Subtotal		
As at 1 January 2023		6,070,552	10,731,130	(497,110)	3,352,480	9,221,377	30,906,552	59,784,981	834,151	60,619,132
Profit for the year		-	-	-	-	-	3,759,899	3,759,899	6,996	3,766,895
Other comprehensive income for the year		-	-	643,629	-	-	-	643,629	-	643,629
Total comprehensive income for the year		-	-	643,629	-	-	3,759,899	4,403,528	6,996	4,410,524
Appropriation to general reserve	44	-	-	-	-	5,929	(5,929)	-	-	-
As at 31 December 2023		6,070,552	10,731,130	146,519	3,352,480	9,227,306	34,660,522	64,188,509	841,147	65,029,656
As at 1 January 2022		6,070,552	10,731,130	(12,335)	3,352,480	9,216,746	27,346,218	56,704,791	836,047	57,540,838
Profit for the year		-	-	-	-	-	3,564,965	3,564,965	(1,896)	3,563,069
Other comprehensive income for the year		-	-	(484,775)	-	-	-	(484,775)	-	(484,775)
Total comprehensive income for the year		-	-	(484,775)	-	-	3,564,965	3,080,190	(1,896)	3,078,294
Appropriation to general reserve	44	-	-	-	-	4,631	(4,631)	-	-	-
As at 31 December 2022		6,070,552	10,731,130	(497,110)	3,352,480	9,221,377	30,906,552	59,784,981	834,151	60,619,132

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

Financial Statements

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

(Amounts in thousands of Renminbi, unless otherwise stated)

	Year ended 31 December	
	2023	2022
OPERATING ACTIVITIES		
Profit before tax	3,920,121	3,809,559
Adjustments for:		
Depreciation and amortisation	786,317	813,022
Impairment losses under expected credit loss model, net of reversal	7,770,265	7,524,819
Share of results of associates	(23,785)	(24,249)
Interest income arising from debt instruments at FVOCI and at amortised costs	(7,770,316)	(8,858,185)
Interest expense arising from lease liabilities	37,169	41,246
Interest expense arising from debt securities issued	2,119,880	2,983,130
Investment income	(2,926,224)	(1,585,354)
Net trading (gains)/losses	(360,870)	(795,672)
Net gains arising from derecognition of financial assets measured at amortised cost	(30,719)	(101,044)
Dividend income from investment securities	(4,640)	(73,043)
Other income, gains or losses	(109,209)	(129,901)
Operating cash flows before movements in working capital	3,407,989	3,604,328
(Increase)/Decrease in balances with central bank and deposits with banks and other financial institutions	(991,620)	3,334,842
Increase in placements with banks and other financial institutions	(3,026,517)	(7,819,189)
(Increase)/Decrease in financial assets held for trading and derivative financial assets	(1,634,882)	2,324,198
Increase in loans and advances to customers	(66,117,322)	(16,292,905)
Increase in borrowings from central bank	16,250,996	8,517,012
Increase in deposits from banks and other financial institutions	16,986,993	641,892
Increase in placements from banks and other financial institutions	6,311,887	1,918,195
Decrease in financial liabilities held for trading and derivative financial liabilities	(57,008)	(606,372)
(Decrease)/Increase in financial assets sold under repurchase agreements	(7,670,888)	17,141,193
Increase in due to customers	52,528,817	13,533,927
Decrease/(Increase) in other operating assets	4,377,799	(10,669,514)
Increase in other operating liabilities	1,328,245	1,609,846
Cash generated by operating activities	21,694,489	17,237,453
Income tax paid	(11,057)	(61,819)
Net cash generated by operating activities	21,683,432	17,175,634

Financial Statements

Consolidated Statement of Cash Flows

For the year ended 31 December 2023
(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Year ended 31 December	
		2023	2022
INVESTING ACTIVITIES			
Cash received from disposal and redemption of investment securities		179,631,956	224,139,701
Cash received from disposal of property and equipment and other assets		149,170	183,542
Cash paid for purchases of investment securities		(200,938,346)	(237,234,541)
Cash paid for purchase of property and equipment and other assets		(493,469)	(665,751)
Interest income received from investment securities		11,186,724	11,491,002
Dividend income received from investment securities		4,640	73,043
Net cash used in by investing activities		(10,459,325)	(2,013,004)
FINANCING ACTIVITIES			
Cash received from debt securities issued	45	175,520,411	123,659,982
Repayment of debt securities issued	45	(187,160,000)	(130,660,000)
Repayment of lease liabilities	45	(320,357)	(308,667)
Interest paid on financing activities	45	(667,228)	(1,020,880)
Dividends paid		(23,557)	(541)
Net cash used in financing activities		(12,650,731)	(8,330,106)
Net (decrease)/increase in cash and cash equivalents		(1,426,624)	6,832,524
Cash and cash equivalents at beginning of the year		22,058,157	15,157,013
Effect of foreign exchange rate changes		17,438	68,620
Cash and cash equivalents at end of the year	46	20,648,971	22,058,157
Net cash generated by operating activities include:			
Interest received		26,613,075	23,766,243
Interest paid		(17,593,219)	(14,362,732)
Net interest received from operating activities		9,019,856	9,403,511

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

Financial Statements

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Amounts in thousands of Renminbi, unless otherwise stated)

1. GENERAL INFORMATION

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

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

As at 31 December 2023 the Bank had a total of 14 tier-one branches, 9 of them are in Tianjin Municipality and 5 of them are located outside the Tianjin Municipality. In 2023, the Bank was approved to open 1 new branch. Information on the subsidiaries of the Bank is presented in Note 54.

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

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

Financial Statements

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(Amounts in thousands of Renminbi, unless otherwise stated)

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Principle accounting policies

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

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

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

2.2 New standards, amendments and Interpretations

Application of amendments to IFRS Accounting Standards Effective date on 1 January 2023

On 1 January 2023, the Group adopted the following new standards, amendments and interpretations. The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

IAS 1 Amendments	Classification of Liabilities as Current or Non-current
IFRS 17 and Amendments	Insurance Contracts
IAS 1 and IFRS Practice Statement 2 Amendments	Disclosure of Accounting Policies
IAS 8 Amendments	Definition of Accounting Estimates
IAS 12 Amendments	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IAS 12 Amendments	International Tax Reform – Pillar Two Model Rules

The adoption of the above standards and amendments does not have significant impact on the operating results, financial position and comprehensive income of the Group for the year ended 31 December 2023.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(Amounts in thousands of Renminbi, unless otherwise stated)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

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

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

		Effective for annual periods beginning on or after
IFRS 16 Amendments	Leases on Sale and Leaseback	1 January 2024
IAS 1 Amendments	Non Current Liabilities with Covenants	1 January 2024
IAS 7 and IFRS 7 Amendments	Supplier finance arrangements	1 January 2024
IAS 21 Amendments	Lack of Exchangeability	1 January 2025
IFRS 10 and IAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date has been deferred indefinitely

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

Financial Statements

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(Amounts in thousands of Renminbi, unless otherwise stated)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.3 Basis of preparation of consolidated financial statements

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

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

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

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

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

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

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

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

Financial Statements

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Amounts in thousands of Renminbi, unless otherwise stated)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

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

Changes in the Group's interests in existing subsidiaries

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

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

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

Financial Statements Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(Amounts in thousands of Renminbi, unless otherwise stated)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 Revenue

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

Interest income and expense

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

The Group uses the effective interest method to calculate the interest income and expense of financial assets and liabilities measured at amortized cost, presented as “interest income” and “interest expense” respectively.

Fee and commission income

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

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

Financial Statements

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Amounts in thousands of Renminbi, unless otherwise stated)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.5 Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in total comprehensive income for the year in which they arise.

2.6 Employee compensation

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

Short-term employee benefits

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

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(Amounts in thousands of Renminbi, unless otherwise stated)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.6 Employee compensation *(Continued)*

Post-employment benefits

The Group's post-employment benefit plan is defined contribution plan. Defined contribution plan is a post-employment benefit plan in which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions. The Group pays contributions to basic retirement insurance, annuity scheme and unemployment insurance for the employees during the reporting period.

Defined contribution retirement schemes

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

Annuity plan

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

Early retirement benefits

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

Financial Statements

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Amounts in thousands of Renminbi, unless otherwise stated)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.7 Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised except the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit/loss and does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(Amounts in thousands of Renminbi, unless otherwise stated)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.7 Taxation *(Continued)*

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

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

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

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

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

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

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Amounts in thousands of Renminbi, unless otherwise stated)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.8 Financial instruments

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

Classification of financial instruments

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

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

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

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

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(Amounts in thousands of Renminbi, unless otherwise stated)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.8 Financial instruments *(Continued)*

Classification of financial instruments (Continued)

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

(i) Financial assets measured at amortized cost

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

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

(ii) Financial assets measured at FVOCI

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

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

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

At inception, the Group may designate non-trading equity instruments as financial assets measured at FVOCI. Once the designation is made, it cannot be revoked.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Amounts in thousands of Renminbi, unless otherwise stated)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.8 Financial instruments *(Continued)*

Classification of financial instruments (Continued)

(iii) Financial assets and liabilities measured at FVTPL

The Group classifies the financial assets other than those measured at amortized cost and measured at FVOCI as financial assets measured at FVTPL. The Group classifies the financial liabilities other than those measured at amortized cost as financial liabilities measured at FVTPL.

Financial assets and liabilities measured at FVTPL include those mandatory, and those designated at FVTPL.

The Group classifies the following financial assets at fair value through profit or loss:

- debt instruments that do not qualify for measurement at either amortized cost or FVOCI; and
- it has no control, joint control and significant impact on the equity instrument and equity instruments for which the entity has not designated at FVOCI.

At initial recognition, the Group may designate financial assets as financial assets measured at FVTPL if the designation can eliminate or significantly reduce accounting mismatch. Once the designation is made, it cannot be revoked.

Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such at initial recognition.

Financial liabilities are designated at FVTPL upon initial recognition when one of the following conditions is met:

- the designation can eliminate or significantly reduce accounting mismatch; or
- the formal written file of the Group's risk management or investment strategy have clearly stated that the financial liability portfolio, or the portfolio of financial assets and financial liabilities, are managed, evaluated and reported to key management personnel on the basis of fair value. Once the designation is made, it cannot be revoked.

(iv) Financial liabilities measured at amortized cost

Financial liabilities which other than those measured at FVTPL, are measured at amortized cost, using the effective interest method. Financial liabilities measured at amortized cost comprise deposits and placements from banks and other financial institutions, financial assets sold under repurchase agreements, deposits from customers, debt securities issued and other financial liabilities.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(Amounts in thousands of Renminbi, unless otherwise stated)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.8 Financial instruments *(Continued)*

Classification of financial instruments (Continued)

Initial recognition

Financial assets purchased or sold in regular ways are recognized on the trading day, the date on which the Group commits to purchasing or selling the assets.

At initial recognition, the Group measures a financial asset or financial liability at its fair value. For financial assets or financial liabilities that are not measured at FVTPL, the transaction costs directly attributable to the acquisition or issuance of such financial assets or financial liabilities should also be added or deducted. Transaction costs of financial assets and financial liabilities carried at FVTPL are recognized in profit or loss. After initial recognition, an expected credit loss ("ECL") allowance is immediately recognized in profit or loss for financial assets measured at amortized cost and investments in debt instruments measured at FVOCI.

Measurement of financial instruments

Subsequent measurement

Subsequent measurement of financial instruments depends on the categories:

(i) *Financial assets and liabilities measured at amortized cost*

The amortized cost is determined at the financial assets or financial liabilities at initial recognition after being adjusted as follow:

- deducting the principal repaid;
- adding or deducting the cumulative amortization of any difference between the amount at initial recognition and the amount at the maturity date using the effective interest method;
- deducting any loss allowance (solely for financial assets).

The effective interest rate is the interest rate used to discount the estimated future cash flows of financial assets or financial liabilities over the estimated duration to the carrying amount (i.e., the amortized cost before any impairment allowance) of the financial assets or to the amortized cost of the financial liabilities. The expected credit losses are not considered in calculation, while the transaction costs, premiums or discounts, and fees paid or received that are integral to the effective interest rate are covered.

Financial Statements

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Amounts in thousands of Renminbi, unless otherwise stated)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.8 Financial instruments *(Continued)*

Measurement of financial instruments (Continued)

Subsequent measurement *(Continued)*

(i) Financial assets and liabilities measured at amortized cost (Continued)

The interest income is calculated by applying the effective interest rate to the carrying amount of a financial asset, with the following exceptions:

- a POCI financial asset, whose interest income is calculated since initial recognition by applying the credit-adjusted effective interest rate to its amortized cost;
- a financial asset that is not a POCI financial asset but has subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to its amortized cost. If, in a subsequent period, the financial asset improves its quality so that it is no longer credit-impaired and the improvement in credit quality can be related objectively to a certain event occurring after the application of the above-mentioned rule, then the interest income can again be calculated by applying the effective interest rate to its gross carrying amount.

(ii) Financial assets measured at FVOCI

Debt instruments

Movements in the carrying amount are recognized in other comprehensive income, except for the impairment gains or losses, interest income and foreign exchange gains and losses on the amortized cost of the financial assets which are recognized in profit or loss. Interest income from these financial assets is included in "interest income" using the effective interest rate method.

When the financial assets are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from other comprehensive income to profit or loss for the current period.

Equity instruments

Where an investment in an equity investment not held for trading is designated as a financial asset measured at FVOCI, the changes in fair value of the financial asset are recognized in the other comprehensive income. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from other comprehensive income to retained earnings. The dividend income on the investment is recognized in profit or loss only when the Group's right to receive payment of the dividends is established.

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2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.8 Financial instruments *(Continued)*

Measurement of financial instruments (Continued)

Subsequent measurement *(Continued)*

(iii) Financial assets measured at FVTPL

Financial assets measured at FVTPL are measured at fair value with all gains or losses recognized in the profit or loss of the current period.

(iv) Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL are measured at fair value with all gains or losses recognized in the profit or loss of the current period, unless in the case of financial liabilities designated at FVTPL, where gains or losses on the financial liabilities are treated as follows:

- (a) changes in the fair value of such financial liabilities due to changes in the Group's own credit risk shall be recognized in other comprehensive income;
- (b) other changes in fair value of such financial liabilities shall be recognized in profit or loss for the current period. If the accounting of changes in the credit risk of the financial liabilities in accordance with (a) will create or enlarge accounting mismatches in profit or loss, the Group shall recognize all gains or losses on such financial liabilities (including amounts arising from changes in its own credit risk) in the profit or loss of the current period.

When the liabilities designated at FVTPL is derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from other comprehensive income to retained earnings.

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2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.8 Financial instruments *(Continued)*

Measurement of financial instruments (Continued)

Subsequent measurement *(Continued)*

(v) Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of the reporting period. The resulting gain or loss is recognised in the consolidated income statement.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including financial assets at amortised cost, debt instruments at FVOCI), finance lease receivable and other items (loan commitments and financial guarantee contracts), which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group uses judgments, assumptions and estimates in measuring the expected credit losses in accordance with the accounting standards, including: grouping of risks, Classification of stages, Models and parameters, Forward-looking information.

For financial instruments whose impairment losses are measured using the ECL models, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognise their ECL, as follows:

- Stage 1: If the credit risk has not increased significantly since its initial recognition, the financial asset is included in stage 1.
- Stage 2: If the credit risk has increased significantly since its initial recognition but is not yet deemed to be credit-impaired, the financial instrument is moved to Stage 2.
- Stage 3: If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3.

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2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.8 Financial instruments *(Continued)*

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

Financial instruments in Stage 1 have their ECL measured at an amount equivalent to the ECL of the financial asset for the next 12 months ("12m ECL"). Financial instruments in Stage 2 or Stage 3 have their ECL measured at an amount equivalent to the ECL over the lifetime of the financial instruments ("Lifetime ECL"). Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For purpose of classification of stages, the Group fully assesses available information on the credit entity and its credit exposures. The related information includes but is not limited to internal credit rating of the credit entity in the Group; classification and overdue status of credit exposures, contract terms, etc.; changes of the Group's credit strategies on the credit entity or credit risk management method; credit, external rating, changes in price of debts and equity, credit default swap prices, credit spread, public opinion, etc., relating to the credit entity; operating and financial information of the credit entity and its shareholder(s) and associate(s); macro-economics, industry development, technology innovation, climate changes, natural disasters, social, economic and financial policies, government support or aid measures that may have potential influence on the ability of the credit entity to repay, and other related information.

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2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.8 Financial instruments *(Continued)*

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk *(Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly.

- Overdue principal or interests by more than 30 days but no more than 90 days; or
- Significant downgrade in internal rating compared with initial recognition, especially when the borrower is downgraded to grade 4 or below; or
- Significant downgrade in external rating compared with initial recognition, especially the borrower is downgraded to below A (domestic rating agency); or
- Credit situation deteriorate significantly without any overdue days; or
- The absolute or relative changes of default probability beyond a certain level; or.
- Other situations indicating significant changes in credit risk.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.8 Financial instruments *(Continued)*

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk *(Continued)*

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers that default has occurred when the financial instruments is more than 90 days past due or loan quality classification is secondary, doubt or loss.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

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2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.8 Financial instruments *(Continued)*

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or the death of a natural person counterparty with no sufficient legacy to repay. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking in account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For undrawn loan commitments, the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitments draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

For ECL on financial guarantee contracts or on loan commitments for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

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2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.8 Financial instruments *(Continued)*

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL *(Continued)*

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

- Type of product or business;
- Past-due status;
- Nature and industry distribution of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for investments in debt instruments that are measured at FVOCI, loan commitments and financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVOCI, the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the investment revaluation reserve in relation to accumulated loss allowance.

(vi) Forward-looking information

Both the assessment of significant increase in credit risk and the calculation of expected credit losses involve forward-looking information. The Group identifies key economic indicators that affect credit risks and expected credit losses of all asset portfolios based on historical data analysis. Please refer to 52.1(3) Credit risk – incorporation of forward-looking information.

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2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.8 Financial instruments *(Continued)*

Derecognition/modification of financial instruments

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

When the contractual terms of a financial asset or financial liabilities are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors.

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortised over the remaining term. Any adjustment to the carrying amount of the financial asset is recognised in profit or loss at the date of modification.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired, or when a financial asset is transferred, the Group has transferred substantially all risks and rewards of ownership, or when the Group neither transfers nor retains substantially all risks or rewards of ownership of the financial asset but has not retained control of the financial asset.

Financial liabilities are derecognised when they are extinguished (i.e., when the obligation specified in the contract is discharged, cancelled or expires).

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2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.9 Repurchase agreements and agreements to resell

Financial assets sold subject to repurchase agreements continue to be recognised, and are recorded in their respective balance sheet categories. The corresponding liability is included in “financial assets sold under repurchase agreements”. Financial assets held under agreements to resell at a specific future date at a fixed price are recorded as “financial assets held under resale agreements”.

The difference between purchase and sale price is recognised as interest expense or income in profit or loss over the life of the agreements using the effective interest method.

2.10 Dividend distribution

Dividend distribution to the Bank’s ordinary equity holders is recognised as a liability in the Group’s and the Bank’s financial statements in the period in which the dividends are approved by the ordinary equity holders in the annual general meeting of the Bank.

2.11 Financial guarantee contracts and loan commitments

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group’s liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of guarantee fees, and the best estimate of the expected credit loss provision required to settle the guarantee. Any increase in the liability relating to guarantees is taken to the consolidated statement of profit and loss.

The impairment allowance of loan commitments provided by the Group is measured by ECL. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the ECL on the undrawn commitment component from those on the loan component, the ECL on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined ECL exceed the gross carrying amount of the loan, the ECL are recognised as a provision.

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2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.12 Cash and cash equivalents

Cash and cash equivalents refer to short term highly liquid assets, which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

2.13 Related parties

- (1) A person, or a close member of that person's family, is related to the Group if that person:
 - (a) has control or joint control over the Group;
 - (b) has significant influence over the Group; or
 - (c) is a member of the key management personnel of the Group.
- (2) An entity is related to the Group if any of the following conditions applies:
 - (a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (c) Both entities are joint ventures of the same third party;
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (e) The entity is controlled or jointly controlled by a person identified in (1);
 - (f) A person identified in (1)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, the directors of the Bank are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the critical judgements and key sources of estimation uncertainty that the directors of the Bank have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

3.1 Impairment under ECL model

- Significant increase of credit risk: ECL are measured as an allowance equal to 12 months ("12m") ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition; and it comes to stage 3 when it is credit impaired (but it is not purchased or original credit impaired asset). In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.
- Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.
- Models and assumptions used: The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

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3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

3.1 Impairment under ECL model *(Continued)*

- Forward-looking information: When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.
- Probability of default ("PD"): PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.
- Loss Given Default ("LGD"): LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.
- The financial and economical uncertainty was taken into account in the ECL model when forecasted macroeconomic data were updated in the model. Details of these economic variables forecasted used were set out in Note 52.1 (3).

3.2 Classification of financial assets

The critical judgments the Group has in determining the classification of financial assets include analysis of business models and characteristics of contractual cash flows.

The Group determines the business model for managing financial assets at the level of financial asset portfolio. The factors considered include evaluation and reporting of financial asset performance to key management personnel, risks affecting the performance of financial assets and their management methods, and related business management personnel, the way to get paid, etc.

When assessing whether the contractual cash flow of financial assets is consistent with the basic lending arrangement, the Group has the following main judgments: whether the principal may be subject to change in the duration or amount of money due to prepayments during the duration; whether interest only includes currency time value, credit risk, other basic borrowing risks, and considerations for costs and profits. For example, whether the amount paid in advance reflects only the outstanding principal and interest on the outstanding principal, as well as reasonable compensation for early termination of the contract.

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3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

3.3 Fair value of financial instruments

Certain of the Group's financial assets, including primarily asset management plans, trust beneficiary rights, other debt financing instruments and unlisted equity instruments, with a carrying amount of RMB64,794 million as at 31 December 2023 (31 December 2022: RMB87,258 million) are measured at fair values with fair values being determined based on unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. See Note 53 for further disclosures.

3.4 De-recognition of financial assets

In its normal course of business, the Group transfers financial assets through various types of transactions including regular way sales and transfers, securitization, financial assets sold under repurchase agreements and etc. The Group applies significant judgement in assessing whether it has transferred these financial assets which qualify for a full or partial de-recognition.

Where the Group enters into structured transactions by which it transfers financial asset to structured entities, the Group analyses whether the substance of the relationship between the Group and these structured entities indicates that it controls these structured entities to determine whether the Group needs to consolidate these structured entities. This will determine whether the following de-recognition analysis should be conducted at the consolidated level or at the entity level from which the financial assets was transferred.

The Group analyses the contractual rights and obligations in connection with such transfers to determine whether the de-recognition criteria are met based on the following considerations:

- whether it has transferred the rights to receive contractual cash flows from the financial assets or the transfer qualified for the "pass through" of those cash flows to independent third parties;

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3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

3.4 De-recognition of financial assets *(Continued)*

- the extent to which the associated risks and rewards of ownership of the financial assets are transferred by using appropriate models. Significant judgment is applied in the Group's assessment with regard to the parameters and assumptions applied in the models, estimated cash flows before and after the transfers, the discount rates used based on current market interest rates, variability factors considered and the allocation of weightings in different scenarios;
- where the Group neither retained nor transferred substantially all of the risks and rewards associated with their ownership, the Group analyses whether the Group has relinquished its controls over these financial assets, and if the Group has continuing involvement in these transferred financial assets.

3.5 Taxes

There are certain transactions and activities in the ordinary course of the Group's business for which the ultimate tax effect is uncertain. The Group made certain estimation and judgement for items of uncertainty in the application of tax legislations, considering existing tax legislation and past practice of tax authorities. Where the final tax outcome of these matters is different from the amounts that were initially estimated, based on management's assessment, such differences will affect the current income tax and deferred income tax during the period in which such a determination is made.

3.6 Consolidation of structured entities

Where the Group acts as asset manager of or investor in structured entities, the Group makes significant judgement on whether the Group controls and should consolidate these structured entities. When performing this assessment, the Group assesses the Group's contractual rights and obligations in light of the transaction structures, and evaluates the Group's power over the structured entities, performs analysis and tests on the variable returns from the structured entities, including but not limited to commission income and asset management fees earned as the asset manager, the retention of residual income, and, if any, the liquidity and other support provided to the structured entities. The Group also assesses whether it acts as a principal or an agent through analysis of the scope of its decision-making authority over the structured entities, the remuneration to which it is entitled for asset management services, the Group's exposure to variability of returns from its other interests in the structured entities, and the rights held by other parties in the structured entities.

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4. SEGMENT ANALYSIS

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors and relevant management committees (chief operating decision maker) for the purposes of allocating resources to segments and assessing their performance. The Group's chief operating decision maker reviews consolidated financial statements mainly based on operating segments for the purpose of allocating resources and performance assessment.

Measurement of segment assets and liabilities and segment income and result is based on the Group's accounting policies. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

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

The Group has no major customer which contributes to 10 percent or more of the Group's income. No geographical information is presented as most of the Group's operations are conducted and most of its non-current assets are located and therefore revenue is derived from activities in Mainland China.

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

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4. SEGMENT ANALYSIS *(Continued)*

Operating Segments

The Group provides a diversified range of banking and related financial services. The products and services offered to customers are organised into the following operating segments:

Corporate banking

The corporate banking segment provides financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit takings and other types of corporate intermediary services.

Personal banking

The personal banking segment provides financial products and services to individual customers. The products and services include personal loans, personal deposit, card business, personal wealth management services and other types of personal intermediary services.

Treasury operations

The Group's treasury operations conduct money market, foreign exchange, precious metal and derivatives transactions, and debt instruments investments for its own accounts or on behalf of customers.

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4. SEGMENT ANALYSIS (Continued)

Operating Segments (Continued)

Others

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

	Corporate banking	Personal banking	Treasury operations	Others	Total
Year ended 31 December 2023					
External interest income	13,210,567	8,189,340	9,812,429	-	31,212,336
External interest expense	(8,066,166)	(4,214,120)	(7,511,680)	-	(19,791,966)
Inter-segment interest income/(expense)	986,862	1,361,606	(2,348,468)	-	-
Net interest income	6,131,263	5,336,826	(47,719)	-	11,420,370
Investment income	-	-	2,926,224	-	2,926,224
Fee and commission income	769,596	368,676	946,354	-	2,084,626
Fee and commission expense	(43,031)	(437,518)	(33,905)	-	(514,454)
Net fee and commission income	726,565	(68,842)	912,449	-	1,570,172
Net trading gains	-	-	360,870	-	360,870
Net gains arising from the derecognition of financial assets measured at amortised cost	-	-	30,719	-	30,719
Other income, gains or losses	70,363	43,014	29,208	4,935	147,520
Operating income	6,928,191	5,310,998	4,211,751	4,935	16,455,875
Operating expenses	(1,927,194)	(1,848,530)	(1,013,550)	-	(4,789,274)
Impairment losses under expected credit loss model, net of reversals	(4,053,381)	(3,538,442)	(178,442)	-	(7,770,265)
Share of results of associates	-	-	-	23,785	23,785
Profit before tax	947,616	(75,974)	3,019,759	28,720	3,920,121
Income tax expense	-	-	-	-	(153,226)
Profit for the year	-	-	-	-	3,766,895
Depreciation and amortisation	(330,400)	(253,737)	(202,180)	-	(786,317)
Capital expenditure	(190,419)	(177,438)	(29,651)	(95,961)	(493,469)
As at 31 December 2023					
Segment assets	293,055,272	111,644,184	434,462,199	1,609,805	840,771,460
Segment liabilities	(292,061,619)	(169,261,202)	(314,383,361)	(35,622)	(775,741,804)
Supplementary information					
Credit commitments	92,931,428	10,930,702	-	-	103,862,130

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4. SEGMENT ANALYSIS (Continued)

Operating Segments (Continued)

Others (Continued)

	Corporate banking	Personal banking	Treasury operations	Others	Total
Year ended 31 December 2022					
External interest income	10,151,025	8,996,774	11,237,898	–	30,385,697
External interest expense	(7,846,024)	(3,504,996)	(7,561,699)	–	(18,912,719)
Inter-segment interest income/(expense)	2,607,296	(88,110)	(2,519,186)	–	–
Net interest income	4,912,297	5,403,668	1,157,013	–	11,472,978
Investment income	–	–	1,585,354	–	1,585,354
Fee and commission income	605,404	646,644	882,712	–	2,134,760
Fee and commission expense	(77,958)	(341,524)	(28,779)	–	(448,261)
Net fee and commission income	527,446	305,120	853,933	–	1,686,499
Net trading gains	–	–	795,672	–	795,672
Net gains arising from the derecognition of financial assets measured at amortised cost	–	–	101,044	–	101,044
Other income, gains or losses	–	–	140,103	(22,899)	117,204
Operating income	5,439,743	5,708,788	4,633,119	(22,899)	15,758,751
Operating expenses	(1,521,130)	(1,868,120)	(1,059,372)	–	(4,448,622)
Impairment losses under expected credit loss model, net of reversals	(3,737,563)	(3,963,592)	176,336	–	(7,524,819)
Share of results of associates	–	–	–	24,249	24,249
Profit before tax	181,050	(122,924)	3,750,083	1,350	3,809,559
Income tax expense	–	–	–	–	(246,490)
Profit for the year	–	–	–	–	3,563,069
Depreciation and amortisation	(278,763)	(296,833)	(237,426)	–	(813,022)
Capital expenditure	(215,560)	(251,866)	(37,928)	(160,397)	(665,751)
As at 31 December 2022					
Segment assets	218,918,690	124,299,293	415,723,215	2,141,653	761,082,851
Segment liabilities	(260,002,570)	(142,868,230)	(297,532,346)	(60,573)	(700,463,719)
Supplementary information	–	–	–	–	–
Credit commitments	75,293,980	17,922,820	–	–	93,216,800

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5. NET INTEREST INCOME

	Year ended 31 December	
	2023	2022
Interest income:		
Loans and advances to customers, including:		
Corporate loans and advances	13,152,404	10,009,663
Personal loans and advances	8,189,340	8,996,774
Discounted bills	476,167	708,709
Finance lease	17,204	49,127
Balances with central bank	511,284	512,460
Deposits with banks and other financial institutions	15,445	20,369
Placements with banks and other financial institutions	927,672	1,067,806
Financial assets held under resale agreements	152,504	162,604
Investments, including:		
Debt instruments at FVOCI	2,296,311	1,815,119
Debt instruments at amortised cost	5,474,005	7,043,066
Subtotal	31,212,336	30,385,697
Interest expense:		
Borrowings from central bank	(1,761,005)	(1,514,658)
Deposits from banks and other financial institutions	(1,280,440)	(1,010,807)
Placements from banks and other financial institutions	(1,105,799)	(677,466)
Financial assets sold under repurchase agreements	(1,489,744)	(1,373,468)
Due to customers	(11,997,929)	(11,311,944)
Debt securities issued	(2,119,880)	(2,983,130)
Lease liabilities	(37,169)	(41,246)
Subtotal	(19,791,966)	(18,912,719)
Net interest income	11,420,370	11,472,978

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6. INVESTMENT INCOME

	Year ended 31 December	
	2023	2022
Investment income from financial instruments at fair value through profit or loss	2,926,224	1,585,354

Investment income includes income from debt securities, wealth management products, asset management plans and trust beneficiary rights measured at FVTPL.

7. NET FEE AND COMMISSION INCOME

	Notes	Year ended 31 December	
		2023	2022
Fee and commission income			
Agency commissions and underwriting service fees		1,206,679	1,053,788
Settlement and clearing fees		439,546	294,606
Wealth management service fees	(1)	240,056	547,839
Consultancy fees		87,120	123,604
Bank card fees		58,247	53,486
Acceptance and guarantee commitment fees		46,472	59,114
Others		6,506	2,323
Subtotal		2,084,626	2,134,760
Fee and commission expense		(514,454)	(448,261)
Total		1,570,172	1,686,499

- (1) The Group provides asset management services in respect of wealth management products. The Group is entitled to residual values of wealth management products after distribution of returns to its customers for its services rendered. Performance obligation is satisfied over the term of respective wealth management products. Management fees of wealth management products are recognised to the extent that it is highly probable that such recognition will not result in a significant revenue reversal in the future when the uncertainty associated with the quantum of management fees is subsequently resolved. Therefore, in practice it can only be recognised when the residual values of relevant wealth management products can be almost ascertained.

Most contracts with customers have original expected duration of less than one year and therefore information about their remaining performance obligations is not disclosed.

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8. NET TRADING GAINS

	Year ended 31 December	
	2023	2022
Net gains arising from trading of financial assets at fair value through profit or loss	24,893	328,298
Net gains on disposal of debt instruments at fair value through other comprehensive income	364,748	463,697
Net gains arising from derivative financial instruments	(28,771)	3,677
Total	360,870	795,672

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

	Year ended 31 December	
	2023	2022
Net gain on disposal of financial assets measured at amortised cost	30,719	101,044

During the year ended 31 December 2023, the Group sold some financial assets measured at amortised cost to meet the demand of liquidity.

10. OTHER INCOME, GAINS OR LOSSES

	Year ended 31 December	
	2023	2022
Government subsidies	204,020	33,893
Rental income	31,351	50,565
Exchange differences	6,179	34,055
Dividend income	4,640	73,043
Others	(98,670)	(74,352)
Total	147,520	117,204

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11. OPERATING EXPENSES

	Notes	Year ended 31 December	
		2023	2022
Staff costs	(1)	2,448,617	2,278,500
Office expenses		408,626	324,867
Depreciation of property and equipment		349,289	371,897
Depreciation of right-of-use assets		283,275	275,528
Sundry taxes		233,557	206,624
Amortization of intangible assets		153,753	165,597
Rental and property management expenses		84,966	99,234
Other general and administrative expenses	(2)	827,191	726,375
Total		4,789,274	4,448,622

(1) Staff costs

	Year ended 31 December	
	2023	2022
Salaries, bonuses and allowances	1,713,093	1,552,709
Social insurance	332,158	320,134
Housing funds	143,476	141,419
Staff welfare	95,123	95,276
Labor union fees and staff education expenses	42,988	36,645
Contribution to annuity funds	121,779	132,317
Total	2,448,617	2,278,500

(2) Other general and administrative expenses included the Group's statutory audit fee for the year ended 31 December 2023 was RMB2.89 million (2022: RMB2.89 million).

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

	Year ended 31 December	
	2023	2022
Deposits with banks and other financial institutions	(18,011)	17,971
Placements with banks and other financial institutions	1,877	490
Financial assets held under resale agreements	–	353,303
Debt instruments at FVOCI	(14,700)	1,081
Loans and advances to customers at amortised cost	7,430,265	4,638,166
Loans and advances to customers at FVOCI	(8,800)	1,725
Debt instruments at amortised cost	217,159	2,509,385
Credit commitments	(136,562)	(934)
Others	299,037	3,632
Total	7,770,265	7,524,819

13. INCOME TAX EXPENSE

	Year ended 31 December	
	2023	2022
Income tax expense comprises:		
Current income tax		
– PRC Enterprise Income Tax	5,718	46,266
Deferred taxation (Note 27)	147,508	200,224
Total	153,226	246,490

Except for Ningxia Yuanzhou Jinhui County Bank Co., Ltd. and Ningxia Tongxin Jinhui County Bank Co., Ltd. entitle to a preferential tax rate of 15%, the PRC enterprise income tax is calculated at 25% of the estimated taxable profits during the relevant period.

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13. INCOME TAX EXPENSE *(Continued)*

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

	Notes	Year ended 31 December	
		2023	2022
Profit before tax		3,920,121	3,809,559
Tax calculated at applicable statutory tax rate of 25%		980,030	952,390
Income tax at concessionary rate		(2,744)	(182)
The impact of utilizing the deductible temporary differences arising from the deferred tax assets that had not been recognized in previous periods		(15,312)	(52,152)
Income tax adjustment for prior years		150	37,705
Tax effect of expense not deductible for tax purpose		63,610	55,108
Tax effect of income not subject to tax	(1)	(872,508)	(746,379)
Income tax expense		153,226	246,490

(1) Tax effect of income not subject to tax mainly represents interest income arising from government bonds and funds, which are income tax free in accordance with the PRC tax regulations.

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14. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to owners of the Bank is as follows:

	Year ended 31 December	
	2023	2022
Earnings:		
Profit for the year attributable to equity holders of the Bank for the purpose of basic earnings per share	3,759,899	3,564,965
Numbers of shares:		
Weighted average number of shares in issue for the purpose of basic earnings per share (in thousand)	6,070,552	6,070,552
Basic earnings per share (RMB Yuan)	0.62	0.59

For the years ended 31 December 2023 and 2022, there are no potential dilutive ordinary shares in issue, so the diluted earnings per share is same as the basic earnings per share.

15. DIVIDENDS

The Bank did not declare any dividends for 2022 to distribute in 2023. (No dividends was declared for 2021 to distribute in 2022).

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16. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(I) Directors' and supervisors' remunerations

Year ended 31 December 2023

Name	Fees	Paid remuneration and other benefits	Bonus	Contribution to pension schemes and other benefits	Total
Executive directors					
YU Jianzhong ⁽¹⁾	–	185	30	117	332
SUN Liguo ⁽²⁾	–	92	–	58	150
WU Hongtao	–	1,171	–	175	1,346
ZHENG Ke ⁽³⁾	–	955	–	205	1,160
DONG Xiaodong ⁽³⁾	–	596	434	176	1,206
Non-executive directors					
SUN Jingyu ⁽⁴⁾	–	–	–	–	–
DONG Guangpei ⁽⁴⁾	–	–	–	–	–
Alistair Marshall Bulloch ⁽⁴⁾	–	–	–	–	–
ZHAO Wei ⁽⁴⁾	–	–	–	–	–
WANG Shunlong ⁽⁴⁾	–	–	–	–	–
LI Jun ⁽⁴⁾	–	–	–	–	–
Independent non-executive directors					
JIN Qingjun	202	–	–	–	202
HUA Yaogang ⁽⁶⁾	202	–	–	–	202
HE Jia	212	–	–	–	212
ZENG Jianhua ⁽⁷⁾	202	–	–	–	202
LU Jianzhong ⁽⁷⁾	202	–	–	–	202
Supervisors					
FENG Xia	–	253	27	175	455
YU Yang ⁽⁴⁾⁽⁹⁾	–	–	–	–	–
LIU Baorui	202	–	–	–	202
JIANG Zhengjun ⁽¹¹⁾	–	448	157	165	770
LAW Yee Kwan, Quinn ⁽¹²⁾	212	–	–	–	212
PENG Junying ⁽¹³⁾	–	–	–	–	–
WU Chong ⁽⁴⁾⁽¹⁴⁾	–	–	–	–	–
Total	1,434	3,700	648	1,071	6,853

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16. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(Continued)

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

Year ended 31 December 2022

Name	Fees	Paid remuneration and other benefits	Bonus	Contribution to pension schemes and other benefits	Total
Executive directors					
SUN Ligu ⁽²⁾	–	272	539	179	990
WU Hongtao	–	1,174	1,548	179	2,901
ZHENG Ke ⁽³⁾	–	950	1,225	205	2,380
DONG Xiaodong ⁽³⁾	–	571	1,101	180	1,852
Non-executive directors					
SUN Jingyu ⁽⁴⁾	–	–	–	–	–
DONG Guangpei ⁽⁴⁾	–	–	–	–	–
Alistair Marshall Bulloch ⁽⁴⁾	–	–	–	–	–
ZHAO Wei ⁽⁴⁾	–	–	–	–	–
WANG Shunlong ⁽⁴⁾	–	–	–	–	–
LI Jun ⁽⁴⁾	–	–	–	–	–
Independent non-executive directors					
FENG Heping ⁽⁵⁾	116	–	–	–	116
JIN Qingjun	201	–	–	–	201
HUA Yaogang ⁽⁶⁾	201	–	–	–	201
HE Jia	212	–	–	–	212
ZENG Jianhua ⁽⁷⁾	82	–	–	–	82
LU Jianzhong ⁽⁷⁾	82	–	–	–	82
Supervisors					
FENG Xia	–	249	534	179	962
YAO Tao ⁽⁸⁾	–	82	83	31	196
YU Yang ⁽⁴⁾⁽⁹⁾	–	–	–	–	–
ZHANG Lianming ⁽¹⁰⁾	116	–	–	–	116
LIU Baorui	201	–	–	–	201
JIANG Zhengjun ⁽¹¹⁾	–	369	604	142	1,115
LAW Yee Kwan, Quinn ⁽¹²⁾	212	–	–	–	212
Total	1,423	3,667	5,634	1,095	11,819

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16. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(Continued)

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

- (1) On 18 July 2023, Mr. Yu Jianzhong was nominated as executive director of the Bank and on 28 August 2023, Mr. Yu Jianzhong was nominated as the Chairman of the Bank.
- (2) On 11 May 2023, Mr. Sun Li Guo no longer assumed the position of executive director of the Bank.
- (3) On 18 August 2022, Mr. Zheng Ke and Ms. Dong Xiaodong were nominated as executive directors of the Bank.
- (4) All non-executive directors and supervisors, Mr. Yu Yang and Mr. Wu Chong were not remunerated by the Bank.
- (5) On 18 August 2022, Mr. Feng Heping no longer assumed the position of non-executive directors of the Bank.
- (6) On 13 December 2023, Mr. Hua Yaogang no longer assumed the position of non-executive director of the Bank.
- (7) On 18 August 2022, Mr. Zeng Jianhua and Mr Lu Jianzhong were nominated as non-executive directors of the Bank.
- (8) On 28 February 2022, Mr. Yao Tao no longer assumed the position of supervisor of the Bank.
- (9) On 18 April 2023, Mr. Yu Yang no longer assumed the position of supervisor of the Bank.
- (10) On 18 August 2022, Mr. Zhang Lianming no longer assumed the position of supervisor of the Bank.
- (11) On 22 December 2023, Mr. Jiang Zhengjun no longer assumed the position of supervisor of the Bank.
- (12) On 28 February 2022, Mr. LAW Yee Kwan, Quinn was nominated as supervisor of the Bank, he resigned as an independent non-executive director and began to perform the duty of a supervisor from 18 August 2022.
- (13) On 22 December 2023, Ms. Peng Junying was nominated as supervisor of the Bank.
- (14) On 18 May 2023, Mr. Wu Chong was nominated as supervisor of the Bank.

The bonus for executive directors and supervisors for the year ended 31 December 2023 have not yet been approved by the General Meeting and relevant PRC authorities. The bonus for executive directors and supervisors for the year ended 31 December 2022 were restated based on the approved amounts.

The executive directors' and supervisors' remunerations shown above were paid for their services in connection with the management of the affairs of the Bank and the Group.

The independent non-executive directors' remunerations shown above were paid for their services as directors of the Bank.

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16. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND HIGHEST PAID INDIVIDUALS

(Continued)

(II) Five highest paid individuals

For the year ended 31 December 2023, among the five highest paid individuals, none of them are directors or supervisors (2022: none).

The total remunerations payable to the five individuals whose remunerations were the highest in the Group for the year are as follows:

	Year ended 31 December	
	2023	2022
Salaries and other emoluments	1,158	1,929
Discretionary bonuses	6,806	9,777
Contribution to pension schemes and other benefits	610	723
Total	8,574	12,429

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

	Year ended 31 December	
	2023	2022
HKD1,000,001 – HKD1,500,000	1	–
HKD1,500,001 – HKD2,000,000	3	1
HKD2,000,001 – HKD3,000,000	1	2
HKD3,000,001 – HKD4,000,000	–	2
Total	5	5

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17. CASH AND BALANCES WITH CENTRAL BANK

	Notes	As at 31 December 2023	As at 31 December 2022
Cash		1,393,197	718,850
Mandatory reserve deposits	(1)	29,430,140	28,469,283
Surplus reserve deposits	(2)	14,246,479	13,722,499
Other deposits	(3)	24,096	2,087
Total		45,093,912	42,912,719

- (1) The Group places mandatory reserve deposits with the PBOC. These reserves include RMB reserve deposits and foreign currency reserve deposits. They are not available for the Group's daily operations. The mandatory reserve deposits rates are as follow:

	As at 31 December 2023	As at 31 December 2022
RMB reserve deposits rates:		
The Bank	7.00%	7.50%
Bank of Tianjin Financial Leasing Co., Ltd.	5.00%	5.00%
Ningxia Yuanzhou Jinhui County Bank Co., Ltd.	5.00%	5.00%
Ningxia Tongxin Jinhui County Bank Co., Ltd.	5.00%	5.00%
Foreign currencies reserve deposits rates:		
The Bank	4.00%	6.00%

- (2) The surplus reserve deposits are maintained with the PBOC mainly for the purpose of clearing.
- (3) Other deposits mainly represent the required fiscal deposits placed with the PBOC, which are non-interest bearing.

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18. DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December 2023	As at 31 December 2022
Banks and other financial institutions in Mainland China	4,142,450	3,623,343
Overseas banks	526,253	2,740,655
Subtotal	4,668,703	6,363,998
Allowance for 12m ECL	(7,297)	(25,308)
Total	4,661,406	6,338,690

19. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December 2023	As at 31 December 2022
Other financial institutions in Mainland China	28,120,293	25,099,639
Banks in Mainland China	355,801	557,303
Overseas banks	–	696,807
Subtotal	28,476,094	26,353,749
Allowance for impairment losses Including: 12m ECL	(7,801)	(5,924)
Total	28,468,293	26,347,825

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20. DERIVATIVE FINANCIAL INSTRUMENTS

The derivatives held are primarily for risk management purposes.

	As at 31 December 2023			As at 31 December 2022		
	Contract/ Notional Principal	Assets	Liabilities	Contract/ Notional Principal	Assets	Liabilities
	Foreign exchange derivatives					
– Foreign exchange forward swap	4,613,529	79,219	–	4,974,715	36,731	(58,366)
Credit derivatives and others	1,726,000	3,667	(3,212)	1,668,900	22,080	(1,854)
Total	6,339,529	82,886	(3,212)	6,643,615	58,811	(60,220)

21. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

Analysed by counterparties:

	As at 31 December 2023	As at 31 December 2022
Banks in Mainland China	7,795,586	5,661,499
Other financial institutions in Mainland China	619,772	6,138,647
Subtotal	8,415,358	11,800,146
Allowance for impairment losses of ECL	(746,606)	(746,606)
Total	7,668,752	11,053,540

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21. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS *(Continued)*

Analysed by collateral type:

	As at 31 December 2023	As at 31 December 2022
Bonds	7,421,858	10,806,646
Bills	993,500	993,500
Subtotal	8,415,358	11,800,146
Allowance for impairment losses of ECL	(746,606)	(746,606)
Total	7,668,752	11,053,540

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22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	As at 31 December 2023	As at 31 December 2022
Held for trading purposes:			
Funds	(1)	40,579,440	21,054,178
Asset management plans	(2)	21,791,270	29,402,706
Trust beneficiary rights	(3)	17,182,396	16,131,269
Financial institution bonds		5,952,147	596,757
Corporate bonds		3,133,446	3,845,293
Asset-backed securities		2,197,816	2,100,401
Unlisted equity		1,590,165	960,664
Other debt financing products		1,054,215	1,054,215
Public entities and policy banks bonds		296,690	208,045
Listed equity		140,312	290,279
Wealth management products		–	496,568
Total		93,917,897	76,140,375
Listed in Hong Kong			
Listed in Hong Kong		107,378	–
Listed outside Hong Kong		52,192,472	28,094,951
Unlisted		41,618,047	48,045,424
Total		93,917,897	76,140,375

(1) Funds include money-market funds and bond funds.

(2) Asset management plans refer to designated asset management plans managed by securities companies and their subsidiaries for the Bank and mainly invested in money market instruments, bonds and other debt instruments.

(3) Trust beneficiary rights refer to beneficial right of trust plans, which mainly invested in money market instruments, bonds and trust loans. These trust plans were initiated and managed by trust companies.

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23. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2023	As at 31 December 2022
Public entities and policy banks bonds	39,951,827	31,746,564
Corporate bonds	22,427,074	11,406,531
Government bonds	18,570,869	14,728,574
Financial institution bonds	5,028,224	5,697,354
Asset-backed securities	2,885,198	1,822,932
Other debt financing products	–	90,089
Total	88,863,192	65,492,044
Listed in Hong Kong	3,431,998	3,172,661
Listed outside Hong Kong	84,715,074	61,552,381
Unlisted	716,120	767,002
Total	88,863,192	65,492,044

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24. DEBT INSTRUMENTS AT AMORTISED COST

	As at 31 December 2023	As at 31 December 2022
Government bonds	62,663,769	63,062,037
Public entities and policy banks bonds	45,875,889	40,709,615
Corporate bonds	27,701,230	28,701,896
Other debt financing products	12,819,592	21,027,497
Asset management plans	8,349,536	11,127,183
Asset-backed securities	5,149,463	15,478,026
Trust beneficiary rights	1,168,132	1,112,978
Financial institution bonds	376,509	556,439
Subtotal	164,104,120	181,775,671
Listed in Hong Kong	2,394,712	3,379,736
Listed outside Hong Kong	138,260,521	143,901,125
Unlisted	23,448,887	34,494,810
Subtotal	164,104,120	181,775,671
Allowance for impairment losses		
Including: 12m ECL	(145,277)	(139,546)
Lifetime ECL	(1,713,654)	(1,502,226)
Total	162,245,189	180,133,899

The balance of ECL of asset management plans, trust plans and asset-backed securities is RMB1,386.0 million (31 December 2022: RMB1,350.8 million).

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25. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2023	As at 31 December 2022
Unlisted equity	1,642,224	1,642,224

26. LOANS AND ADVANCES TO CUSTOMERS

	Notes	As at 31 December 2023	As at 31 December 2022
Loans and advances to customers at amortised cost	(1)	385,917,157	309,948,673
Allowance for impairment losses		(11,441,318)	(10,031,651)
Subtotal		374,475,839	299,917,022
Loans and advances to customers at FVOCI	(2)	21,533,363	37,480,135
Total loans and advances to customers		396,009,202	337,397,157

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26. LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(1) Loans and advances to customers at amortised cost

	Notes	As at 31 December 2023	As at 31 December 2022
Corporate loans and advances			
– Loans		274,018,954	185,003,511
– Discounted bills		1,103,333	1,268,904
– Finance lease receivable	(i)	206,044	627,834
Subtotal		275,328,331	186,900,249
Personal loans and advances			
– Personal loans for consumption		48,451,865	61,789,405
– Personal loans for business purposes		37,434,556	33,489,226
– Residential mortgage loans		24,702,405	27,769,793
Subtotal		110,588,826	123,048,424
Gross loans and advances to customers		385,917,157	309,948,673
Allowance for impairment losses			
Including: 12m ECL		(3,792,523)	(3,092,948)
Lifetime ECL		(7,648,795)	(6,938,703)
Net loans and advances to customers		374,475,839	299,917,022

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26. LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(1) Loans and advances to customers at amortised cost *(Continued)*

(i) Finance lease receivable

	As at 31 December 2023	As at 31 December 2022
Minimum finance lease receivables:		
Within 1 year (inclusive)	192,493	330,060
1-2 years (inclusive)	12,339	296,159
2-3 years (inclusive)	5,918	21,150
Gross amount of finance lease receivables	210,750	647,369
Less: Unearned finance income	(4,706)	(19,535)
Net amount of finance lease receivables	206,044	627,834
Less: Allowance for impairment losses	(20,943)	(85,741)
Carrying amount of finance lease receivables	185,101	542,093
Present value of minimum finance lease receivables:		
Within 1 year (inclusive)	188,954	324,578
1-2 years (inclusive)	11,775	283,745
2-3 years (inclusive)	5,315	19,511
Total	206,044	627,834

(2) Loss allowance of RMB36 million (31 December 2022: RMB45 million) was recorded for loan and advances to customers at FVOCI and was credited to other comprehensive income.

Movements of allowance on loans and advances to customers in 2023 and 2022 are disclosed in Note 52.1.

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27. DEFERRED TAXATION

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

	As at 31 December 2023		As at 31 December 2022	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Provision for impairment of assets	13,749,981	3,427,902	11,691,452	2,919,387
Accrued salaries, bonuses and allowances	1,515,560	378,378	1,373,190	343,297
Lease Liabilities	1,055,725	263,931	1,144,919	286,230
Fair value changes of FVTPL	983,766	245,942	982,064	245,516
Provisions	266,497	66,624	403,059	100,765
Interest adjustments and others	86,262	21,565	271,042	67,761
Liabilities of early retirement benefits	74,094	18,523	76,007	19,002
Deductible losses	4,139	1,035	2,443,265	610,816
Fair value changes and ECL of FVOCI	(12,400)	(3,099)	968,773	242,194
Depreciation of property, plant and equipment	(255,533)	(63,883)	(367,085)	(91,772)
Right-of-use assets	(973,824)	(243,456)	(1,070,731)	(267,683)
Total	16,494,267	4,113,462	17,915,955	4,475,513

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27. DEFERRED TAXATION (Continued)

	Provision for impairment of assets	Accrued salaries, bonuses and allowances	Provision related to credit commitments and litigation	Fair value changes and ECL of FVOCI	Fair value changes of FVTPL	Deductible losses	Others	Total
As at 1 January 2022	3,685,619	340,027	100,998	79,901	276,403	107,948	(76,751)	4,514,145
Credit/(Charge) to profit or loss (Note 13)	(766,232)	3,270	(233)	-	(30,887)	502,868	90,289	(200,925)
Charge to other comprehensive income	-	-	-	162,293	-	-	-	162,293
As at 31 December 2022	2,919,387	343,297	100,765	242,194	245,516	610,816	13,538	4,475,513
Credit/(Charge) to profit or loss (Note 13)	508,515	35,081	(34,141)	-	426	(609,781)	(16,858)	(116,758)
Charge to other comprehensive income	-	-	-	(245,293)	-	-	-	(245,293)
As at 31 December 2023	3,427,902	378,378	66,624	(3,099)	245,942	1,035	(3,320)	4,113,462

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28. OTHER ASSETS

	Notes	As at 31 December 2023	As at 31 December 2022
Other receivables	(1)	1,661,113	2,162,653
Repossessed assets	(2)	2,012,077	2,377,176
Intangible assets		517,784	423,545
Prepaid expense		269,756	271,881
Total		4,460,730	5,235,255

(1) Included in balances of other receivables were balances of RMB1,169 million (31 December 2022: RMB1,784 million) for balances to be settled with other financial institutions.

(2) The Group obtained the following assets during the year by taking possession of collateral held as security against loans and advances and held at the year end. The Group's policy is to realise collateral on a timely basis. The Group does not use non-cash collateral for its operations.

	As at 31 December 2023	As at 31 December 2022
Properties	2,012,077	2,377,176

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29. PROPERTY AND EQUIPMENT

	Buildings	Electronic equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
COST						
As at 1 January 2022	2,500,194	1,240,853	41,106	334,669	250,669	4,367,491
Additions	5,411	169,713	20	58,142	207,061	440,347
Transfers	209,826	–	–	3,024	(212,850)	–
Transfers out	–	–	–	–	(110,021)	(110,021)
Disposals	(36,876)	(26,556)	(25)	(74,760)	–	(138,217)
As at 31 December 2022	2,678,555	1,384,010	41,101	321,075	134,859	4,559,600
Additions	2,045	87,418	–	38,455	135,488	263,406
Transfers	3,414	–	–	9,873	(13,287)	–
Transfers out	–	–	–	–	(121,737)	(121,737)
Disposals	(368)	(16,906)	–	(62,629)	–	(79,903)
As at 31 December 2023	2,683,646	1,454,522	41,101	306,774	135,323	4,621,366
ACCUMULATED DEPRECIATION						
As at 1 January 2022	(799,391)	(797,505)	(36,769)	(178,760)	–	(1,812,425)
Provided for the year	(80,723)	(238,715)	(764)	(51,695)	–	(371,897)
Disposals	1,614	25,750	5	53,064	–	80,433
As at 31 December 2022	(878,500)	(1,010,470)	(37,528)	(177,391)	–	(2,103,889)
Provided for the year	(90,138)	(209,625)	(763)	(48,763)	–	(349,289)
Disposals	–	16,410	–	37,096	–	53,506
As at 31 December 2023	(968,638)	(1,203,685)	(38,291)	(189,058)	–	(2,399,672)
NET BOOK VALUE						
As at 31 December 2022	1,800,055	373,540	3,573	143,684	134,859	2,455,711
As at 31 December 2023	1,715,008	250,837	2,810	117,716	135,323	2,221,694

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29. PROPERTY AND EQUIPMENT *(Continued)*

The carrying amount of buildings of the Group which is still in the process with incomplete title deeds as at 31 December 2023 amounted to RMB56.93 million (31 December 2022: RMB76.63 million). The directors of the Bank are of the opinion that these incomplete title deeds would not cause any significant impact on the Group's operations.

As at 31 December 2023, the Group had no buildings rented to third parties (as at 31 December 2022, the Group had a net book value of RMB12.69 million of buildings rented to third parties as investment properties).

30. RIGHT-OF-USE ASSETS

	Buildings	Land use rights	Total
As at 31 December 2023			
Carrying amount	980,734	39,172	1,019,906
As at 31 December 2022			
Carrying amount	1,079,614	40,544	1,120,158
For the year ended 31 December 2023			
Depreciation charge	(281,903)	(1,372)	(283,275)
For the year ended 31 December 2022			
Depreciation charge	(274,153)	(1,375)	(275,528)
		As at	As at
		31 December	31 December
		2023	2022
Expense relating to short-term leases		10,874	12,737
Total cash outflow for leases		320,357	308,667
Additions to right-of-use assets		193,402	427,537

For both years, the Group leases various buildings for its operations. Lease contracts are entered into for fixed term of 1 to 10 years.

Details of the lease maturity analysis of lease liabilities are set out in Note 37 and 52.2.

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31. INTERESTS IN ASSOCIATES

The balance of interests in associates is as follows:

	As at 31 December 2023	As at 31 December 2022
Unlisted shares, at cost	223,000	223,000
Share of post-acquisition losses and other comprehensive income	79,715	55,930
Total	302,715	278,930

Details of the Bank's associates as at 31 December 2023 are set out below:

Name of entity	Type of legal entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Share capital/ registered capital as at	Proportion of ownership and voting rights held by the Group		Principal activities
				31 December 2023 (In RMB'000)	As at 31 December 2023 %	As at 31 December 2022 %	
Tianjin Jizhou County Bank Company Limited (天津市薊州村鎮銀行股份有限公司)	Limited company	Tianjin, PRC	August 2008	300,000	35	35	Banking
AlaEr JinHui County Bank Company Limited (阿拉爾津匯村鎮銀行有限責任公司)	Limited liability company	Xinjiang, PRC	August 2016	50,000	40	40	Banking
Tiemenguan Jinhui County Bank Company Limited (鐵門關津匯村鎮銀行有限責任公司)	Limited liability company	Xinjiang, PRC	September 2016	50,000	49	49	Banking
HuTuBi JinHui County Bank Company Limited (呼圖壁津匯村鎮銀行有限責任公司)	Limited liability company	Xinjiang, PRC	September 2016	50,000	49	49	Banking
TaCheng JinHui County Bank Company Limited (塔城津匯村鎮銀行有限責任公司)	Limited liability company	Xinjiang, PRC	June 2017	50,000	49	49	Banking
FuKang JinHui County Bank Company Limited (阜康津匯村鎮銀行有限責任公司)	Limited liability company	Xinjiang, PRC	August 2017	50,000	49	49	Banking

For the year ended 31 December 2023, the total amount of operating income of the associates was RMB143 million (2022: RMB139 million). Total assets and total equity of these associates as at 31 December 2023 were RMB5,209 million (31 December 2022: RMB4,952 million) and RMB760 million (31 December 2022: RMB708 million) respectively. The Group's share of these amounts represents 0.39%, 0.27% and 0.48% (31 December 2022: 0.39%, 0.28% and 0.48%) to the Group's operating income, total assets, and total equity respectively. Directors of the Bank consider that these associates are immaterial to the Group.

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32. BORROWINGS FROM CENTRAL BANK

	As at 31 December 2023	As at 31 December 2022
Medium-term lending facilities	61,330,437	47,878,995
Refinancing	15,001,200	9,827,037
Rediscounting	1,854,780	2,259,982
Carbon-reduction supporting tool	14,952	–
Credit support programs	–	1,832,941
Total	78,201,369	61,798,955

33. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December 2023	As at 31 December 2022
Banks in Mainland China	23,521,660	14,777,046
Other financial institutions in Mainland China	35,521,951	27,296,816
Total	59,043,611	42,073,862

34. PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December 2023	As at 31 December 2022
Banks in Mainland China	22,796,596	15,928,793
Other domestic financial institutions	500,125	771,639
Overseas banks	6,428,564	6,611,748
Total	29,725,285	23,312,180

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35. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

Analysed by counterparties:

	As at 31 December 2023	As at 31 December 2022
Banks in Mainland China	66,821,659	74,562,061
Other domestic financial institutions	1,695,747	1,697,764
Total	68,517,406	76,259,825

Analysed by collateral type:

	As at 31 December 2023	As at 31 December 2022
Bonds	49,265,182	42,994,924
Bills	19,252,224	33,264,901
Total	68,517,406	76,259,825

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36. OTHER LIABILITIES

	Notes	As at 31 December 2023	As at 31 December 2022
Settlement payable		2,404,223	1,683,026
Salaries and benefits payable	(1)	1,609,156	1,478,246
Other payables		591,654	616,471
Sundry taxes payable		325,946	342,556
Provision related to credit commitments	(2)	266,497	403,059
Dividends payable		13,712	37,269
Total		5,211,188	4,560,627

(1) Salaries and benefits payable are listed below:

	Notes	As at 1 January 2023	Increase	Decrease	As at 31 December 2023
Salaries, bonuses, allowances and subsidies payable		1,401,152	1,713,093	(1,580,245)	1,534,000
Social insurance		–	138,928	(138,928)	–
Housing fund		–	143,476	(143,476)	–
Employee benefits		–	78,667	(78,667)	–
Early retirement benefits	(i)	76,007	16,456	(18,369)	74,094
Labor union expenditure and education costs		1,087	42,988	(43,013)	1,062
Defined contribution plans			–	–	
Basic endowment insurance		–	186,776	(186,776)	–
Unemployment insurance		–	6,454	(6,454)	–
Annuity schemes	(ii)	–	121,779	(121,779)	–
Total		1,478,246	2,448,617	(2,317,707)	1,609,156

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36. OTHER LIABILITIES *(Continued)*

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

	Notes	As at 1 January 2022	Increase	Decrease	As at 31 December 2022
Salaries, bonuses, allowances and subsidies payable		1,388,428	1,552,709	(1,539,985)	1,401,152
Social insurance		–	135,530	(135,530)	–
Housing fund		–	141,419	(141,419)	–
Employee benefits		–	72,039	(72,039)	–
Early retirement benefits	(i)	70,581	23,237	(17,811)	76,007
Labor union expenditure and education costs		1,098	36,645	(36,656)	1,087
Defined contribution plans					
Basic endowment insurance		–	177,548	(177,548)	–
Unemployment insurance		–	7,056	(7,056)	–
Annuity schemes	(ii)	–	132,317	(132,317)	–
Total		1,460,107	2,278,500	(2,260,361)	1,478,246

- (i) Early retirement benefits contain cost of living, subsidies, social insurance and housing fund. The related benefit payments are made from the date of early retirement to the normal retirement date.
- (ii) Employees who retire after year 2007 can voluntarily participate in an annuity plan set up by the Bank pursuant to related state corporate annuity regulations. The Bank contributes to the annuity plan based on certain percentage of the employees' gross salary of previous year and the contribution is recognised in other comprehensive income as incurred.
- (2) Movement of provision related to credit commitments is disclosed in Note 52.1.

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37. LEASE LIABILITIES

	As at 31 December 2023	As at 31 December 2022
Lease liabilities payable:		
Within one year	228,492	243,628
Within a period of more than one year but not more than two years	212,944	203,132
Within a period of more than two year but not more than five years	363,827	325,018
Within a period of more than five years	253,499	382,333
Total	1,058,762	1,154,111

The weighted average incremental borrowing rates applied to lease liabilities range from 3.18% to 4.66% (31 December 2022: from 3.24% to 4.66%).

38. DUE TO CUSTOMERS

	As at 31 December 2023	As at 31 December 2022
Demand deposits		
Corporate customers	200,619,699	175,514,450
Individual customers	25,536,808	27,248,377
Time deposits		
Corporate customers	62,930,576	71,965,539
Individual customers	140,266,055	112,792,868
Pledged deposits	21,254,803	10,193,976
Others	78,440	50,061
Total	450,686,381	397,765,271

Notes

(1)

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38. DUE TO CUSTOMERS *(Continued)*

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

	As at 31 December 2023	As at 31 December 2022
Acceptances	12,678,642	6,340,275
Letters of credit	3,611,512	1,319,651
Credit	3,542,725	1,367,646
Letters of guarantee	673,726	375,785
Others	748,198	790,619
Total	21,254,803	10,193,976

39. DEBT SECURITIES ISSUED

	Notes	As at 31 December 2023	As at 31 December 2022
23 Bank of Tianjin Tier-2 capital bonds 01	(1)	7,233,341	–
18 Tianjin Bank bonds	(2)	–	10,450,894
20 Tianjin Bank bonds 01	(3)	–	5,175,723
Tianjin Bank 1 – month negotiable certificates of deposit	(4)	1,617,477	49,998
Tianjin Bank 3 – month negotiable certificates of deposit	(5)	21,781,950	12,410,822
Tianjin Bank 6 – month negotiable certificates of deposit	(6)	17,460,203	16,865,850
Tianjin Bank 9 – month negotiable certificates of deposit	(7)	3,969,450	12,138,569
Tianjin Bank 1 – year negotiable certificates of deposit	(8)	31,223,971	36,381,473
Total		83,286,392	93,473,329

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39. DEBT SECURITIES ISSUED *(Continued)*

- (1) On 10 April, 2023, the Bank issued tier-2 capital bonds with a maturity of 10 years and a face value of RMB7.0 billion, with a fixed coupon rate of 4.70% per annum and an annual interest payment. These bonds pay fixed interest rate with a conditional issuer call right at the end of the fifth year, the issuer has the right to redeem part or all of the face value of the bonds subject to the approval of the relevant regulatory authority. In the event of a regulatory trigger event specified in the offering documents, the Bank has the right to write down the principal amount of the bonds in full and any accumulated interest payable that has not been paid will no longer be paid. According to the relevant regulations of the NFRA (formerly the "CBIRC"), these tier-2 capital bonds are qualified tier-2 capital instruments.
- (2) The 10-year fixed-rate tier-2 capital bonds were issued on 18 January 2018 by the Bank at a face value of RMB10.0 billion with a fixed coupon rate of 4.80% per annum, payable annually. The Bank has an option to redeem part or all of the bonds at face value on the last day of the fifth year if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. The Bank exercised the option to early redeem all of the bonds at face value on 28 January 2023. These tier-2 capital bonds are qualified as tier-2 capital instruments in accordance with the NFRA (formerly the "CBIRC") requirements.
- (3) The 3-year fixed-rate financial bonds were issued on 20 January 2020 by the Bank at a face value of RMB5.0 billion with a fixed coupon rate of 3.73% per annum, payable annually. The redemption and repayment has been completed on 22 January 2023.
- (4) The Bank issued a series of 1-month negotiable certificates of deposit ("CD") at a discount. As at 31 December 2023, the face value of outstanding CD amounted to RMB1.62 billion, with a reference interest rate range of 2.60%-2.80% (31 December 2022: 2.05%) per annum, payable at maturity.
- (5) The Bank issued a series of 3-month CD at a discount. As at 31 December 2023, the face value of outstanding CD amounted to RMB21.89 billion, with a reference interest rate range of 2.35%-2.87% (31 December 2022: 1.82%-2.75%) per annum, payable at maturity.
- (6) The Bank issued a series of 6-month CD at a discount. As at 31 December 2023, the face value of outstanding CD amounted to RMB17.61 billion, with a reference interest rate range of 2.17%-2.87% (31 December 2022: 1.80%-2.72%) per annum, payable at maturity.
- (7) The Bank issued a series of 9-month CD at a discount. As at 31 December 2023, the face value of outstanding CD amounted to RMB4.03 billion, with a reference interest rate range of 2.26%-2.88% (31 December 2022: 1.95%-2.59%) per annum, payable at maturity.
- (8) The Bank issued a series of 1-year CD at a discount. As at 31 December 2023, the face value of outstanding CD amounted to RMB31.6 billion, with a reference interest rate range of 2.36%-2.88% (31 December 2022: 2.05%-2.82%) per annum, payable at maturity.

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40. SHARE CAPITAL

	As at 31 December 2023	As at 31 December 2022
Issued and fully paid at RMB1 per share	6,070,552	6,070,552

41. CAPITAL RESERVE

The balance of capital reserve mainly represents share premium arising from the Bank's initial public offering of H shares (net of listing expense) and other share issuances in prior years. It also included the difference between the carrying amount of net assets and the amount contributed by non-controlling shareholders during the capital injection of its subsidiary.

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42. INVESTMENT REVALUATION RESERVE

	Gross amount	Tax effect	Net amount
As at 1 January 2022	(16,446)	4,111	(12,335)
Fair value changes in financial assets at fair value through other comprehensive income	(185,476)	46,369	(139,107)
Amount reclassified to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	(463,697)	115,924	(347,773)
Impairment loss for financial assets at fair value through other comprehensive income	2,806	(701)	2,105
As at 31 December 2022	(662,813)	165,703	(497,110)
Fair value changes in financial assets at fair value through other comprehensive income	1,345,921	(336,480)	1,009,441
Amount reclassified to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	(364,748)	91,187	(273,561)
Impairment loss for financial assets at fair value through other comprehensive income	(123,001)	30,750	(92,251)
As at 31 December 2023	195,359	(48,840)	146,519

43. SURPLUS RESERVE

Under the relevant PRC Laws, corporation is required to transfer 10% of its net profit, determined under the PRC accounting standards, to a non-distributable statutory surplus reserve. Appropriation to the statutory surplus reserve has been ceased for year ended 31 December 2023 as the balance of this reserve has reached 50% of the share capital.

After making the appropriation to the statutory surplus reserve, the corporation may also appropriate its profit for the year to a discretionary surplus reserve upon approval by the shareholders in the shareholders' general meeting. Subject to the approval by the shareholders' general meeting, the discretionary surplus reserve may be used to offset accumulated losses of the corporation, if any, and may be converted into capital.

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44. GENERAL RESERVE

Pursuant to the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin 2012 No. 20) issued by the Ministry of Finance of the PRC, in addition to the individual and collective allowances for impairment losses, financial enterprise is required to establish and maintain a general reserve within equity to address potential unidentified impairment losses. The general reserve is not less than 1.5% of the aggregate amount of risk assets as defined by the above measures as at 31 December 2023 and 2022.

45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2023							
	As at	Cash received	Repayment	Interest	Interest	New		As at
	1 January	from financing	of financing	accruals	payments	leases	Others	31 December
Lease liabilities (Note 37)	1,154,111	-	(320,357)	37,169	-	198,217	(10,378)	1,058,762
Debt securities issued (Note 39)	93,473,329	175,520,411	(187,160,000)	2,119,152	(666,500)	-	-	83,286,392

	2022							
	As at	Cash received	Repayment	Interest	Interest	New		As at
	1 January	from financing	of financing	accruals	payments	leases	Others	31 December
Lease liabilities (Note 37)	1,015,819	-	(308,667)	41,246	-	427,537	(21,824)	1,154,111
Debt securities issued (Note 39)	98,511,096	123,659,982	(130,660,000)	2,983,131	(1,020,880)	-	-	93,473,329

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46. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following balances with an original maturity of less than or equal to three months:

	As at 31 December 2023	As at 31 December 2022
Cash	1,393,197	718,850
Balances with central bank	14,246,479	13,722,499
Deposits with banks and other financial institutions	4,655,160	6,363,180
Placements with banks and other financial institutions	354,135	1,253,628
Total	20,648,971	22,058,157

47. STRUCTURED ENTITIES

As at 31 December 2023 and at 31 December 2022, there were no structured entities held by the Group being consolidated.

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

The Group holds interests in these structured entities sponsored by third party institutions through investments in the rights or plans issued relating to these structured entities. The Group does not consolidate these structured entities. Such structured entities include asset-backed securities, wealth management products issued by financial institutions, asset management plans, trust plans and funds.

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47. STRUCTURED ENTITIES *(Continued)*

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

The following table set out an analysis of the gross carrying amounts of interests held by the Group as at 31 December 2023 in the structured entities sponsored by third-party institutions.

	As at 31 December 2023	As at 31 December 2022
Asset management plans	30,140,806	40,529,889
Funds	40,579,440	21,054,178
Asset-backed securities	10,232,477	19,401,359
Trust beneficiary rights	18,350,528	17,244,247
Wealth management products	–	496,568
Total	99,303,251	98,726,241

All of these unconsolidated structured entities are recorded in financial assets at fair value through profit or loss (Note 22), debt instruments at fair value through other comprehensive income (Note 23) and debt investments at amortised cost (Note 24).

(2) Unconsolidated structured entities sponsored by the Group in which the Group holds interests

The types of unconsolidated structured entities sponsored by the Group mainly include net value-based wealth management products. The purpose of sponsoring these structured entities is to generate fees from managing assets on behalf of investors. The variable return that the Group has in relation to the net value-based wealth management products is not significant, therefore these wealth management products are not consolidated by the Group.

As at 31 December 2023, the amount of assets held by the unconsolidated structured entities sponsored by the Group amounted to RMB63,059 million (31 December 2022: RMB79,600 million). During the year ended 31 December 2023, the Group's interest in these wealth management products included net fee and commission income of RMB240 million (2022: RMB548 million).

The Group did not provide any financial or other support to these unconsolidated structured entities during the year.

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48. RELATED PARTY TRANSACTIONS

(1) Major shareholders of the Bank

(a) *The following major shareholders held more than 5% interest of the Bank directly or indirectly and are considered as related parties of the Group*

	Shareholding ratio			Legal representative	Place of registration	Registered capital	
	31 December	31 December	Main business			31 December	31 December
	2023	2022				2023	2022
Tianjin Bonded Zone Investment Co., Ltd.	15.94%	15.94%	Investment and management	Dong Guangpei	Tianjin	10,288,895	9,333,895
Australia and New Zealand Banking Group Limited	11.95%	11.95%	Financial business	Not applicable	Melbourne Australia	Not applicable	Not applicable
Tianjin Bohai Chemical Industry Group Co., Ltd. (i)	8.07%	8.07%	Investment and management	Wang Junming	Tianjin	8,574,791	7,845,977
Tianjin Pharmaceutical Holdings Ltd. (ii)	8.06%	8.06%	Wholesale and retail of various commodities and logistics	Zhang Mingrui	Tianjin	5,492,950	5,492,950

(i) Tianjin Bohai Chemical Industry Group Co., Ltd. directly holds 487,078,366 shares, owning 8.024% equity; and through a number of controlled corporations, holds another aggregate of 2,778,686 shares, totalling 0.046% equity. As such, Tianjin Bohai Chemical Industry Group Co., Ltd. is controlling a total of 489,857,052 shares of the Bank, representing 8.07% equity.

(ii) Tianjin Pharmaceutical Holdings Ltd. directly holds 487,713,488 shares, owning 8.034% equity; and through a number of controlled corporations, holds another aggregate of 1,393,695 shares, totalling 0.023% equity. As such, Tianjin Pharmaceutical Holdings Ltd. is controlling a total of 489,107,183 shares of the Bank, representing 8.06% equity.

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48. RELATED PARTY TRANSACTIONS *(Continued)*

(1) Major shareholder of the Bank *(Continued)*

(b) *The following major shareholders held less than 5% of the Bank's shares but have significant influence*

	Main business	Legal representative	Place of registration	Registered capital	
				31 December 2023	31 December 2022
CSSC International Holding Company Limited	Investment and management	Not applicable	Hong Kong	Not applicable	Not applicable
Tianjin Financial Investment And Services Group	Investment and management	Liu Zhi	Tian Jin	5,322,331	5,322,331

Balances and transactions between the Group and these major shareholders and entities under their control

During the year, the Group had the following material balances and entered into the following material transactions with major shareholders and entities under their control. These transactions were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties, or in accordance with the Group's contractual agreements, and are subject to approval by the appropriate decision-making bodies, depending on the type and content of the transaction.

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48. RELATED PARTY TRANSACTIONS (Continued)

(1) Major shareholder of the Bank (Continued)

Balances and transactions between the Group and these major shareholders and entities under their control
(Continued)

	As at 31 December 2023	As at 31 December 2022
Assets		
Loans and advances to customers	10,036,343	7,618,259
Financial assets at fair value through profit or loss	171,052	488,785
Debt instruments at amortised cost	206,001	203,954
Debt instruments at fair value through other comprehensive income	422,209	585,049
Total	10,835,605	8,896,047
Liabilities		
Deposits from banks and other financial institutions	1,104,602	3,830
Due to customers	4,780,573	3,108,940
Total	5,885,175	3,112,770
Off-Balance Sheet		
Bank acceptance	1,717,235	885,000
Letters of credit	900,000	1,127,403
Unused credit	135,953	314,474
Total	2,753,188	2,326,877

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48. RELATED PARTY TRANSACTIONS (Continued)

(1) Major shareholder of the Bank (Continued)

Balances and transactions between the Group and these major shareholders and entities under their control
(Continued)

	Year ended 31 December	
	2023	2022
Transactions during the year:		
Interest income	693,625	325,515
Interest expense	57,657	93,096
Trading net profit and loss	73,635	(2,953)
Interest rate ranges during the year:		
Debt instruments at amortised cost	3.43%-7.50%	3.43%-6.50%
Debt instruments at fair value through other comprehensive income	3.24%-7.00%	5.26%-6.50%
Loans and advances to customers	3.20%-8.50%	3.95%-12.00%
Due to customers	0.005%-4.05%	0.005%-4.18%

Material related party transaction refers to the transaction in which the amount of a single transaction between the Bank and the same related party accounts for more than 1% of the Bank's net capital, or the accumulated transaction amounts account for more than 5% of the Bank's net capital. As of 31 December 2023, the Bank granted Tianjin State-owned Capital Investment Management Ltd. an additional RMB10,600 million one-year line of credit, the balance of loans was RMB5,478 million for TSCIM by the end of the year (As of 31 December 2022, the Bank granted TSCIM an additional RMB9,800 million one-year line of credit, the balance of loans was RMB3,509 million for TSCIM by the end of the year). As of 31 December 2023, the Bank granted Tianjin Free Trade Zone Investment Holdings Group Co., Ltd. an additional RMB8,000 million two-years line of credit, with the balance of outstanding loans RMB3,790 million. As of 31 December 2023, the Bank granted Tianjin NGS Hongda General Company an additional RMB1,180 million one-year line of credit, while the balance of outstanding loans was RMB719 million.

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48. RELATED PARTY TRANSACTIONS (Continued)

(1) Major shareholder of the Bank (Continued)

Balances and transactions between the Group and these major shareholders and entities under their control
(Continued)

Related Party name	Main business	Legal representative	Registered place	Registered capital on	Registered capital on	Relationship with the Bank
				31 December 2023	31 December 2022	
Tianjin State-owned Capital Investment and Operation Co., Ltd.	Investment and Management	Hou Yufeng	Tianjin	19,160,755	19,140,755	The controlling shareholder of major shareholder of the Bank
Tianjin Free Trade Zone Investment Holdings Group Co., Ltd	Investment and Management	Zhao Jiawang	Tianjin	26,563,032	26,563,032	The controlling shareholder of major shareholder of the Bank
Tianjin NGS Hongda General Company	Agriculture	Tan Yongzhi	Tianjin	240,000	100,000	The controlling shareholder of major shareholder of the Bank

(2) An associate

The basic information of the associates is detailed in note 31.

During the year, the Group had the following balances and transactions with associates. The Group's transactions with associates are priced on the basis of market prices, processed in the normal course of business, or in accordance with the Group's contractual agreements, and are subject to approval by the appropriate decision-making bodies, depending on the type and content of the transaction.

	As at 31 December 2023	As at 31 December 2022
Deposits from banks and other financial institutions	1,058,515	1,019,192

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48. RELATED PARTY TRANSACTIONS *(Continued)*

(2) An associate *(Continued)*

	Year ended 31 December	
	2023	2022
Transactions during the year:		
Interest expense	25,392	36,858
Interest rate ranges during the year:		
Deposit from banks and other financial institutions	0.35%-2.75%	0.35%-2.75%

In 2023 and 2022, the proportion of transactions between the Group and its associates is not significant.

(3) Subsidiaries controlled by the Bank

The basic information about the subsidiaries controlled by the Bank is detailed in note 54.

There are certain related party transactions between the Bank and its subsidiaries. All transactions shall be based on market prices and shall be handled in accordance with normal business procedures or in accordance with the provisions of the Bank's contracts, and shall be approved by the relevant decision-making bodies according to the type and content of transactions.

In 2023 and 2022, transactions between the Bank and its subsidiaries include lending of funds, inter-bank deposits and guarantees, etc.

On 31 December 2023 and 31 December 2022, the Bank's principal balance of loans to subsidiaries is RMB 0.40 billion and RMB 1.80 billion respectively. The principal balance of funds deposited by the subsidiaries with the Bank was RMB 855 million and RMB 879 million respectively. Guarantee given to PBOC for a subsidiary was RMB 53 million and RMB 61 million respectively.

In 2023 and 2022, the interest income corresponding to transactions between the Bank and its subsidiaries was RMB93 million and RMB104 million respectively, and the interest expense was RMB8 million and RMB17 million respectively.

In 2023 and 2022, the amount of other transactions between the Bank and its subsidiaries is not material.

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48. RELATED PARTY TRANSACTIONS *(Continued)*

(4) Other related parties

Other related parties can be individuals or enterprises, which include: members of the Board of Directors, senior management and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the Board of Directors, senior management, and close family members of such individuals.

During the year, the Group had the following material balances and entered into the following material transactions with other related entities. These transactions were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

In 2023 and 2022, there was no material transactions and balances between the Group and other related parties.

(5) Key management personnel

Key management personnel include directors, supervisors and senior management team members.

No major transactions have been entered into with the key management personnel for the year ended 31 December 2023 other than the emoluments paid to them (being the key management personnel compensation).

	Notes	Year ended 31 December	
		2023	2022
Fees		1,434	1,423
Basic salaries, bonuses and allowances	(i)	6,420	14,820
Contribution to pension schemes and other benefits		1,454	1,661
Total		9,308	17,904

(i) Bonus for 2023 can only be determined after the shareholders' general meeting and regulatory approval. Bonus for 2022 has been restated as per the approved amounts.

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48. RELATED PARTY TRANSACTIONS *(Continued)*

(6) Transactions with Connected Natural Persons

As at 31 December 2023, the Bank's balance of loans to the connected natural persons as defined in the regulations issued by the NFRA totalled RMB48 million (31 December 2022: RMB62 million).

(7) Annuity scheme

Apart from the obligations for defined contributions to the Annuity scheme and normal banking transactions, no other transactions were conducted between the Group and the Annuity scheme for the years ended 31 December 2023 and 2022.

49. CONTINGENT LIABILITIES AND COMMITMENTS

Legal proceedings

The Bank and its subsidiaries, as defendants, are involved in certain lawsuits arising from the normal business operations. As at 31 December 2023, the Group has assessed and measured the impact of those pending lawsuits, and no provision related to these lawsuits has been recognised. (31 December 2022: same)

Credit commitments

The Group's credit commitments take the form of loan commitments, credit card commitments, financial guarantees, letters of credit and bank acceptances.

Loan commitments and credit card commitments represent the undrawn amount of approved loans with signed contracts and credit card limits. Financial guarantees and letters of credit represent guarantees provided by the Group to guarantee the performance of customers to third parties. Bank acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects the majority of acceptances to be settled simultaneously with the reimbursement from customers.

The contractual amounts of credit commitments by categories are set out below. The amounts disclosed irrespective of loan commitments and credit card commitments that are drawn down. The amounts of guarantees, letters of credit and acceptances represent the maximum potential loss that would be recognised at the reporting date if counterparties failed to perform as contracted.

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49. CONTINGENT LIABILITIES AND COMMITMENTS *(Continued)*

Credit commitments *(Continued)*

	As at 31 December 2023	As at 31 December 2022
Loan commitments		
– with an original maturity within one year	5,153,412	4,660,396
– with an original maturity of one year or above	21,069,984	13,580,346
Bank acceptances	44,295,975	38,741,677
Letters of credit issued	16,479,025	15,252,079
Credit card commitments	10,930,702	17,922,820
Letters of guarantee issued	5,933,032	3,059,482
Total	103,862,130	93,216,800

Collateral

Assets pledged

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

	As at 31 December 2023	As at 31 December 2022
Debt securities	52,626,600	45,418,900
Discounted bills	19,272,362	33,334,995
Total	71,898,962	78,753,895

As at 31 December 2023 and 31 December 2022, the Group's liabilities related to the above collateral were due within 12 months from the effective dates of these agreements and title of these collateral was not transferred to counterparties.

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49. CONTINGENT LIABILITIES AND COMMITMENTS *(Continued)*

Capital commitments

	As at 31 December 2023	As at 31 December 2022
Contracted but not provided for – commitments for the acquisition of property and equipment	320,450	403,925

Redemption commitments of government bond

The Group is authorised by the Ministry of Finance to underwrite certificate government bonds and e-saving bonds. The investors of these bonds can redeem before maturity date and the Group has the obligation to pay the principal and related interests to investors.

As at 31 December 2023, the principal balance of certificate government bonds which the Group had an obligation to pay in advance amounted to RMB1,832 million (31 December 2022: RMB1,818 million) and the principal balance of e-saving bonds amounted to RMB1,500 million (31 December 2022: RMB1,427 million). The original terms of these bonds are from 3 to 5 years.

The Ministry of Finance does not pay the principal and interest of the certificate government bonds before the expiry date, but pays the principal and interest of the e-savings bonds on a regular basis based on the payment approach for the e-savings bonds.

50. FIDUCIARY ACTIVITIES

The Group commonly acts as asset manager or in other fiduciary capacities, that results in it holding or managing assets on behalf of individuals or corporations. These assets and any gains or losses arising thereon are not included in the financial statements of the Group as they are not the Group's assets.

As at 31 December 2023, the entrusted loans balance of the Group amounted to RMB2,704 million (31 December 2022: RMB9,408 million).

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51. TRANSFER OF FINANCIAL ASSETS

Repurchase agreement

The Group entered into repurchase agreements with certain counterparties to sell bonds or bills of carrying amount of RMB71,899 million as at 31 December 2023 (31 December 2022: RMB78,754 million) which are subject to the simultaneous agreements with commitments to repurchase at specified future dates and prices. The proceeds from selling such bonds or bills totaling RMB68,517 million (31 December 2022: RMB76,260 million) is presented as “financial assets sold under repurchase agreements” (Note 35) as at the end of the year.

As stipulated in the repurchase agreements, there is no transfer of the legal ownership of these bonds or bills to the counterparties during the covered period. However, the Group is not allowed to sell or pledge these securities during the covered period unless both parties mutually agree with such arrangement. Accordingly, the Group has determined that it retains substantially all the risks and rewards of these bonds or bills and therefore have not derecognised them from the financial statements but regarded as “collateral” for the secured lending from the counterparties. The counterparty’s recourse is not limited to the transferred assets.

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52. FINANCIAL RISK MANAGEMENT

Overview

The primary objectives of risk management of the Group are to maintain risk within acceptable parameters and satisfy the regulatory requirements.

The Group has designed risk management policies and set up risk controls to identify, analyse, monitor and report risks by means of relevant and up-to-date information systems. The Group regularly reviews its risk management policies and systems to address changes in markets, products and emerging best practices.

Details of the financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments include credit risk, liquidity risk and market risk (interest rate risk, currency risk and other price risk). The policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Risk management framework

The Bank has a Risk Management Committee, of which an executive director acts as the chairman. Risk Management Committee is responsible for setting the overall risk management and internal control strategies of the Group, monitoring the credit risk, liquidity risk, market risk and operation risk, and periodically assesses the overall risk position, risk acceptance and management capabilities, and makes recommendations and suggestions on risk management and internal control of the Group.

Following the risk management strategies set by the Risk Management Committee, the Risk Management Department of the Bank formulates and implements relevant risk management policies and procedures to monitor the risk arising from financial instruments of the Group.

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk

Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligations. Credit risk can also arise from operational failures that result in an unauthorised or inappropriate advance, commitment or investment of funds. Credit risk mainly arises from loans and advances to customers, debt instruments at FVOCI and debt instruments at amortised cost. The Group considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

(1) *Credit risk management*

The Group manages the Group's credit risk through the following processes:

- Ensuring that the Group has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Group's stated policies and procedures and relevant supervisory guidance.
- Monitoring, identifying, assessing, measuring, reporting, controlling and mitigating credit risk across the Group, from an individual instrument to a portfolio level.
- Creating credit policies to protect the Group against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.
- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.
- Developing and maintaining the Group's processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.
- Ensuring that the Group has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(2) *Significant increase in credit risk*

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

Internal credit risk ratings

In order to manage credit risk, the Group has developed and maintained the Group's credit risk grading to categorise exposures according to their degree of risk of default. The Group's credit risk grading framework comprises 12 categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade is updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure.

The following data are typically used to monitor the Group's exposures:

- Payment record, including payment ratios and ageing analysis;
- Extent of utilisation of granted limit;
- Forbearances (both requested and granted);
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies;
- For personal exposures: internally generated data of customer behaviour, affordability metrics etc; and
- For corporate exposures: information obtained by periodic review of customer files including audited financial statements review, market data such as prices of quoted bonds where available, changes in the sector the customer operates etc.

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(2) Significant increase in credit risk *(Continued)*

Internal credit risk ratings *(Continued)*

The Group uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by region and by type of product and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed. The table below provides a mapping of the Group's internal credit risk grades to external ratings.

Group's credit risk grades (Internal rating)	External rating
1	AAA
2	AA+
3	AA
4	AA-
5	A+
6	A, A-
7	BBB+ to BBB-
8	BB+ to BB-
9	B+ to B-
10	CCC, CC+
11	CC to C+
12	C, C-

The Group analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time.

The Group uses different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used include both quantitative changes in PDs as well as qualitative factors.

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(3) Incorporation of forward-looking information

Based on historical data analysis, the Group classifies the credit exposures by credit risk characteristics. The credit risk modelling process is combined external authority data with internal historical data to identify key economic indicators that affect credit risks and expected credit losses of all asset portfolios. The Group uses forward-looking information in its measurement of ECL with consideration of the leading and lagging effects of economic indicators. The Group employs economic factors including M1: year-on-year (2024, Base: 1.61%), PPI: all manufactured goods: year-on-year for the month (2024, Base: 0.70%), Total Retail Sales of Consumer Goods: accumulated year-on-year (2024, Base: 3.98%), Fixed-assets Investment made: accumulated year-on-year (2024, Base: 1.93%), Commercial housing sales area: Residential: Existing housing: cumulative year-on-year (2024, Base: 8.44%), to determine an overall adjustment to the base ECL. Similar to other economic projections, there is a high degree of inherent uncertainty in the estimation of expected values and likelihood of occurrence, so actual results may differ materially from forecasts. The Group updates the expected values of macroeconomic indicators periodically.

The Group has adopted three economic scenarios (Base, Upside and Downside) and applied weightings for them respectively, on the basis of a combination of the macroeconomic information, statistical analysis and expert judgment. As at 31 December 2023, the baseline scenario has the highest weighting with the remaining individual scenarios having a weighting of lower than 30%. The Group measures its credit loss allowance based on probability weighted ECL under different scenarios.

Relatively substantial management judgements are involved in the weighting scheme of macroeconomic scenarios, macroeconomic forecasts, and significant increase in credit risk in expected credit loss models. The variation of key inputs above will inevitably lead to changes in expected credit loss as a result of model's inherent complexity. The Group has analysed sensitivity of ECL model by considering changes in macroeconomic scenario weightings.

Assuming the weighting of the Upside scenario or Downside scenario would increase by 5% and the weighting of the base scenario would decrease by 5%, the absolute change rate of the balance of loss allowance as at 31 December 2023 would be no more than 5%.

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(4) Measurement of ECL

The key inputs used for measuring ECL are:

- probability of default (PD); and
- loss given default (LGD); and
- exposure at default (EAD).

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from types of guarantee, time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Group's modeling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The Group uses EAD models that reflect the characteristics of the portfolios.

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(4) *Measurement of ECL (Continued)*

The measurement of ECL is based on probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items).

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

Analysed by geographical area

	As at 31 December			
	2023		2022	
	Gross amount of loans and advances to customers	%	Gross amount of loans and advances to customers	%
Tianjin	236,730,059	58.2	180,265,103	51.9
Shanghai	41,597,713	10.2	56,794,354	16.3
Shandong	36,809,295	9.0	36,940,658	10.6
Sichuan	35,575,606	8.7	28,146,783	8.1
Hebei	35,288,070	8.7	26,424,513	7.6
Beijing	20,482,440	5.0	17,900,431	5.2
Ningxia	967,337	0.2	956,966	0.3
Total	407,450,520	100.00	347,428,808	100.00

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

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

Analysed by industry

	As at 31 December			
	2023		2022	
	Gross Amount	% of total	Gross Amount	% of total
Corporate loans and advances				
Leasing and business services	85,267,431	21.0	53,810,906	15.5
Water, environment and public facilities management	31,190,324	7.7	16,886,741	4.9
Real estate	30,950,254	7.6	27,976,893	8.1
Construction	30,419,767	7.5	27,981,886	8.1
Wholesale and retail	25,741,677	6.3	13,978,191	4.0
Discounted bills	22,636,696	5.6	38,749,039	11.2
Manufacturing	19,637,500	4.8	20,034,569	5.8
Finance	16,060,045	3.9	8,127,973	2.3
Scientific research and technical services	11,807,480	2.9	1,725,746	0.5
Transportation, storage and postal services	7,184,567	1.8	4,280,067	1.2
Production and supply of electricity, heat, gas and water	3,822,569	0.9	3,564,657	1.0
Resident services, repair and other services	2,500,277	0.6	2,225,036	0.6
Agriculture, forestry, animal husbandry and fishery	2,267,504	0.5	641,149	0.1
Mining	2,083,860	0.5	210,721	0.1
Culture, sports and entertainment	2,033,909	0.5	1,988,648	0.6
Information transmission, software and information technology services	1,506,331	0.4	962,297	0.3
Accommodation and catering	939,356	0.2	554,172	0.1
Health and social services	560,855	0.1	515,733	0.1
Education	251,292	0.1	165,960	0.1
Subtotal	296,861,694	72.9	224,380,384	64.6
Personal loans and advances	110,588,826	27.1	123,048,424	35.4
Gross amount of loans and advances to customers	407,450,520	100.0	347,428,808	100.0

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

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

Analysed by contractual maturity and security type

	As at 31 December 2023			Total
	Up to 1 year	1 to 5 years	Over 5 years	
Unsecured	101,971,823	36,540,362	2,609,602	141,121,787
Guaranteed	47,826,193	68,268,440	48,463,547	164,558,180
Collateralised	23,452,074	14,455,353	37,255,111	75,162,538
Pledged	4,259,618	17,878,573	4,469,824	26,608,015
Total	177,509,708	137,142,728	92,798,084	407,450,520

	As at 31 December 2022			Total
	Up to 1 year	1 to 5 years	Over 5 years	
Unsecured	122,615,468	30,668,504	2,121,240	155,405,212
Guaranteed	48,567,721	26,605,529	17,315,416	92,488,666
Collateralised	26,711,695	13,467,701	35,634,390	75,813,786
Pledged	7,213,073	9,747,387	6,760,684	23,721,144
Total	205,107,957	80,489,121	61,831,730	347,428,808

Analysed by borrowers

As at 31 December 2023, the largest 10 borrowers (measured in terms of individual legal entities) of the Group amounted to RMB35,076 million (31 December 2022: RMB32,687 million) accounted for 8.61% (31 December 2022: 9.41%) of loans and advances to customers.

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(6) Credit commitments

	As at 31 December 2023	As at 31 December 2022
Acceptances	44,295,975	38,741,677
Undrawn corporate loans limit	26,223,396	18,240,742
Letters of credit	16,479,025	15,252,079
Undrawn credit card limit	10,930,702	17,922,820
Letters of guarantee	5,933,032	3,059,482
Total	103,862,130	93,216,800

Credit commitments represent general facility limits granted to customers. These credit facilities may be drawn in the form of loans and advances or through the issuance of letters of credit, acceptances or letters of guarantee.

Credit risk weighted amounts for credit commitments

	As at 31 December 2023	As at 31 December 2022
Credit commitments	20,289,938	19,615,316

The credit risk weighted amounts are the amounts calculated in accordance with the Regulation Governing the Capital of Commercial Banks (Provisional) (“商業銀行資本管理辦法(試行)”) and are dependent on, among other factors, the creditworthiness of the counterparty and the maturity characteristics. The risk weightings used range from 0% to 100%, for contingent liabilities and commitments.

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(7) *Maximum credit risk exposure without taking into account any collateral or other credit enhancements*

The maximum exposure to credit risk represents the credit risk exposure per class of financial assets and “stage” to the Group at the end of the reporting period without taking into account any collateral held or other credit enhancements. The exposure to credit risk mainly arises from loans and advances to customers, investment securities, and treasury operations of its banking activities.

Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

At the end of the reporting period, maximum exposure to credit risk is as follows:

	As at 31 December 2023	As at 31 December 2022
Balances with central bank	43,700,715	42,193,869
Deposits with banks and other financial institutions	4,661,406	6,338,690
Placements with banks and other financial institutions	28,468,293	26,347,825
Financial assets held under resale agreements	7,668,752	11,053,540
Derivative financial assets	82,886	58,811
Loans and advances to customers	396,009,202	337,397,157
Financial investments		
Financial assets at fair value through profit or loss	93,917,897	76,140,375
Debt instruments at fair value through other comprehensive income	88,863,192	65,492,044
Debt instruments at amortised cost	162,245,189	180,133,899
Other financial assets	1,661,113	2,162,653
Subtotal	827,278,645	747,318,863
Loan commitments	103,862,130	93,216,800
Total	931,140,775	840,535,663

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

- (7) *Maximum credit risk exposure without taking into account any collateral or other credit enhancements*
(Continued)

Loans and advances to customers

	As at 31 December 2023			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Internal grade 1-5	373,647,953	11,583,190	3,369,290	388,600,433
Internal grade 6-9	–	11,117,353	916,939	12,034,292
Internal grade 10-12	–	–	6,815,795	6,815,795
Total gross carrying amount	373,647,953	22,700,543	11,102,024	407,450,520
Loss allowance	(3,792,523)	(3,180,441)	(4,468,354)	(11,441,318)
Carrying amount	369,855,430	19,520,102	6,633,670	396,009,202
	As at 31 December 2022			
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	Total
Internal grade 1-5	305,333,158	14,595,767	6,443,005	326,371,930
Internal grade 6-9	1,143,219	11,658,282	1,956,764	14,758,265
Internal grade 10-12	–	–	6,298,613	6,298,613
Total gross carrying amount	306,476,377	26,254,049	14,698,382	347,428,808
Loss allowance	(3,092,948)	(2,678,080)	(4,260,623)	(10,031,651)
Carrying amount	303,383,429	23,575,969	10,437,759	337,397,157

No loss allowance is recognised in the statement of financial position for loans and advances to customers measured at FVOCI as the carrying amount is at fair value.

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52. FINANCIAL RISK MANAGEMENT (Continued)

52.1 Credit risk (Continued)

(7) Maximum credit risk exposure without taking into account any collateral or other credit enhancements
(Continued)

Debt instruments at amortised cost

	As at 31 December 2023			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Internal grade 1-5	149,629,249	–	–	149,629,249
Internal grade 6-9	–	10,308,535	–	10,308,535
Internal grade 10-12	–	–	4,166,336	4,166,336
Total gross carrying amount	149,629,249	10,308,535	4,166,336	164,104,120
Loss allowance	(145,277)	(454,492)	(1,259,162)	(1,858,931)
Carrying amount	149,483,972	9,854,043	2,907,174	162,245,189
	As at 31 December 2022			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Internal grade 1-5	161,842,620	–	–	161,842,620
Internal grade 6-9	–	10,796,251	–	10,796,251
Internal grade 10-12	–	–	9,136,800	9,136,800
Total gross carrying amount	161,842,620	10,796,251	9,136,800	181,775,671
Loss allowance	(139,546)	(269,230)	(1,232,996)	(1,641,772)
Carrying amount	161,703,074	10,527,021	7,903,804	180,133,899

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

- (7) *Maximum credit risk exposure without taking into account any collateral or other credit enhancements*
(Continued)

Debt instruments at FVOCI

	As at 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Internal grade 1-5	88,388,306	–	–	88,388,306
Internal grade 6-9	–	305,746	–	305,746
Internal grade 10-12	–	–	169,140	169,140
Total gross carrying amount	88,388,306	305,746	169,140	88,863,192
Loss allowance	(33,741)	(11,347)	(101,564)	(146,652)

	As at 31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Internal grade 1-5	65,076,675	–	–	65,076,675
Internal grade 6-9	–	156,140	–	156,140
Internal grade 10-12	–	–	259,229	259,229
Total gross carrying amount	65,076,675	156,140	259,229	65,492,044
Loss allowance	(8,853)	(1,118)	(250,881)	(260,852)

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(7) *Maximum credit risk exposure without taking into account any collateral or other credit enhancements*
(Continued)

Credit commitments

	As at 31 December 2023			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Internal grade 1-5	103,743,202	–	–	103,743,202
Internal grade 6-9	–	20,649	–	20,649
Internal grade 10-12	–	–	98,279	98,279
Total gross carrying amount	103,743,202	20,649	98,279	103,862,130
Loss allowance	(231,397)	(5,125)	(29,975)	(266,497)

	As at 31 December 2022			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Internal grade 1-5	93,171,220	–	–	93,171,220
Internal grade 6-9	13,161	9,548	–	22,709
Internal grade 10-12	–	–	22,871	22,871
Total gross carrying amount	93,184,381	9,548	22,871	93,216,800
Loss allowance	(393,784)	(2,350)	(6,925)	(403,059)

The carrying amount of the Group's financial assets at FVTPL as disclosed in Note 20 and Note 22 best represents the assets' maximum exposure to credit risk.

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(8) Credit quality

(i) Loss allowance

The table below summarises the loss allowance as of the year end by class of assets.

	As at 31 December 2023	As at 31 December 2022
Loans and advances to customers	11,477,626	10,076,759
Debt instruments at amortised cost	1,858,931	1,641,772
Debt instruments at FVOCI	146,652	260,852
Credit commitments	266,497	403,059
Total	13,749,706	12,382,442

No loss allowance is recognised in the statement of financial position for loans and advances to customers and debt instruments at FVOCI as the carrying amount is at fair value.

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(ii) Movement of loss allowance

The tables below analyse the movement of the loss allowance during the year per class of assets.

Loans and advances to customers

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	3,138,056	2,678,080	4,260,623	10,076,759
Changes in the loss allowance				
Transfer to stage 1	43,719	(43,719)	–	–
Transfer to stage 2	(154,258)	212,358	(58,100)	–
Transfer to stage 3	–	(1,638,362)	1,638,362	–
Impact on period end ECL of exposures transferred between stages during the year	(43,483)	2,739,287	5,133,905	7,829,709
Net transactions during the year	830,077	(1,176,377)	(1,210,208)	(1,556,508)
Changes in assumptions and methods of models	14,720	409,174	724,370	1,148,264
Write-offs	–	–	(7,084,245)	(7,084,245)
Recovery after write-off	–	–	1,187,647	1,187,647
Others	–	–	(124,000)	(124,000)
As at 31 December 2023	3,828,831	3,180,441	4,468,354	11,477,626

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(ii) **Movement of loss allowance** *(Continued)*

Loans and advances to customers (Continued)

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	3,932,170	2,750,570	5,773,059	12,455,799
Changes in the loss allowance				
Transfer to stage 1	13,957	(13,957)	–	–
Transfer to stage 2	(190,867)	341,757	(150,890)	–
Transfer to stage 3	–	(2,434,743)	2,434,743	–
Impact on period end ECL of exposures transferred between stages during the year	(12,526)	2,969,998	3,722,390	6,679,862
Net transactions during the year	275,452	(620,223)	(614,933)	(959,704)
Changes in assumptions and methods of models	(880,130)	(315,322)	115,185	(1,080,267)
Write-offs	–	–	(7,430,065)	(7,430,065)
Recovery after write-off	–	–	535,389	535,389
Others	–	–	(124,255)	(124,255)
As at 31 December 2022	3,138,056	2,678,080	4,260,623	10,076,759

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(ii) **Movement of loss allowance** *(Continued)*

Debt instruments at amortised cost

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	139,546	269,230	1,232,996	1,641,772
Changes in the loss allowance				
Transfer to stage 1	–	–	–	–
Transfer to stage 2	(2,328)	2,328	–	–
Impact on period end ECL of exposures transferred between stages during the year	–	87,166	–	87,166
Net transactions during the year	(11,236)	(45,181)	(82,311)	(138,728)
Changes in assumptions and methods of models	19,295	140,949	108,477	268,721
As at 31 December 2023	145,277	454,492	1,259,162	1,858,931

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(ii) **Movement of loss allowance** *(Continued)*

Debt instruments at amortised cost (Continued)

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	163,882	468,984	2,914,536	3,547,402
Changes in the loss allowance				
Transfer to stage 1	2,527	(2,527)	–	–
Transfer to stage 2	(4,481)	4,481	–	–
Transfer to stage 3	–	(145,132)	145,132	–
Impact on period end ECL of exposures transferred between stages during the year	(2,459)	169,017	2,779,951	2,946,509
Net transactions during the year	1,703	(343,263)	(585)	(342,145)
Changes in assumptions and methods of models	(21,626)	117,670	(191,023)	(94,979)
Write-offs	–	–	(4,415,015)	(4,415,015)
As at 31 December 2022	139,546	269,230	1,232,996	1,641,772

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(ii) **Movement of loss allowance** *(Continued)*

Debt instruments at FVOCI

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	8,853	1,118	250,881	260,852
Changes in the loss allowance				
Transfer to stage 2	(75)	75	–	–
Impact on period end ECL of exposures transferred between stages during the year	–	9,506	–	9,506
Net transactions during the year	18,603	106	(90,089)	(71,380)
Changes in assumptions and methods of models	6,360	542	(59,228)	(52,326)
As at 31 December 2023	33,741	11,347	101,564	146,652

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(ii) **Movement of loss allowance** *(Continued)*

Debt instruments at FVOCI (Continued)

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	3,828	–	255,943	259,771
Changes in the loss allowance				
Transfer to stage 2	(21)	21	–	–
Impact on period end ECL of exposures transferred between stages during the year	–	1,097	–	1,097
Net transactions during the year	3,567	–	–	3,567
Changes in assumptions and methods of models	1,479	–	(5,062)	(3,583)
As at 31 December 2022	8,853	1,118	250,881	260,852

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(ii) **Movement of loss allowance** *(Continued)*

Credit commitments

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	393,784	2,350	6,925	403,059
Changes in the loss allowance				
Transfer to stage 1	861	(861)	–	–
Transfer to stage 2	(454)	937	(483)	–
Transfer to stage 3	–	(412)	412	–
Impact on period end ECL of exposures transferred between stages during the year	(853)	4,747	29,086	32,980
Net transactions during the year	(115,849)	(1,629)	(5,921)	(123,399)
Changes in assumptions and methods of models	(46,092)	(7)	(44)	(46,143)
As at 31 December 2023	231,397	5,125	29,975	266,497

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(ii) **Movement of loss allowance** *(Continued)*

Credit commitments (Continued)

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	389,372	4,951	9,670	403,993
Changes in the loss allowance				
Transfer to stage 1	990	(665)	(325)	–
Transfer to stage 2	(387)	388	(1)	–
Transfer to stage 3	–	(834)	834	–
Impact on period end ECL of exposures transferred between stages during the year	(986)	2,208	3,789	5,011
Net transactions during the year	18,207	(3,693)	(7,661)	6,853
Changes in assumptions and methods of models	(13,412)	(5)	619	(12,798)
As at 31 December 2022	393,784	2,350	6,925	403,059

Net transactions during the year mainly includes changes in allowance for impairment due to financial assets purchased or de-recognized (excluding write-offs).

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(iii) Changes in gross carrying amount of financial assets and credit commitments that contributed to movement of the loss allowance

More information about the significant changes in the gross carrying amount of financial assets and credit commitments during the year that contributed to movement of the loss allowance, is provided at the table below:

Loans and advances to customers

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	306,476,377	26,254,049	14,698,382	347,428,808
Changes in the gross amount				
Transfer to stage 1	104,407	(104,407)	–	–
Transfer to stage 2	(12,167,648)	12,218,384	(50,736)	–
Transfer to stage 3	–	(9,470,185)	9,470,185	–
Net transactions during the year	79,234,817	(6,197,298)	(5,931,563)	67,105,956
Write-offs	–	–	(7,084,244)	(7,084,244)
As at 31 December 2023	373,647,953	22,700,543	11,102,024	407,450,520
Allowances for impairment loss				
as at 31 December 2023	(3,828,831)	(3,180,441)	(4,468,354)	(11,477,626)

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(iii) **Changes in gross carrying amount of financial assets and credit commitments that contributed to movement of the loss allowance** *(Continued)*

Loans and advances to customers (Continued)

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	302,758,443	21,693,364	12,567,967	337,019,774
Changes in the gross amount				
Transfer to stage 1	48,490	(48,490)	–	–
Transfer to stage 2	(18,005,890)	18,218,684	(212,794)	–
Transfer to stage 3	–	(11,176,813)	11,176,813	–
Net transactions during the year	21,675,334	(2,432,696)	(1,403,539)	17,839,099
Write-offs	–	–	(7,430,065)	(7,430,065)
As at 31 December 2022	306,476,377	26,254,049	14,698,382	347,428,808
Allowances for impairment loss as				
at 31 December 2022	(3,138,056)	(2,678,080)	(4,260,623)	(10,076,759)

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52. FINANCIAL RISK MANAGEMENT (Continued)

52.1 Credit risk (Continued)

(8) Credit quality (Continued)

(iii) Changes in gross carrying amount of financial assets and credit commitments that contributed to movement of the loss allowance (Continued)

Debt instruments at amortised cost

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	161,842,620	10,796,251	9,136,800	181,775,671
Changes in the gross amount				
Transfer to stage 2	(722,137)	722,137	–	–
Net transactions during the year	(11,491,234)	(1,209,853)	(4,970,464)	(17,671,551)
As at 31 December 2023	149,629,249	10,308,535	4,166,336	164,104,120
Allowances for impairment loss as at 31 December 2023	(145,277)	(454,492)	(1,259,162)	(1,858,931)
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	168,445,563	14,738,656	11,065,212	194,249,431
Changes in the gross amount				
Transfer to stage 1	153,465	(153,465)	–	–
Transfer to stage 2	(5,385,743)	5,385,743	–	–
Transfer to stage 3	–	(5,819,892)	5,819,892	–
Net transactions during the year	(1,370,665)	(3,354,791)	(3,333,289)	(8,058,745)
Write-offs	–	–	(4,415,015)	(4,415,015)
As at 31 December 2022	161,842,620	10,796,251	9,136,800	181,775,671
Allowances for impairment loss as at 31 December 2022	(139,546)	(269,230)	(1,232,996)	(1,641,772)

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(iii) Changes in gross carrying amount of financial assets and credit commitments that contributed to movement of the loss allowance *(Continued)*

Debt instruments at FVOCI

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	65,076,675	156,140	259,229	65,492,044
Changes in the gross amount				
Transfer to stage 2	(133,906)	133,906	–	–
Net transactions during the year	23,445,537	15,700	(90,089)	23,371,148
As at 31 December 2023	88,388,306	305,746	169,140	88,863,192
Allowances for impairment loss as at 31 December 2023	(33,741)	(11,347)	(101,564)	(146,652)
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	49,887,163	–	267,523	50,154,686
Changes in the gross amount				
Transfer to stage 2	(156,140)	156,140	–	–
Net transactions during the year	15,345,652	–	(8,294)	15,337,358
As at 31 December 2022	65,076,675	156,140	259,229	65,492,044
Allowances for impairment loss as at 31 December 2022	(8,853)	(1,118)	(250,881)	(260,852)

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(iii) Changes in gross carrying amount of financial assets and credit commitments that contributed to movement of the loss allowance *(Continued)*

Credit commitments

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	93,184,381	9,548	22,871	93,216,800
Changes in the gross amount				
Transfer to stage 1	4,125	(4,125)	–	–
Transfer to stage 2	(117,178)	119,114	(1,936)	–
Transfer to stage 3	–	(96,798)	96,798	–
Net transactions during the year	10,671,874	(7,090)	(19,454)	10,645,330
As at 31 December 2023	103,743,202	20,649	98,279	103,862,130
Allowances for impairment loss as at 31 December 2023	(231,397)	(5,125)	(29,975)	(266,497)

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(iii) **Changes in gross carrying amount of financial assets and credit commitments that contributed to movement of the loss allowance** *(Continued)*

Credit commitments (Continued)

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2022	80,405,162	5,381	9,670	80,420,213
Changes in the gross amount				
Transfer to stage 1	2,412	(1,741)	(671)	–
Transfer to stage 2	(24,393)	24,395	(2)	–
Transfer to stage 3	–	(15,376)	15,376	–
Net transactions during the year	12,801,200	(3,111)	(1,502)	12,796,587
As at 31 December 2022	93,184,381	9,548	22,871	93,216,800
Allowances for impairment loss as at 31 December 2022	(393,784)	(2,350)	(6,925)	(403,059)

Net transactions during the year mainly include changes in carrying amounts due to purchase or de-recognition (excluding write-offs).

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(8) Credit quality (Continued)

(iv) Collateral held as security and other credit enhancements

The Group holds collateral or other credit enhancements to mitigate credit risk associated with financial assets. The main types of collateral and the types of assets associated with are listed in the table below.

	Type of collateral held
Loans and advances to customer	Residential properties, land and properties and other assets of the borrowers, equity instruments and certificates of time deposit
Debt instruments at amortised cost	Certificates of deposit, equity instruments and other property rights
Financial assets held under resale agreements	Bonds, bills

The aggregate fair value of collateral in respect of loans and advances to customers amounted to RMB327,217 million (31 December 2022: RMB248,369 million) as at 31 December 2023. The aggregate fair value of collateral held for financial assets held under resale agreements amounted to RMB7,804 million (31 December 2022: RMB11,481 million) as at 31 December 2023.

The Group requests collateral and guarantees for some financial assets including loans and advances to customers and debt instruments measured at amortised cost and FVOCI. The most relevant indicator of their creditworthiness is an analysis of their financial performance and their liquidity, leverage, management effectiveness and growth ratios. For this reason, the valuation of collateral held against corporate lending is not routinely updated. The valuation of such collateral is updated if specific financial asset is put on "watch-list" and is therefore monitored more closely.

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

(iv) Collateral held as security and other credit enhancements *(Continued)*

For credit-impaired of those financial assets the Group obtains appraisals of collateral to assess its credit risk. At 31 December 2023 the net carrying amount of loans and advances to those financial assets was RMB6,634 million (31 December 2022: RMB10,438 million) and the value of the respective collateral was RMB7,930 million (31 December 2022: RMB11,765 million).

As at 31 December 2023, the balances of customer deposits that were secured by the Group's debt instruments amounted to RMB2,654 million (31 December 2022: RMB5,714 million), of which RMB2,654 million (31 December 2022: RMB5,714 million) were due over twelve months from inception.

As at 31 December 2023, the balances of borrowings from central bank that were secured by the Group's debt instruments amounted to RMB96,139 million (31 December 2022: RMB71,483 million).

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

	As at 31 December 2023					Total
	AAA	AA ^(a)	A	Below A	Unrated ^(b)	
Government bonds	44,401,120	-	-	-	36,833,518	81,234,638
Public entities, Policy banks and Financial institutions bonds	11,081,538	270,723	-	-	86,129,025	97,481,286
Asset-backed securities	9,048,414	433,283	409,137	313,696	27,947	10,232,477
Corporate bonds	19,096,684	31,846,761	302,825	1,664,142	351,338	53,261,750
Total	83,627,756	32,550,767	711,962	1,977,838	123,341,828	242,210,151

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.1 Credit risk *(Continued)*

(8) *Credit quality (Continued)*

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

	As at 31 December 2022					
	AAA	AA ^(a)	A	Below A	Unrated ^(b)	Total
Government bonds	42,276,209	–	–	–	35,514,402	77,790,611
Public entities, Policy banks and Financial institutions bonds	6,289,213	633,511	–	–	72,592,050	79,514,774
Asset-backed securities	16,811,470	1,870,886	389,856	324,347	4,800	19,401,359
Corporate bonds	15,897,866	25,943,347	156,140	1,956,367	–	43,953,720
Total	81,274,758	28,447,744	545,996	2,280,714	108,111,252	220,660,464

(a) Credit rating of AA represent a range of rating from AA – to AA+.

(b) The unrated bond investments held by the Group mainly represent bonds issued by the Ministry of Finance of the PRC (“MOF”), policy banks and issuers which are creditworthy in the market, but are not rated by independent rating agencies.

52.2 Liquidity risk

Liquidity risk is the risk that the Group cannot acquire sufficient capital at a reasonable price to cover liabilities as they fall due, to perform other payment obligations, or to meet indispensable business capital needs. This may arise from cash flow or maturity mis-matches of assets or liabilities.

The Group manages the liquidity risk via:

- Setting target ratio on assets and liabilities structure in accordance with the regulatory requirements and business plan;
- Maintaining stability of deposit base; and
- Making advanced projection on future cash flows and evaluating the appropriate current assets position.

The Group has access to inter-bank placement or repurchase market for liquidity management. It can also issue debt securities for long-term funding management.

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52. FINANCIAL RISK MANAGEMENT (Continued)

52.2 Liquidity risk (Continued)

Analysis of the remaining maturity of assets and liabilities

The tables below summarise the maturity analysis of assets and liabilities by remaining contractual maturities at the end of the year.

	As at 31 December 2023							Total
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Cash and balances with central bank	29,454,236	15,639,676	-	-	-	-	-	45,093,912
Deposits with banks and other financial institutions	-	4,661,406	-	-	-	-	-	4,661,406
Placements with banks and other financial institutions	1,350,177	-	2,275,030	2,561,407	22,180,942	100,737	-	28,468,293
Derivative financial assets	-	-	31,517	26,025	26,802	(1,458)	-	82,886
Financial assets held under resale agreements	246,895	-	7,421,857	-	-	-	-	7,668,752
Financial assets at fair value through profit or loss	4,275,372	-	49,837,085	2,431,678	9,302,012	14,512,569	13,559,181	93,917,897
Debt instruments at fair value through other comprehensive income	169,140	-	874,596	1,177,999	17,273,683	48,462,588	20,905,186	88,863,192
Loans and advances to customers	5,226,086	-	9,024,168	20,967,045	136,933,631	133,086,599	90,771,673	396,009,202
Debt instruments at amortised cost	1,005,960	-	1,380,681	6,087,564	24,007,644	75,591,793	54,171,547	162,245,189
Equity instruments at fair value through other comprehensive income	1,642,224	-	-	-	-	-	-	1,642,224
Other financial assets	316,714	1,211,029	21,798	-	111,572	-	-	1,661,113
Total assets	43,686,804	21,512,111	70,866,732	33,251,718	209,836,286	271,752,828	179,407,587	830,314,066
Borrowings from central bank	-	-	10,899,640	12,941,176	54,360,553	-	-	78,201,369
Deposits from banks and other financial institutions	-	17,565,651	14,494,873	10,726,564	16,256,523	-	-	59,043,611
Placements from banks and other financial institutions	-	-	15,304,297	6,757,722	5,723,898	1,939,368	-	29,725,285
Financial assets sold under repurchase agreements	-	-	68,447,724	69,682	-	-	-	68,517,406
Derivative financial liabilities	-	-	-	176	-	3,036	-	3,212
Other financial liabilities	-	1,506,821	625,586	212,746	468,640	195,796	-	3,009,589
Lease liabilities	-	-	4,027	17,844	206,621	576,771	253,499	1,058,762
Due to customers	-	231,094,751	25,449,557	25,540,731	73,357,542	95,207,115	36,685	450,686,381
Debt securities issued	-	-	7,160,408	32,634,377	36,495,577	6,996,030	-	83,286,392
Total liabilities	-	250,167,223	142,386,112	88,901,018	186,869,354	104,918,116	290,184	773,532,007
Net position	43,686,804	(228,655,112)	(71,519,380)	(55,649,300)	22,966,932	166,834,712	179,117,403	56,782,059

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52. FINANCIAL RISK MANAGEMENT (Continued)

52.2 Liquidity risk (Continued)

Analysis of the remaining maturity of assets and liabilities (Continued)

	As at 31 December 2022							Total
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Cash and balances with central bank	28,471,370	14,441,349	-	-	-	-	-	42,912,719
Deposits with banks and other financial institutions	-	6,338,690	-	-	-	-	-	6,338,690
Placements with banks and other financial institutions	-	-	5,123,720	5,178,876	15,735,461	309,768	-	26,347,825
Derivative financial assets	-	-	1,104	750	38,666	18,291	-	58,811
Financial assets held under resale agreements	246,895	-	10,806,645	-	-	-	-	11,053,540
Financial assets at fair value through profit or loss	3,152,273	-	39,311,098	2,426,281	5,928,237	17,103,159	8,219,327	76,140,375
Debt instruments at fair value through other comprehensive income	259,230	-	1,076,614	767,267	12,651,501	35,166,008	15,571,424	65,492,044
Loans and advances to customers	6,419,833	-	15,332,204	21,355,513	155,996,041	90,176,708	48,116,858	337,397,157
Debt instruments at amortised cost	3,407,742	-	2,633,560	6,836,001	34,550,788	88,893,063	43,812,745	180,133,899
Equity instruments at fair value through other comprehensive income	1,642,224	-	-	-	-	-	-	1,642,224
Other financial assets	152,937	1,763,632	177,648	-	68,436	-	-	2,162,653
Total assets	43,752,504	22,543,671	74,462,593	36,564,688	224,969,130	231,666,997	115,720,354	749,679,937
Borrowings from central bank	-	-	6,332,687	8,788,217	46,678,051	-	-	61,798,955
Deposits from banks and other financial institutions	-	12,400,220	6,086,592	9,450,278	14,136,772	-	-	42,073,862
Placements from banks and other financial institutions	-	193,868	10,003,960	6,630,273	6,484,079	-	-	23,312,180
Financial assets sold under repurchase agreements	-	-	65,540,738	4,637,687	6,081,400	-	-	76,259,825
Derivative financial liabilities	-	-	27,216	12,592	18,558	1,854	-	60,220
Other financial liabilities	-	1,165,669	423,339	89,481	406,226	252,051	-	2,336,766
Lease liabilities	-	-	11,067	42,539	190,022	528,150	382,333	1,154,111
Due to customers	-	212,631,185	5,807,638	13,280,034	73,524,737	92,471,099	50,578	397,765,271
Debt securities issued	-	-	22,050,127	33,887,928	37,535,274	-	-	93,473,329
Total liabilities	-	226,390,942	116,283,364	76,819,029	185,055,119	93,253,154	432,911	698,234,519
Net position	43,752,504	(203,847,271)	(41,820,771)	(40,254,341)	39,914,011	138,413,843	115,287,443	51,445,418

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52. FINANCIAL RISK MANAGEMENT (Continued)

52.2 Liquidity risk (Continued)

Analysis of the undiscounted contractual cash flows

The tables below present the cash flows of non-derivatives financial assets and financial liabilities and derivative financial instruments that will be settled on a net basis by remaining contractual maturities at the end of the year. The amounts disclosed in the tables are the undiscounted contractual cash flows.

	As at 31 December 2023							Total
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Cash and balances with central bank	29,454,236	15,639,676	-	-	-	-	-	45,093,912
Deposits with banks and other financial institutions	-	4,668,703	-	-	-	-	-	4,668,703
Placements with banks and other financial institutions	1,350,280	-	2,354,294	2,704,749	22,448,046	101,818	-	28,959,187
Financial assets held under resale agreements	993,500	-	7,422,154	-	-	-	-	8,415,654
Financial assets at fair value through profit or loss	4,275,372	-	49,847,463	2,499,961	9,618,534	15,258,279	13,895,537	95,395,146
Debt instruments at fair value through other comprehensive income	322,500	-	1,113,896	1,466,716	19,832,458	54,158,570	24,734,708	101,628,848
Loans and advances to customers	11,693,418	-	8,878,697	23,788,963	149,609,236	169,107,876	125,612,360	488,690,550
Debt instruments at amortised cost	2,021,765	-	1,596,400	6,809,115	28,107,283	88,275,585	63,154,426	189,964,574
Equity instruments at fair value through other comprehensive income	1,642,224	-	-	-	-	-	-	1,642,224
Other financial assets	617,866	1,255,682	21,798	-	111,572	-	-	2,006,918
Total financial assets	52,371,161	21,564,061	71,234,702	37,269,504	229,727,129	326,902,128	227,397,031	966,465,716
Borrowings from central bank	-	-	10,911,084	13,079,160	55,291,237	-	-	79,281,481
Deposits from banks and other financial institutions	-	17,565,651	14,574,664	10,845,871	16,446,660	-	-	59,432,846
Placements from banks and other financial institutions	-	-	15,341,180	6,793,346	5,774,350	2,001,780	-	29,910,656
Financial assets sold under repurchase agreements	-	-	68,479,633	70,000	-	-	-	68,549,633
Other financial liabilities	-	1,506,821	625,586	212,746	468,640	195,796	-	3,009,589
Lease liabilities	-	-	4,597	19,992	240,786	604,248	257,877	1,127,500
Due to customers	-	231,094,751	25,489,055	25,793,151	74,392,110	100,704,883	77,376	457,551,326
Debt securities issued	-	-	7,170,000	32,800,000	37,109,000	8,316,000	-	85,395,000
Total financial liabilities	-	250,167,223	142,595,799	89,614,266	189,722,783	111,822,707	335,253	784,258,031
Net position	52,371,161	(228,603,162)	(71,361,097)	(52,344,762)	40,004,346	215,079,421	227,061,778	182,207,685
Derivative financial instruments settled on a net basis	-	-	31,517	25,849	26,802	(4,494)	-	79,674

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52. FINANCIAL RISK MANAGEMENT (Continued)

52.2 Liquidity risk (Continued)

Analysis of the undiscounted contractual cash flows (Continued)

	As at 31 December 2022							Total
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Cash and balances with central bank	28,471,370	14,441,349	-	-	-	-	-	42,912,719
Deposits with banks and other financial institutions	-	6,363,998	-	-	-	-	-	6,363,998
Placements with banks and other financial institutions	-	-	5,198,688	5,310,063	15,948,298	312,367	-	26,769,416
Financial assets held under resale agreements	993,500	-	10,808,346	-	-	-	-	11,801,846
Financial assets at fair value through profit or loss	3,152,273	-	38,936,554	2,162,058	6,558,114	19,440,471	8,357,783	78,607,253
Debt instruments at fair value through other comprehensive income	500,916	-	1,090,806	830,237	13,866,710	39,453,714	18,575,006	74,317,389
Loans and advances to customers	13,169,253	-	14,147,837	24,160,999	166,274,492	116,162,382	72,352,269	406,267,232
Debt instruments at amortised cost	4,043,328	-	2,717,825	6,644,227	38,007,946	100,198,185	52,607,731	204,219,242
Equity instruments at fair value through other comprehensive income	1,642,224	-	-	-	-	-	-	1,642,224
Other financial assets	186,239	1,808,190	177,648	-	68,435	-	-	2,240,512
Total financial assets	52,159,103	22,613,537	73,077,704	39,107,584	240,723,995	275,567,119	151,892,789	855,141,831
Borrowings from central bank	-	-	6,340,067	8,861,927	47,493,438	-	-	62,695,432
Deposits from banks and other financial institutions	-	12,400,220	6,139,130	9,541,123	14,257,673	-	-	42,338,146
Placements from banks and other financial institutions	-	193,868	10,032,034	6,660,885	6,565,171	-	-	23,451,958
Financial assets sold under repurchase agreements	-	-	65,565,976	4,646,050	6,128,413	-	-	76,340,439
Other financial liabilities	-	1,165,669	423,339	89,481	406,226	252,051	-	2,336,766
Lease liabilities	-	-	12,930	47,511	224,265	541,426	388,889	1,215,021
Due to customers	-	212,632,460	6,060,095	13,998,701	78,022,009	105,561,883	109,676	416,384,824
Debt securities issued	-	-	22,096,500	34,040,000	38,030,000	-	-	94,166,500
Total financial liabilities	-	226,392,217	116,670,071	77,885,678	191,127,195	106,355,360	498,565	718,929,086
Net position	52,159,103	(203,778,680)	(43,592,367)	(38,778,094)	49,596,800	169,211,759	151,394,224	136,212,745
Derivative financial instruments settled on a net basis	-	-	(26,112)	(11,842)	20,108	16,437	-	(1,409)

As disclosed in Note 39, there are early redemption rights embedded in certain debt securities issued and therefore the cash outflows for these instruments are compiled on the basis that these rights will be exercised.

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52. FINANCIAL RISK MANAGEMENT (Continued)

52.2 Liquidity risk (Continued)

Analysis of off-balance sheet items

Off-balance sheet items of the Group mainly include credit commitments. The tables below set forth the amounts of the off-balance sheet credit commitments by the earliest period in which they are required to be paid.

	As at 31 December 2023						Total
	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	
Acceptances	-	7,083,384	12,499,224	24,713,367	-	-	44,295,975
Undrawn corporate loans limit	26,223,396	-	-	-	-	-	26,223,396
Undrawn credit card limit	10,930,702	-	-	-	-	-	10,930,702
Letters of credit	-	13,910,727	1,121,641	1,446,657	-	-	16,479,025
Letters of guarantee	-	84,065	737,968	1,259,258	3,851,741	-	5,933,032
Total	37,154,098	21,078,176	14,358,833	27,419,282	3,851,741	-	103,862,130

	As at 31 December 2022						Total
	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	
Acceptances	-	4,045,079	6,664,764	28,031,834	-	-	38,741,677
Undrawn corporate loans limit	18,240,742	-	-	-	-	-	18,240,742
Undrawn credit card limit	17,922,820	-	-	-	-	-	17,922,820
Letters of credit	-	11,946,095	912,774	2,393,210	-	-	15,252,079
Letters of guarantee	-	73,874	28,438	42,750	2,914,420	-	3,059,482
Total	36,163,562	16,065,048	7,605,976	30,467,794	2,914,420	-	93,216,800

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.3 Market risk

Market risk is the risk of loss, in respect of the Group's on and off-balance sheet activities, arising from adverse movements in market rates including foreign exchange rates, interest rates, commodity and stock prices. Market risk arises from both the Group's trading and non-trading businesses.

The market risk which the Group is primarily exposed to includes currency risk and interest rate risk.

The Group's foreign currency risk is the risk of loss in respect of its foreign currency exposures, arising from transactions taken on foreign currency denominated assets and liabilities, which results from movements in foreign currency exchange rates.

The Group is primarily exposed to interest rate risk arising from proprietary business and corporate and personal banking business. Interest rate risk is inherent in many of its businesses and largely arises from mis-matches between the re-pricing dates of interest-generating assets and those of interest-bearing liabilities.

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52. FINANCIAL RISK MANAGEMENT (Continued)

52.3 Market risk (Continued)

Foreign currency risk

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD and, to a lesser extent other currencies. Transactions in foreign currencies mainly arise from the Group's treasury exposures.

	As at 31 December 2023				Total
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	
Cash and balances with central bank	44,774,320	316,733	609	2,250	45,093,912
Deposits with banks and other financial institutions	4,015,492	593,784	10,047	42,083	4,661,406
Placements with banks and other financial institutions	27,118,097	1,350,196	-	-	28,468,293
Derivative financial assets	82,886	-	-	-	82,886
Financial assets held under resale agreements	7,668,752	-	-	-	7,668,752
Financial assets at fair value through profit or loss	93,810,519	107,378	-	-	93,917,897
Debt instruments at fair value through other comprehensive income	83,481,190	5,382,002	-	-	88,863,192
Loans and advances to customers	391,581,172	4,428,030	-	-	396,009,202
Debt instruments at amortised cost	158,963,702	3,281,487	-	-	162,245,189
Equity instruments at fair value through other comprehensive income	1,642,224	-	-	-	1,642,224
Other financial assets	1,661,113	-	-	-	1,661,113
Total financial assets	814,799,467	15,459,610	10,656	44,333	830,314,066
Borrowings from central bank	78,201,369	-	-	-	78,201,369
Deposits from banks and other financial institutions	59,042,473	1,138	-	-	59,043,611
Placements from banks and other financial institutions	20,865,055	8,835,121	-	25,109	29,725,285
Financial assets sold under repurchase agreements	68,517,406	-	-	-	68,517,406
Derivative financial liabilities	3,212	-	-	-	3,212
Other financial liabilities	2,840,585	168,397	-	607	3,009,589
Lease liabilities	1,058,762	-	-	-	1,058,762
Due to customers	444,078,002	4,533,751	3,679	2,070,949	450,686,381
Debt securities issued	83,286,392	-	-	-	83,286,392
Total financial liabilities	757,893,256	13,538,407	3,679	2,096,665	773,532,007
Net exposure	56,906,211	1,921,203	6,977	(2,052,332)	56,782,059
Derivatives forward movement	-	(1,167,229)	-	2,029,760	862,531
Total	56,906,211	753,974	6,977	(22,572)	57,644,590

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52. FINANCIAL RISK MANAGEMENT (Continued)

52.3 Market risk (Continued)

Foreign currency risk (Continued)

	As at 31 December 2022				Total
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	
Cash and balances with central bank	42,389,923	520,576	617	1,603	42,912,719
Deposits with banks and other financial institutions	3,490,328	860,354	10,416	1,977,592	6,338,690
Placements with banks and other financial institutions	25,093,738	1,254,087	–	–	26,347,825
Derivative financial assets	58,811	–	–	–	58,811
Financial assets held under resale agreements	11,053,540	–	–	–	11,053,540
Financial assets at fair value through profit or loss	76,004,504	135,871	–	–	76,140,375
Debt instruments at fair value through other comprehensive income	60,691,677	4,800,367	–	–	65,492,044
Loans and advances to customers	333,105,784	4,289,125	–	2,248	337,397,157
Debt instruments at amortised cost	175,272,562	4,861,337	–	–	180,133,899
Equity instruments at fair value through other comprehensive income	1,642,224	–	–	–	1,642,224
Other financial assets	1,964,671	197,982	–	–	2,162,653
Total financial assets	730,767,762	16,919,699	11,033	1,981,443	749,679,937
Borrowings from central bank	61,798,955	–	–	–	61,798,955
Deposits from banks and other financial institutions	42,072,743	1,119	–	–	42,073,862
Placements from banks and other financial institutions	9,693,006	13,619,174	–	–	23,312,180
Financial assets sold under repurchase agreements	76,259,825	–	–	–	76,259,825
Derivative financial liabilities	60,220	–	–	–	60,220
Other financial liabilities	2,299,802	36,203	373	388	2,336,766
Lease liabilities	1,154,111	–	–	–	1,154,111
Due to customers	390,254,468	5,151,758	3,714	2,355,331	397,765,271
Debt securities issued	93,473,329	–	–	–	93,473,329
Total financial liabilities	677,066,459	18,808,254	4,087	2,355,719	698,234,519
Net exposure	53,701,303	(1,888,555)	6,946	(374,276)	51,445,418
Derivatives forward purchased	–	3,027,442	–	356,558	3,384,000
Total	53,701,303	1,138,887	6,946	(17,718)	54,829,418

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52. FINANCIAL RISK MANAGEMENT (Continued)

52.3 Market risk (Continued)

Foreign currency risk (Continued)

The table below indicates the potential effect of a 5% appreciation or depreciation of RMB spot and forward exchange rates against all other currencies on net profit and other comprehensive income.

	Year ended 31 December			
	Effect on net profit		Effect on other comprehensive income	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
5% appreciation	174,136	137,709	(201,825)	(180,014)
5% depreciation	(174,136)	(137,709)	201,825	180,014

The impact on net profit arises from the effects of movement in RMB exchange rate on i) translation of the net position of foreign currency monetary assets and liabilities, which results in an increase/decrease in net profit of RMB206.5 million (31 December 2022: RMB264.6 million); and ii) an offsetting decrease/increase in fair value of RMB32.3 million (31 December 2022: RMB126.9 million) arising from foreign exchange forward swaps.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from the mismatches between contractual maturities or repricing dates of interest-generating assets and interest-bearing liabilities, the non-interest-bearing portion is the accrued interest on the corresponding financial instrument.

The risk of fair value and cash flows changes due to interest rate changes are mainly related to the Group's fixed rates and floating rates financial instruments.

The Group manages its interest rate risk by:

- Regularly monitoring the macro-economic factors that may impact the PBOC benchmark interest rates and market interest rates;
- Minimising the mis-matches between repricing dates (or contractual maturities) of interest-generating assets and interest-bearing liabilities; and
- Enhancing the interest rate margin between the interest-generating assets and interest-bearing liabilities with reference to the prevailing PBOC benchmark interest rates and market interest rates.

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52. FINANCIAL RISK MANAGEMENT (Continued)

52.3 Market risk (Continued)

Interest rate risk (Continued)

The tables below summarise the contractual maturity or re-pricing date, whichever is earlier, of the Group's financial assets and financial liabilities.

	As at 31 December 2023						Total
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	
Cash and balances with central bank	43,676,619	-	-	-	-	1,417,293	45,093,912
Deposits with banks and other financial institutions	4,655,867	-	-	-	-	5,539	4,661,406
Placements with banks and other financial institutions	3,594,649	2,499,316	21,880,670	99,813	-	393,845	28,468,293
Derivative financial assets	-	-	-	-	-	82,886	82,886
Financial assets held under resale agreements	7,668,752	-	-	-	-	-	7,668,752
Financial assets at fair value through profit or loss	51,663,234	2,400,861	9,225,744	14,512,568	13,559,182	2,556,308	93,917,897
Debt instruments at fair value through other comprehensive income	912,822	1,211,598	17,123,013	47,729,869	20,707,529	1,178,361	88,863,192
Loans and advances to customers	23,238,786	17,455,022	182,811,850	119,108,655	46,995,615	6,399,274	396,009,202
Debt instruments at amortised cost	2,180,859	5,841,994	23,670,612	74,029,062	53,332,838	3,189,824	162,245,189
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,642,224	1,642,224
Other financial assets	-	-	-	-	-	1,661,113	1,661,113
Total financial assets	137,591,588	29,408,791	254,711,889	255,479,967	134,595,164	18,526,667	830,314,066
Borrowings from central bank	10,659,015	12,682,973	54,128,935	-	-	730,446	78,201,369
Deposits from banks and other financial institutions	14,454,000	28,255,091	16,192,000	-	-	142,520	59,043,611
Placements from banks and other financial institutions	15,270,302	6,632,578	5,708,532	1,920,000	-	193,873	29,725,285
Financial assets sold under repurchase agreements	68,415,837	69,515	-	-	-	32,054	68,517,406
Derivative financial liabilities	-	-	-	-	-	3,212	3,212
Other financial liabilities	-	-	-	-	-	3,009,589	3,009,589
Lease liabilities	4,027	17,844	206,621	576,771	253,499	-	1,058,762
Due to customers	255,010,312	23,822,086	70,910,588	92,102,672	35,669	8,805,054	450,686,381
Debt securities issued	7,160,409	32,634,377	36,258,265	6,996,030	-	237,311	83,286,392
Total financial liabilities	370,973,902	104,114,464	183,404,941	101,595,473	289,168	13,154,059	773,532,007
Interest rate gap	(233,382,314)	(74,705,673)	71,306,948	153,884,494	134,305,996	5,372,608	56,782,059

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52. FINANCIAL RISK MANAGEMENT (Continued)

52.3 Market risk (Continued)

Interest rate risk (Continued)

	As at 31 December 2022						Total
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	
Cash and balances with central bank	42,191,782	–	–	–	–	720,937	42,912,719
Deposits with banks and other financial institutions	6,338,031	–	–	–	–	659	6,338,690
Placements with banks and other financial institutions	5,053,513	5,049,479	15,535,807	299,934	–	409,092	26,347,825
Derivative financial assets	–	–	–	–	–	58,811	58,811
Financial assets held under resale agreements	11,053,540	–	–	–	–	–	11,053,540
Financial assets at fair value through profit or loss	41,064,052	2,151,964	5,872,231	17,102,825	8,398,072	1,551,231	76,140,375
Debt instruments at fair value through other comprehensive income	1,159,107	624,943	12,228,018	35,165,838	15,570,519	743,619	65,492,044
Loans and advances to customers	21,417,885	21,183,084	157,483,099	87,069,585	44,943,243	5,300,261	337,397,157
Debt instruments at amortised cost	5,143,815	6,004,465	32,646,114	88,893,063	43,812,745	3,633,697	180,133,899
Equity instruments at fair value through other comprehensive income	–	–	–	–	–	1,642,224	1,642,224
Other financial assets	–	–	–	–	–	2,162,653	2,162,653
Total financial assets	133,421,725	35,013,935	223,765,269	228,531,245	112,724,579	16,223,184	749,679,937
Borrowings from central bank	6,197,304	8,642,835	46,379,789	–	–	579,027	61,798,955
Deposits from banks and other financial institutions	18,456,460	9,416,364	14,040,000	–	–	161,038	42,073,862
Placements from banks and other financial institutions	10,173,912	6,591,041	6,454,572	–	–	92,655	23,312,180
Financial assets sold under repurchase agreements	65,476,309	4,620,758	6,059,172	–	–	103,586	76,259,825
Derivative financial liabilities	–	–	–	–	–	60,220	60,220
Other financial liabilities	–	–	–	–	–	2,336,766	2,336,766
Lease liabilities	11,067	42,539	190,022	528,150	382,333	–	1,154,111
Due to customers	210,381,572	13,280,034	73,524,737	92,471,099	50,578	8,057,251	397,765,271
Debt securities issued	21,423,289	33,887,928	37,535,274	–	–	626,838	93,473,329
Total financial liabilities	332,119,913	76,481,499	184,183,566	92,999,249	432,911	12,017,381	698,234,519
Interest rate gap	(198,698,188)	(41,467,564)	39,581,703	135,531,996	112,291,668	4,205,803	51,445,418

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.3 Market risk *(Continued)*

Interest rate risk (Continued)

The following table illustrates the potential impact of a parallel upward or downward shift of 100 basis points in RMB's yield curve on profit or loss and other comprehensive income, based on the Group's position of interest-generating assets and interest-bearing liabilities at the end of the year.

	2023		2022	
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
+100 basis points	(307,927)	(2,965,637)	(102,068)	(2,511,937)
- 100 basis points	307,927	3,260,890	102,068	2,734,980

The sensitivity analysis is carried out based on reasonably possible changes in interest rates in the coming year with the assumption that the structure of financial assets and financial liabilities held at the end of the year remains unchanged. The impacts on profit or loss takes into account only the changes in interest income and expense generated by interest-bearing financial assets or liabilities; the impacts on other comprehensive income takes into account the fair value changes in debt instruments at fair value through other comprehensive income.

52.4 Operational risk

Operational risk refers to the risk arising from inadequate or failed internal control procedures, personnel and information technology systems, or external events. The primary operational risks the Group faces include internal and external frauds, worksite safety failures, business interruptions and failure in the information technology system.

The Board of Directors is ultimately responsible for the Group's operational risk management. The Group's senior management leads the group-wide operational risk management on a day-to-day basis. The Group has established "three lines of defence" to manage operational risk on an end-to-end basis. The business lines and functions are the first line of defence against operational risks, taking direct responsibilities for operational risk management. The internal control and compliance department is the second line of defence against operational risks, responsible for the establishment of operational risk management policies and procedures and the coordination, support and supervision of operational risk management. The audit department is the third line of defence against operational risk, responsible for evaluating the adequacy and effectiveness of operational risk management policies and procedures and assessing the Group's internal control system and compliance.

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52. FINANCIAL RISK MANAGEMENT *(Continued)*

52.5 Capital management

The Group's objectives on capital management are to:

- safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- support the Group's stability and growth;
- allocate capital in an efficient and risk based approach to optimise risk adjusted return to shareholders; and
- maintain an adequate capital base to support the development of its business.

The Group calculates its capital adequacy ratios in accordance with Regulation Governing the Capital of Commercial Banks (Provisional) (“商業銀行資本管理辦法(試行)”) (“Regulation”) and other relevant regulations promulgate.

For non-systematically important banks, their core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio of 7.50%, 8.50% and 10.50%, respectively.

During the year, the Group has complied with the capital requirements imposed by the Regulation Governing the Capital of Commercial Banks (Provisional) (“商業銀行資本管理辦法(試行)”) (“Regulation”) and other relevant regulations promulgate.

53. FAIR VALUE OF FINANCIAL INSTRUMENTS

Most of the balance sheet items of the Group are financial assets and financial liabilities. The fair value measurement of non-financial assets and non-financial liabilities will not have a significant impact on the Group's overall financial performance.

For the years ended 31 December 2023 and 2022, the Group has no assets or liabilities which were discontinued being measured at fair value.

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

(1) Valuation techniques, input parameters and processes

The fair value of financial assets and financial liabilities is determined according to the following methods:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded in an active circulation market is determined by reference to the market price.
- For non-option derivative financial instruments, the fair value is determined by discounted cash flow analysis using the applicable yield curve within the term of the instrument.
- The fair value of other financial assets and financial liabilities is determined according to the generally accepted pricing model or the current market price observable for similar instruments based on the discounted cash flow analysis. If there is no observable market transaction price for similar instruments, the net assets are used for valuation, and the price is analysed by the management.

The Group has established an independent valuation process for financial assets and financial liabilities. According to the division of responsibilities, relevant departments are respectively responsible for valuation, model verification and accounting treatment.

For the years ended 31 December 2023 and 2022, there was no significant change in the valuation technology and input value used in the fair value measurement of the Group's financial statements.

(2) Fair value hierarchy

Financial instruments at fair value are classified into the following three levels of measurement hierarchy:

Level 1: Fair value is determined based on quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Fair value based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Where quoted prices are not available from open markets, the fair value of financial instruments is determined by valuation techniques.

The main parameters used in valuation techniques include bond prices, interest rates, foreign exchange rates, equity and stock prices and others, which are all observable and obtainable from the open market.

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53. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(2) Fair value hierarchy (Continued)

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

	As at 31 December 2023			Total
	Level 1	Level 2	Level 3	
Financial assets at FVTPL				
Public entities and policy banks bonds	–	296,690	–	296,690
Financial institution bonds	–	5,952,147	–	5,952,147
Asset-backed securities	–	2,197,816	–	2,197,816
Corporate bonds	–	3,133,446	–	3,133,446
Other debt financing products	–	–	1,054,215	1,054,215
Asset management plans	–	–	21,791,270	21,791,270
Trust beneficiary rights	–	–	17,182,396	17,182,396
Funds	200,000	40,379,440	–	40,579,440
Listed equity	140,312	–	–	140,312
Unlisted equity	–	–	1,590,165	1,590,165
Subtotal	340,312	51,959,539	41,618,046	93,917,897
Debt instruments at FVOCI				
Government bonds	–	18,570,869	–	18,570,869
Public entities and policy banks bonds	–	39,951,827	–	39,951,827
Financial institution bonds	–	5,028,224	–	5,028,224
Asset-backed securities	–	2,885,198	–	2,885,198
Corporate bonds	–	22,427,074	–	22,427,074
Subtotal	–	88,863,192	–	88,863,192
Equity instruments at FVOCI				
Unlisted equity	–	–	1,642,224	1,642,224
Loans and advances to customers at FVOCI	–	–	21,533,363	21,533,363
Derivative financial assets	–	82,886	–	82,886
Derivative financial liabilities	–	(3,212)	–	(3,212)
Total	340,312	140,902,405	64,793,633	206,036,350

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(Amounts in thousands of Renminbi, unless otherwise stated)

53. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(2) Fair value hierarchy (Continued)

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

	As at 31 December 2022			Total
	Level 1	Level 2	Level 3	
Financial assets at FVTPL				
Public entities and policy banks bonds	–	208,045	–	208,045
Financial institution bonds	–	596,757	–	596,757
Asset-backed securities	–	2,100,401	–	2,100,401
Corporate bonds	–	3,845,293	–	3,845,293
Other debt financing products	–	–	1,054,215	1,054,215
Wealth management products	–	–	496,568	496,568
Asset management plans	–	–	29,402,706	29,402,706
Trust beneficiary rights	–	–	16,131,269	16,131,269
Funds	3,399,449	17,654,729	–	21,054,178
Listed equity	290,279	–	–	290,279
Unlisted equity	–	–	960,664	960,664
Subtotal	3,689,728	24,405,225	48,045,422	76,140,375
Debt instruments at FVOCI				
Government bonds	–	14,728,574	–	14,728,574
Public entities and policy banks bonds	–	31,746,564	–	31,746,564
Financial institution bonds	–	5,697,354	–	5,697,354
Asset-backed securities	–	1,822,932	–	1,822,932
Corporate bonds	–	11,406,531	–	11,406,531
Other debt financing products	–	–	90,089	90,089
Subtotal	–	65,401,955	90,089	65,492,044
Equity instruments at FVOCI				
Unlisted equity	–	–	1,642,224	1,642,224
Loans and advances to customers at FVOCI				
Derivative financial assets	–	58,811	–	58,811
Derivative financial liabilities	–	(60,220)	–	(60,220)
Total	3,689,728	89,805,771	87,257,870	180,753,369

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

(2) Fair value hierarchy *(Continued)*

Reconciliation of Level 3 fair value measurements of financial assets

	Investments mandatorily measured at FVTPL	Debt instruments measured at FVOCI	Equity instruments measured at FVOCI	Loans and advances to customers at FVOCI
Asset				
Balance at 1 January 2023	48,045,422	90,089	1,642,224	37,480,136
Total gain/loss				
– in profit or loss	98,916	–	–	(46,109)
– in OCI	–	–	–	(36,308)
Acquisitions	11,757,164	–	–	21,615,780
Disposals and settlements	(18,283,456)	(90,089)	–	(37,480,136)
Balance at 31 December 2023	41,618,046	–	1,642,224	21,533,363
Asset				
Balance at 1 January 2022	43,897,426	137,713	1,642,224	37,335,072
Total gain/loss				
– in profit or loss	133,059	827	–	(271,709)
– in OCI	–	(9,121)	–	(41,741)
Acquisitions	19,065,606	–	–	37,793,586
Disposals and settlements	(15,050,669)	(39,330)	–	(37,335,072)
Balance at 31 December 2022	48,045,422	90,089	1,642,224	37,480,136

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For the year ended 31 December 2023
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53. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(2) Fair value hierarchy *(Continued)*

Reconciliation of Level 3 fair value measurements of financial assets (Continued)

There were no significant transfers between level 1, level 2 and level 3 during the year.

The main valuation technique used by the Group are discounted cash flow model and market comparison approach for financial instruments. The main inputs used in discounted cash flow model are contractual cash flows and yield curves reflecting credit risks of counterparties. The fair valuation measurement of these categorised Level 2 or Level 3, depending on whether the relevant yield curves are observable (for debt securities traded on China Inter-Bank Bond Market and fair values are provided by China Central Depository & Clearing Co., Ltd.) or not. Level 3 valuations are usually performed by respective business departments which manage the financial instruments, and reviewed by finance department. The discount rates used in Level 3 valuations ranges from 1.00% to 7.23% and liquidity discounts from 17.22% to 30.46% (31 December 2022: The discount rates used in Level 3 valuations ranges from 1.50% to 7.23% and liquidity discounts from 17.30% to 28.81%).

Of the total gains or losses for the period included in profit RMB98.9 million relates to unrealised losses arising from financial assets mandatorily measured at Level 3 fair value held at the end of the current reporting period (For the year ended 31 December 2022: in profit RMB133.1 million). Such fair value gains or losses are included in "net trading losses" and "investment income".

In other comprehensive income, there was no debt instruments at FVOCI measured at Level 3 fair value held by the Group at the end of the current financial reporting period (For the year ended 31 December 2022: a loss of RMB 9.1 million and are reported as changes in investment revaluation reserve).

A 100-basis point increase/decrease in the discount rate holding other variables constant will result in a decrease/increase in carrying amount of financial assets measured at Level 3 fair values as at 31 December 2023, by RMB83.2 million/RMB86.5 million, respectively (31 December 2022: RMB79.8 million/RMB 83.3 million).

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53. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(2) Fair value hierarchy (Continued)

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

	As at 31 December 2023		As at 31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Debt instruments at amortised cost	162,245,189	162,449,423	180,133,899	179,639,492
Financial liabilities				
Debt securities issued	83,286,392	83,711,353	93,473,329	93,460,006

The following table gives the information about how the fair values of these financial assets and financial liabilities are determined, in particular, the valuation technique(s) and input(s) used.

	Fair value at		Fair value hierarchy	Valuation technique(s) and key input(s)
	As at 31 December 2023	As at 31 December 2022		
Debt securities at amortised costs	142,087,657	147,606,424	Level 2	See note 1.
Debt instruments at amortised costs	20,361,766	32,033,068	Level 3	Discounted cash flows. Future cash flows are estimated based on contractual amounts, discounted at rates that reflect the credit risk of various counterparties.
Debt securities issued	83,711,353	93,460,006	Level 2	See note 1.

Note 1: Debt securities at amortised costs and debt securities issued are classified into Level 2, fair values of debt securities are based on market prices.

Other financial assets and financial liabilities include balances with central bank, deposits and placements with banks and other financial institutions, financial assets held under resale agreements, loans and advances to customers at amortised costs, borrowing from central bank, deposits and placements from banks, financial assets sold under repurchase agreements and due to customers. Their carrying values approximate their fair values.

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54. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Bank's subsidiaries as at 31 December 2023 are set out below:

Name of entity	Type of legal entity	Place of incorporation/ Establishment/ operations	Date of incorporation/ establishment	Registered capital as at 31 December 2023 (In RMB '000)	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities
					As at 31 December 2023	As at 31 December 2022	As at 31 December 2023	As at 31 December 2022	
					%	%	%	%	
Ningxia Yuanzhou Jinhui County Bank Co., Ltd. (寧夏原州津匯村鎮銀行有限責任公司)	Limited liability company	Ningxia, PRC	July 2016	50,000	51.00	51.00	51.00	51.00	Banking
Ningxia Tongxin Jinhui County Bank Co., Ltd. (寧夏同心津匯村鎮銀行有限責任公司)	Limited liability company	Ningxia, PRC	August 2016	50,000	51.00	51.00	51.00	51.00	Banking
Bank of Tianjin Financial Leasing Co., Ltd. (天銀金融租賃股份有限公司)	Limited company	Tianjin, PRC	October 2016	1,700,000	65.88	65.88	65.88	65.88	Financial Leasing

55. EVENTS AFTER THE REPORTING PERIOD

On 20 March 2024, the Board of Directors proposed a cash dividend of RMB728.47 million for the year ended 31 December 2023. Subject to the approval of the ordinary shareholders at the forthcoming Annual General Meeting, approximately RMB728.47 million will be payable to those on the register of ordinary shareholders as at the relevant record date.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(Amounts in thousands of Renminbi, unless otherwise stated)

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

STATEMENT OF FINANCIAL POSITION AS AT 31 December 2023

	As at 31 December	
	2023	2022
ASSETS		
Cash and balances with central bank	44,975,595	42,789,938
Deposits with banks and other financial institutions	4,646,858	6,325,437
Placements with banks and other financial institutions	28,871,354	28,157,792
Derivative financial instruments	82,886	58,811
Financial assets held under resale agreements	7,668,752	11,053,540
Financial investments:		
Financial assets at fair value through profit or loss	93,779,799	75,975,045
Debt instruments at fair value through other comprehensive income	88,863,192	65,492,044
Debt instruments at amortised cost	162,245,189	180,133,899
Equity instruments at fair value through other comprehensive income	1,642,224	1,642,224
Loans and advances to customers	385,323,670	326,684,267
Deferred tax assets	3,976,498	4,325,335
Other assets	4,265,060	5,153,848
Property and equipment	2,181,274	2,384,612
Right-of-use assets	1,012,996	1,111,275
Interests in associates	302,715	278,930
Investments in subsidiaries	1,180,000	1,180,000
Total assets	831,018,062	752,746,997
LIABILITIES		
Borrowings from central bank	78,148,361	61,734,893
Deposits from banks and other financial institutions	59,897,529	42,952,439
Placements from banks and other financial institutions	21,875,407	17,036,071
Financial assets sold under repurchase agreements	68,517,406	76,259,825
Derivative financial instruments	3,212	60,220
Income tax payable	3,920	–
Other liabilities	5,071,031	4,359,509
Lease liabilities	1,055,725	1,144,919
Due to customers	449,300,453	396,240,434
Debt securities issued	83,286,392	93,473,329
Total liabilities	767,159,436	693,261,639

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(Amounts in thousands of Renminbi, unless otherwise stated)

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

STATEMENT OF FINANCIAL POSITION AS AT 31 December 2023 (Continued)

	As at 31 December	
	2023	2022
EQUITY		
Share capital	6,070,552	6,070,552
Capital reserve	10,699,811	10,699,811
Investment revaluation reserve	146,519	(497,110)
Surplus reserve	3,352,480	3,352,480
General reserve	9,062,761	9,062,761
Retained earnings	34,526,503	30,796,864
Total equity	63,858,626	59,485,358
Total equity and liabilities	831,018,062	752,746,997

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	2023						
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Total
As at 1 January 2023	6,070,552	10,699,811	(497,110)	3,352,480	9,062,761	30,796,864	59,485,358
Profit for the year	-	-	-	-	-	3,729,639	3,729,639
Other comprehensive income for the year	-	-	643,629	-	-	-	643,629
As at 31 December 2023	6,070,552	10,699,811	146,519	3,352,480	9,062,761	34,526,503	63,858,626
	2022						
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Total
As at 1 January 2022	6,070,552	10,699,811	(12,335)	3,352,480	9,062,761	27,221,029	56,394,298
Profit for the year	-	-	-	-	-	3,575,835	3,575,835
Other comprehensive income for the year	-	-	(484,775)	-	-	-	(484,775)
As at 31 December 2022	6,070,552	10,699,811	(497,110)	3,352,480	9,062,761	30,796,864	59,485,358

Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

In accordance with the Hong Kong Listing Rules and Banking (Disclosure) Rules, the Group discloses the unaudited supplementary financial information as follows:

LIQUIDITY RATIOS, LIQUIDITY COVERAGE RATIOS AND NET STABLE FUNDING RATIO

Liquidity Ratios

	As at 31 December 2023	As at 31 December 2022	Rate of change (%)
RMB current assets to RMB current liabilities (%)	48.2	53.4	(5.2)
Foreign currency current assets to foreign currency current liabilities (%)	233.7	294.8	(61.1)
	Average for the year ended 31 December 2023	2022	Rate of change (%)
RMB current assets to RMB current liabilities (%)	51.91	56.14	(4.23)
Foreign currency current assets to foreign currency current liabilities (%)	221.73	237.11	(15.38)

Liquidity Coverage Ratios

	As at 31 December 2023	As at 31 December 2022	Rate of change (%)
Qualified high-quality liquid assets	104,667,366.2	99,012,769.4	5.7
Net cash outflows in the next 30 days	65,149,799.1	59,455,391.7	9.6
Liquidity Coverage Ratios (%)	160.66	166.53	(5.87)

Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

Net Stable Funding Ratio

	As at 31 December 2023	As at 30 September 2023	Rate of change (%)
Total stable funding available	440,073,114.6	423,201,839.34	4.0
Total stable funding required	410,630,652.2	386,698,301.2	6.2
Net Stable Funding Ratio (%)	107.17	109.44	(2.27)

Pursuant to the Disclosure of Net Stable Funding Ratio Information of Commercial Bank issued by the CBIRC (YinBao JianFa [2019] No.11), the Bank shall disclose relevant information on the net stable funding ratio for the latest two quarters.

CURRENCY CONCENTRATIONS

	Equivalent in Renminbi			Total
	US Dollars	Hong Kong Dollars	Other	
As at 31 December 2023				
Spot assets	15,459,610	10,656	44,333	15,514,599
Spot liabilities	(13,538,407)	(3,679)	(2,096,665)	(15,638,751)
Net position	1,921,203	6,977	(2,052,332)	(124,152)
As at 31 December 2022				
Spot assets	16,919,699	11,033	1,981,443	18,912,175
Spot liabilities	(18,808,254)	(4,087)	(2,355,719)	(21,168,060)
Net position	(1,888,555)	6,946	(374,276)	(2,255,885)

The above information is computed in accordance with the provisions of the NFRA. The Group has no structural position as at the end of each Reporting Period.

Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

INTERNATIONAL CLAIMS

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

International claims mainly include deposits with banks, placements with banks and loans.

International claims have been disclosed by different countries or geographical areas. A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfer is only made if the claims are guaranteed by a third party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

	As at 31 December 2023	As at 31 December 2022	Rate of change (%)
INTERNATIONAL CLAIMS – deposits with banks and placements with banks			
Asia Pacific (excluding mainland China)	13,305	1,966,722	(99.3)
– of which: attributed to Hong Kong	9,672	9,757	(0.9)
Europe	20,388	32,757	(37.8)
North America	492,560	738,042	(33.3)
Total	526,253	2,737,521	(80.8)

	As at 31 December 2023	As at 31 December 2022	Rate of change (%)
INTERNATIONAL CLAIMS – loans			
Asia Pacific (excluding mainland China)	435,890	481,901	(9.5)
– of which: attributed to Hong Kong	435,890	481,901	(9.5)
North America	0	0	0
Total	435,890	481,901	(9.5)

Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

EXPOSURES TO MAINLAND CHINA NON-BANK ENTITIES

	As at 31 December 2023	As at 31 December 2022	Rate of change (%)
On-balance sheet exposure	396,009,202	337,397,157	17.4
Off-balance sheet exposure	103,862,130	93,216,800	11.4

List of Branches

As of the end of the Reporting Period, details of the branches of the Bank are set out as below:

No.	Name of Branch	Address	Postcode
1	Bank of Tianjin, Sales Department	Attached Building, No.15, Youyi Road, Hexi District, Tianjin	300201
2	Bank of Tianjin, Dongli sub-branch	No. 77, Yuejin Road, Dongli District, Tianjin	300300
3	Bank of Tianjin, Junliang City sub-branch	No. 1-7, Block 29, Junhua Yard, Xinshi Town, Junliang City, Xingnong Road, Dongli District, Tianjin	300301
4	Bank of Tianjin, Jinnan sub-branch	No. 1, Ground Floor, Building 2, Jingming Garden, east side of Jingu Road and north side of Xianshuigu Hospital, Xianshuigu Town, Jinnan District, Tianjin	300350
5	Bank of Tianjin, Lushui Road sub-branch	No. 15 & 16, Ground Floor Store, Block 10, Baojujiayuan, Southern side of the Wushui Road, Jinnan District, Tianjin	300000
6	Bank of Tianjin, Jingu Road sub-branch	No. 1-3, Ground Floor, Zonglv Yuan 4, Gelinxiaocheng, west side of Jingu Road, Shuanggang Town, Jinnan District, Tianjin	300350
7	Bank of Tianjin, Xiqing sub-branch	1-A-2-01-05, 1/F New City Center I-A, 3 Wanhui Road, Zhongbei Town, Xiqing District, Tianjin	300393
8	Bank of Tianjin, Zhangjiawo sub-branch	No. 60, Yutai Road, Xiqing District, Tianjin	300380
9	Bank of Tianjin, Yangliuqing Town sub-branch	B-1-30, 31, 32, 33, 34, 34A, 35, Yangliuqing Commercial Street, Xiqing District, Tianjin	300380
10	Bank of Tianjin, Changling Road sub-branch	(Ground Floor, No.102, Apartment block) Block A-F, Yueya Garden, Lingkou Village, Liqizhuang Street, Xiqing District, Tianjin	300381
11	Bank of Tianjin, Beichen sub-branch	1185, 1186, 1187, 2170, 3180, Building 1-3, Changying Commercial Plaza, northwest side at the Junction of Jingjin Road and Longzhou Road, Beichen District, Tianjin	300340
12	Bank of Tianjin, Jingjin Road sub-branch	Extension No. 9-10, No. 352, south at the junction of Jingjin Road and Guoyuan North Road, Beichen District, Tianjin	300400
13	Bank of Tianjin, Xinyibai Avenue sub-branch	3-41 and 3-43, Ground Floor, Building 14, Puwangli (Wanda New Town), Beichen District, Tianjin	300420
14	Bank of Tianjin, Wuqing sub-branch	No. 143, Quanwang Road, Wuqing District, Tianjin	301799

List of Branches

No.	Name of Branch	Address	Postcode
15	Bank of Tianjin, Jinghu sub-branch	Ground Floor, Scientific Research Service Building, Huidareli Group, Jianing Road, Xiazhuozhuang Street, Wuqing District, Tianjin	301700
16	Bank of Tianjin, Huangzhuang sub-branch	Ground Floor, Building 74, Commercial Street, Junction of Weiyi Road and Jingba Road, Huangzhuang Street, Wuqing District, Tianjin	301700
17	Bank of Tianjin, Yongyangxi Road sub-branch	Ground Floor, No. 12-2, Shengshixinyuan, Southern side of Yongyangxi Road, Xincheng, Wuqing District, Tianjin	301799
18	Bank of Tianjin, Baodi sub-branch	No. 52, Nancheng Road, Baodi District, Tianjin	301800
19	Bank of Tianjin, Kaiyuan Road sub-branch	2-113, 2-114, 2-115, 2-213, 2-214, Huifeng Building 2, south side of Nanhuan Road, Baodi District, Tianjin	301800
20	Bank of Tianjin, Tianbao Industrial Park sub-branch	North side of Tongtang Road and east side of Tianbao Road, Economic Development Zone, Baodi District, Tianjin (Ground Floor, East Building, No. 6, Nanhuan Road)	301800
21	Bank of Tianjin, Jizhou sub-branch	No. 1 (south side of the first and third floors), People's West Road, North Bus Station, west side of Zhongchang Road, Jizhou District, Tianjin	301900
22	Bank of Tianjin, Renmin West Avenue sub-branch	No. 2-188, No. 2-188A, 2-204, Jinding Building, north side of Renmin West Avenue West, Jizhou District, Tianjin	301900
23	Bank of Tianjin, Zhouhewan sub-branch	Extension No. 8, No. 5, Qingchi West Street, Zhouhewan, Xincheng, Jizhou District, Tianjin	301900
24	Bank of Tianjin, Kangping Road sub-branch	No. 105, 107, 109 Kangping Road, Jizhou District, Tianjin	301900
25	Bank of Tianjin, Jinghai sub-branch	105 & 106, Building 7, Jinxiujiayuan (location of original Jinghai County Party Committee), Jinghai District, Tianjin	301600
26	Bank of Tianjin, Dongfanghong Road sub-branch	Commercial Area B, Haixinyuan, Dongfanghong Road, Jinghai District, Tianjin	301600
27	Bank of Tianjin, Ninghe sub-branch	No. 66, Guangming Road, Lutai Town, Ninghe District, Tianjin	301500
28	Bank of Tianjin, First central sub-branch	Kangning Building, Junction of Xikang Road and Hanyang Road, Heping District, Tianjin	300070

List of Branches

No.	Name of Branch	Address	Postcode
29	Bank of Tianjin, Rongsheng sub-branch	No. 179 & 181, Chengdu Road, Heping District, Tianjin	300070
30	Bank of Tianjin, Kaifeng sub-branch	No. 11, Nanma Road, Heping District, Tianjin	300022
31	Bank of Tianjin, Jianye sub-branch	No. 33, Qixiangtai Road, Heping District, Tianjin	300070
32	Bank of Tianjin, Baoli sub-branch	Block B, No. 18, Guizhou Road, Heping District, Tianjin	300051
33	Bank of Tianjin, Hongtong sub-branch	No. 75, Yingkou Road, Heping District, Tianjin	300040
34	Bank of Tianjin, Laolian sub-branch	No. 95, Jianshe Road, Heping District, Tianjin	300041
35	Bank of Tianjin, Huafeng sub-branch	No. 74, Jianshe Road, Heping District, Tianjin	300040
36	Bank of Tianjin, Jianshe Road sub-branch	No. 82, Jianshe Road, Heping District, Tianjin	300042
37	Bank of Tianjin, Xiangsheng sub-branch	Ground Floor, Block B, Building 5, Changshou Apartment, Rongye Street, Heping District, Tianjin	300021
38	Bank of Tianjin, Jinsheng sub-branch	No. 32, Xinxing Road, Heping District, Tianjin	300070
39	Bank of Tianjin, Jingong sub-branch	No. 72, Jiefang North Road, Heping District, Tianjin	300041
40	Bank of Tianjin, Shiye sub-branch	No. 157, Dagu North Road, Heping District, Tianjin	300040
41	Bank of Tianjin, Dali Road sub-branch	No. 86, Dali Road, Heping District, Tianjin	300050
42	Bank of Tianjin, Small Business Financial Services Center	2/F, No. 86, Dali Road, Heping District, Tianjin	300050
43	Bank of Tianjin, Baoding Road sub-branch	No. 01, Ground Floor, 1/F & No. 01, Ground Floor, 2/F, Tower A, Xinhua Building, No. 33-39, Baoding Road, Heping District, Tianjin	300040
44	Bank of Tianjin, Jinmao Plaza sub-branch	No. 2111, 1/F, Office Building 2, Tianjin Federation of Trade Unions, No. 4 Guanghua Road, Hedong District, Tianjin	300170
45	Bank of Tianjin, Chengxiang West Road sub-branch	No. 912, Chengxiang West Road, Nankai District, Tianjin	300100
46	Bank of Tianjin, Second central sub-branch	Zhonghao International Automobile Building, No. 62, Longchang Road, Hexi District, Tianjin	300201
47	Bank of Tianjin, Jinhe sub-branch	No. 676, Dagu South Road, Hexi District, Tianjin	300200
48	Bank of Tianjin, Jincai sub-branch	Donglou Bridge, Dagu South Road, Hexi District, Tianjin	300200

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No.	Name of Branch	Address	Postcode
49	Bank of Tianjin, Dagu South Road sub-branch	No. 04-05, Ground Floor, Building 1, Liuyuan Apartment, Dagu South Road, Hexi District, Tianjin	300222
50	Bank of Tianjin, Ruide sub-branch	No. 3, Yongan Road, Hexi District, Tianjin	300204
51	Bank of Tianjin, Jinxi sub-branch	Extension No. 9, No. 89, Qixiangtai Road, Hexi District, Tianjin	300074
52	Bank of Tianjin, Xilian sub-branch	Ground Floor, Tianjin Library, Tianjin Culture Center, Pingjiang Road, Hexi District, Tianjin	300201
53	Bank of Tianjin, Shaoxing Road sub-branch	Bank of Tianjin and 6B, 6C, 6D, 1st Floor, North Finance Building, No. 5, Youyi Road, Hexi District, Tianjin	300201
54	Bank of Tianjin, Chentang Park sub-branch	106 Chentang Science and Technology Business Service Center, No. 20, Dongting Road, Hexi District, Tianjin	300220
55	Bank of Tianjin, Jinhua sub-branch	Extension No. 14, No. 16, Heiniucheng Road, Hexi District, Tianjin	300210
56	Bank of Tianjin, Rongcheng sub-branch	No. 75, Heiniucheng Road, Hexi District, Tianjin	300061
57	Bank of Tianjin, Donghai sub-branch	No. 33, Huanhu Middle Road, Hexi District, Tianjin	300060
58	Bank of Tianjin, Yinlian sub-branch	No. 26 & 28, Shuangshui Road, Hexi District, Tianjin	300222
59	Bank of Tianjin, Xietong sub-branch	1/F Jinhuang Building, No.20, Nanjing Road, Hexi District, Tianjin.	300042
60	Bank of Tianjin, Huiyuan sub-branch	South Ground Floor, Building 1, Huaxiafuyu Plaza, Jiefang South Road, Hexi District, Tianjin	300202
61	Bank of Tianjin, Guhai Road sub-branch	No. 423, Jiefang South Road, Hexi District, Tianjin	300210
62	Bank of Tianjin, Jiefang South Road sub-branch	No. 473, Jiefang South Road, Hexi District, Tianjin (Ground Floor of Bohai Sea International Commerce Block)	300221
63	Bank of Tianjin, Tianma sub-branch	F1 to F2, No. 10, Lianshuiyuan, southeastern side of the junction of Youyi South Road and Zhujiang Road, Hexi District, Tianjin	300221
64	Bank of Tianjin, Tanjiang Road sub-branch	Unit 17, Ground Floor, Chuanshuiyuan Estate (Public Building III), Suijiang Street, Hexi District, Tianjin	300221
65	Bank of Tianjin, Zhujiang Road sub-branch	Junction of Zhujiang Road and Xueyuan Road, Hexi District, Tianjin	300222

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No.	Name of Branch	Address	Postcode
66	Bank of Tianjin, Limin Road sub-branch	No. 89, Xinanlou Weidi Road, Hexi District, Tianjin	300201
67	Bank of Tianjin, South and North Avenue sub-branch	Door 1, Ground Floor, Building 2, Meining Apartment, South and North Avenue, Hexi District, Tianjin	300210
68	Bank of Tianjin, Third central sub-branch	Area A2, Shengxinyuan, Nanmenwai Street, Nankai District, Tianjin	300100
69	Bank of Tianjin, Jinhui sub-branch	No. 248, Baidi Road, Nankai District, Tianjin	300192
70	Bank of Tianjin, Xingke sub-branch	No. 200, Anshan West Road, 1895 Tianjin University Architecture and Creation Building, Nankai District, Tianjin	300073
71	Bank of Tianjin, Kemao Street sub-branch	No. 428, Anshan West Road, Nankai District, Tianjin	300193
72	Bank of Tianjin, Xinyuan sub-branch	21-2-101A, Guli Garden, northwest of the intersection of Xishi Street and Guangkai Street, Nankai District, Tianjin	300102
73	Bank of Tianjin, Changkang sub-branch	Extension No. 18, No. 628, Changjiang Road, Nankai District, Tianjin	300111
74	Bank of Tianjin, Yinshan sub-branch	Ground Floor, Xingtai Apartment, No. 66, Nanfeng Road, Nankai District, Tianjin	300192
75	Bank of Tianjin, Jinshan sub-branch	102-103, No. 1289, Nanma Road, Nankai District, Tianjin	300100
76	Bank of Tianjin, Rongyuan sub-branch	No. 467, Huanghe Road, Nankai District, Tianjin	300110
77	Bank of Tianjin, Guangkaiwuma Road sub-branch	No. 294, Huanghe Road, Nankai District, Tianjin	300110
78	Bank of Tianjin, Xingnan sub-branch	No. 14, 16 & 18, Huaianhuan Road, Nankai District, Tianjin	300193
79	Bank of Tianjin, Lingbin Road sub-branch	No. 96-98, Lingbin Road, Nankai District, Tianjin	300381
80	Bank of Tianjin, Xianyang Road sub-branch	No. 82 to No. 84, Xianyang Road, Nankai District, Tianjin	300113
81	Bank of Tianjin, Huanghe Road sub-branch	Extension No. 10 & 11, No. 65, Xianyang Road, Nankai District, Tianjin	300111

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No.	Name of Branch	Address	Postcode
82	Bank of Tianjin, Shuishang Gongyuan Road sub-branch	No. 46, Shuishang Gongyuan West Road, Nankai District, Tianjin	300191
83	Bank of Tianjin, Huayuan sub-branch	No. 25 & 27, Yashi Road, Nankai District, Tianjin	300380
84	Bank of Tianjin, Weijin South Road sub-branch	No. 70, Weijin South Road, Nankai District, Tianjin	300381
85	Bank of Tianjin, Tianda 1st sub-branch	Junction of Hubin Road and Nanfeng Road (No. 10 Hubin Road), Four Seasons Village, Tianjin University, Nankai District, Tianjin	300072
86	Bank of Tianjin, Yuanyin Road sub-branch	Ground Floor, Building 8, Yuanyinbeili, Yuanyin Road, Wangdingdi, Nankai District, Tianjin	300191
87	Bank of Tianjin, Chengjiang Road sub-branch	Ground Floor, Building 16, Huaningbeili, Chengjiang Road, Nankai District, Tianjin	300190
88	Bank of Tianjin, Keji sub-branch	No. 6, Meiyuan Road, Huayuan Industrial Park, Nankai District, Tianjin	300384
89	Bank of Tianjin, Wanhua sub-branch	No. 148-1, Yingshui Road, Huayuan Industrial Park, New Industrial Park, Tianjin	300384
90	Bank of Tianjin, Haitai Road sub-branch	Room 101, Door 3, Block F, Haitai Green Industry Base, No. 6, Haitai Fazhan 6th Road, Huayuan Industrial Park, Binhai Hi-tech Zone, Tianjin	300384
91	Bank of Tianjin, Haihe Education Park (Beiyang Zone) Sub-branch	No. 104, Xinyuan South Road, Tianjin University, Haihe Education Park, Tianjin	300350
92	Bank of Tianjin, Fourth central sub-branch	Ground Floor, 1-3/F, Fujian Building, Huaxing Road, Hedong District, Tianjin	300011
93	Bank of Tianjin, Donglian sub-branch	No. 518, Tianshan Road, Hedong District, Tianjin	300162
94	Bank of Tianjin, Dongxin sub-branch	Extension No. 1, No. 2, No. 40, Jintang Road, Hedong District, Tianjin	300182
95	Bank of Tianjin, Dongyin sub-branch	Extension No. 3, No. 80, Jintang Road, Hedong District, Tianjin	300170
96	Bank of Tianjin, Daqiao Road sub-branch	Outpatient hall, the 3rd Central Hospital, No. 83, Jintang Road, Hedong District, Tianjin	300170
97	Bank of Tianjin, Jintang Road sub-branch	Ground Floor, No. 2, Door 1, Building 2, Youainanli, Zhongshanmen, Jintang Road, Hedong District, Tianjin	300180
98	Bank of Tianjin, Hedong sub-branch	101 & 102, Yitingyuan, Liuwei Road, Hedong District, Tianjin	300012

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No.	Name of Branch	Address	Postcode
99	Bank of Tianjin, Jiahua sub-branch	No. 17-5, Jiahuali, Chenglinzhuang Road, Hedong District, Tianjin	300161
100	Bank of Tianjin, Dongsheng sub-branch	No. 482 Fengshan Road, Hedong District, Tianjin	300250
101	Bank of Tianjin, Chengguang Road sub-branch	No. 71, Taixing South Road, Hedong District, Tianjin	300162
102	Bank of Tianjin, Zhongxin North Road sub-branch	No. 41, Zhongxin North Road, Hedong District, Tianjin	300181
103	Bank of Tianjin, Zile Plaza sub-branch	No. 148, Gate 4, 5, 6, Building 2, Zile Plaza, Hedong District, Tianjin	300180
104	Bank of Tianjin, Changzhou Road sub-branch	No. 22, Changzhou Road, Hedong District, Tianjin	300250
105	Bank of Tianjin, Fifth central sub-branch	No. 23 Minzu Road, Hebei District, Tianjin	300010
106	Bank of Tianjin, Bada Road sub-branch	Ground Floor, Hongji Garden, No.210 Shizilin Street, Hebei District, Tianjin	300143
107	Bank of Tianjin, Xingbei sub-branch	Ground Floor, Building 1, Huiyingli Community, No. 10, Zengchan Road, Hebei District, Tianjin	300250
108	Bank of Tianjin, Zhenbei sub-branch	Building 2, Shuyuanli, Zhongshan North Road, Hebei District, Tianjin	300241
109	Bank of Tianjin, Zhongshan Road sub-branch	Ground Floor, Zerenli Building, Zhongshan Road, Hebei District, Tianjin	300142
110	Bank of Tianjin, Zhongbei sub-branch	1-2/F, Ground Floor, Building 2, Yuyang Apartment, Junction of Zhongshan Road and Yuewei Road, Hebei District, Tianjin	300140
111	Bank of Tianjin, Jincheng sub-branch	Ground Floor, Fangjingmingju, Junction of Jinzhonghe Street and Zengchan Road, Hebei District, Tianjin	300150
112	Bank of Tianjin, Wuhao Road sub-branch	No. 24, Wangchuanchang 5th Road, Hebei District, Tianjin	300150
113	Bank of Tianjin, Beiningwan sub-branch	No. 131 & 133, Yingxian Road, Hebei District, Tianjin	300402
114	Bank of Tianjin, Yuguan Road sub-branch	No. 698 & 700, Yuguan Road, Hebei District, Tianjin	300232

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No.	Name of Branch	Address	Postcode
115	Bank of Tianjin, Tiedong Road sub-branch	No. 61-63(A6), Block 10, Beimingxinyuan, Southeast of the intersection of Tiedong Road and Yibai Road, Hebei District, Tianjin	300412
116	Bank of Tianjin, Sixth central sub-branch	No. 187, Qinjian Road, Hongqiao District, Tianjin	300130
117	Bank of Tianjin, Hongxin sub-branch	No. 84, Xiqing Road, Hongqiao District, Tianjin	300122
118	Bank of Tianjin, Hongyin sub-branch	No. 331, Dingzigu First Road, Hongqiao District, Tianjin	300131
119	Bank of Tianjin, Glory Road sub-branch	61 door 101, Xiangju Apartment, Glory Road, Hongqiao District, Tianjin	300130
120	Bank of Tianjin, Yihua Road sub-branch	No. 41, 43, 45 & 47, Yihua Road, Hongqiao District, Tianjin	300121
121	Bank of Tianjin, Chenxing Road sub-branch	No. 51 & 53, Shuanghuan Road, Hongqiao District, Tianjin	300134
122	Bank of Tianjin, Guanyinhao sub-branch	No. 5, Dongma Road, Nankai District, Tianjin	300090
123	Bank of Tianjin, Binhai branch	E2ABC, No. 20, Plaza East Road, Binhai Finance Street, the Third Street, Economic and Technology Development District, Tianjin	300457
124	Bank of Tianjin, Haibin sub-branch	No.2048 Shanghai Road, Tanggu, Binhai New Area, Tianjin	300450
125	Bank of Tianjin, Hangzhou Road sub-branch	No.8 North Zhongxin Road, Tanggu, Binhai New Area, Tianjin	300451
126	Bank of Tianjin, Tanggu sub-branch	No. 289, 295, 301 Yingkou Road, Tanggu, Binhai New Area, Tianjin	300450
127	Bank of Tianjin, Heping Road sub-branch	No. 9 Heping Road, Tanggu, Binhai New Area, Tianjin	300450
128	Bank of Tianjin, Oil North Road sub-branch	No. 79 Dongyan Road, Tanggu, Binhai New Area, Tianjin	300452
129	Bank of Tianjin, Hebei Road sub-branch	No. 25 Hebei Road, Tanggu, Binhai New Area, Tianjin	300451
130	Bank of Tianjin, Station North Road sub-branch	No. 830 and 836, North Station Road, Tanggu, Binhai New Area, Tianjin	300451
131	Bank of Tianjin, Jinzhou Road sub-branch	No. 1024 Jinzhou Road, Tanggu, Binhai New Area, Tianjin	300451

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No.	Name of Branch	Address	Postcode
132	Bank of Tianjin, Hekou Road sub-branch	No. 2-37, Hekou Road, Tanggu, Binhai New Area, Tianjin	300452
133	Bank of Tianjin, Zhejiang Road sub-branch	Ground Floor, Gate 1, Building 7, Huianli, Tanggu, Binhai New Area, Tianjin	300450
134	Bank of Tianjin, Gangkou Road sub-branch	Xingang Road No. 2, Tanggu, Binhai New Area, Tianjin	300450
135	Bank of Tianjin, Road No. 3 sub-branch	No. 3438, Xingang Road No.3, Tanggu, Binhai New Area, Tianjin	300456
136	Bank of Tianjin, Baoshan Road sub-branch	No. 3807, Xinbei Road, Ocean Science and Technology Park, Tanggu, Binhai New Area, Tianjin	300451
137	Bank of Tianjin, Yuanyang City sub-branch	No. F125-126, 1st Floor, Tianjin Ocean We-life, No. 89 Yuanyang Center Road, Binhai New Area, Tianjin	300454
138	Bank of Tianjin, Hebin Road sub-branch	No. BF104, Binhai Trade Center, 2064 Bohai Oil Road, Tanggu, Binhai New Area, Tianjin	300452
139	Bank of Tianjin, Guangzhou Road sub-branch	No. 1156, Fuzhou Road, Tanggu, Binhai New Area, Tianjin	300450
140	Bank of Tianjin, Hangu sub-branch	No. 77, Xinkai Middle Road, Hangu, Binhai New Area, Tianjin	300480
141	Bank of Tianjin, Dagang sub-branch	No. 75 Yingbin Street, Dagang, Binhai New Area, Tianjin	300270
142	Bank of Tianjin, Xingfu Road sub-branch	No. 666 Xingfu Road, Dagang Oilfield, Tianjin	300280
143	Bank of Tianjin, Yingxin Street sub-branch	No. 96, Yingxin Street, Dagang, Binhai New Area, Tianjin	300270
144	Bank of Tianjin, Shengli Road sub-branch	No. 124 & 126 Tuanjie West Road, Sunshine Jiayuan, Dagangyoutian, Binhai New Area, Tianjin	300280
145	Bank of Tianjin, Xuri Road sub-branch	West side, of 1/F, Block B, Commercial Building, Fuyuan Garden, Gulin Street, Binhai New Area, Tianjin	300450
146	Bank of Tianjin, Development Area sub-branch	No. 76 Dongting Road, Development District, Tianjin	300457
147	Bank of Tianjin, Tianbao sub-branch	Room 101 & 201, Block B, No. 27, the Second Street, Economic and Technology Development District, Tianjin	300457
148	Bank of Tianjin, the Third Avenue sub-branch	No. 31-6, Building 1, No.31 Third Street, Development District, Tianjin	300457

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No.	Name of Branch	Address	Postcode
149	Bank of Tianjin, Huanghai Road sub-branch	No. 21-9, the Second Street, Development District, Tianjin	300457
150	Bank of Tianjin, Binhai Hi-tech Zone sub-branch	West side of Building 5, No. 188 Rixin Road, Binhai Science and Technology Park, Binhai High-tech Zone, Tianjin	300301
151	Bank of Tianjin, Sino-Singapore Eco-city sub-branch	2-1-101 & 201, Tianhexinlehui, No. 276, Hexu Road, SinoSingapore Tianjin Eco-city, Binhai New Area, Tianjin	300467
152	Bank of Tianjin, Tianjin Free-Trade Zone branch	101-201, Building 2, Financial Center, No.158 Xisan Road, Tianjin Free Trade Zone (Airport Economic Zone)	300308
153	Bank of Tianjin, Beijing branch	Xuanwumen Building, No. 73, Dongheyan Hutong, Xicheng District, Beijing	100052
154	Bank of Tianjin, Beijing Finance Street sub-branch	Building A33, Erlong Road, Xicheng District, Beijing	100032
155	Bank of Tianjin, Beijing Guangqumen sub-branch	101-02, 1/F, Floor 3, Guangqujiayuan, Dongcheng District, Beijing	100022
156	Bank of Tianjin, Beijing Dongzhimen sub-branch	101, 1/F & 201, 2/F, Building 1, No. 46, Dongzhimenwai Street, Dongcheng District, Beijing	100027
157	Bank of Tianjin, Beijing Dongcheng sub-branch	Ground Floor, No. 8, Chaoyangmennei Street, Dongcheng District, Beijing	100010
158	Bank of Tianjin, Beijing Chaowai sub-branch	No. 0185, Ground Floor & No. 1133 Office, Chaowai SOHO, B6 Chaowai Street, Chaoyang District, Beijing	100020
159	Bank of Tianjin, Beijing Sanyuanqiao sub-branch	Ground Floor, No. 101, 1/F and Office, No. 601, 6/F, Block A, Shenyuan Center, No. B2, East Sanhuan North Road, Chaoyang District, Beijing	100027
160	Bank of Tianjin, Beijing Xinxingqiao sub-branch	Ground Floor, No. 21 and Office, 10/F, Fuxing Road, Haidian District, Beijing	100036
161	Bank of Tianjin, Beijing Zhongguancun sub-branch	Ground Floor, 1-E & 1-F, Yuanzhongyuelai, No. 15, Haidian Middle Street, Haidian District, Beijing	100080
162	Bank of Tianjin, Beijing Xizhimen sub-branch	No. 52, North Street, Xizhimen, Haidian District, Beijing	100082
163	Bank of Tianjin, Beijing Hangtianqiao sub-branch	North side of 1-2, 1/F and 2-5010 & 2-5011, 5/F, No. 100, Xisanhuan North Road, Haidian District, Beijing	100037

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No.	Name of Branch	Address	Postcode
164	Bank of Tianjin, Beijing Fengtai sub-branch	Unit 01, F1 and F2, Commercial Building, No. 232 West Shiliuzhuang Street, Fengtai District, Beijing	100070
165	Bank of Tianjin, Beijing Fangshan sub-branch	101, 1/F & 201, 2/F, south side of Building 1 & 2, Zhengtongxili Community, Liangxiang Region, Fangshan District, Beijing	102488
166	Bank of Tianjin, Beijing Daxing sub-branch	North Side, 3-2, No. 32 & 2/F, 3-3, No. 32, Xingye Avenue (Section 3), Daxing District, Beijing	102699
167	Bank of Tianjin, Beijing Tongzhou sub-branch	East Side, 1/F, 8-1-3, No. 61 & North Side, 8-1-9, 2/F, No. 59, Xinhua West Road, Tongzhou District, Beijing	101199
168	Bank of Tianjin, Beijing Shunyi sub-branch	Unit 103 and Unit 203, F1 and F2, No. 1 Building, No.1 Court, Zhanqian Street, Shunyi District, Beijing	101300
169	Bank of Tianjin, Beijing Changping sub-branch	West side of 1/F and Northwest side of 2/F, Building 2, No. 12, Longshui Road, Changping District, Beijing	102200
170	Bank of Tianjin, Shijiazhuang branch	No. 49, Yuhua East Road, Qiaoxi District, Shijiazhuang, Hebei Province	050000
171	Bank of Tianjin, Shijiazhuang Zhongshan Road sub-branch	No. 151, Zhongshan West Road, Qiaoxi District, Shijiazhuang, Hebei Province	050000
172	Bank of Tianjin, Shijiazhuang High-tech District sub-branch	(Room number 1-105, 1-106, 1-107, 1-108, 1-112, 1-113, 1-114, 1-115), Ground floor commercial building, Building 1 Tian Shan Auspicious Lake, No.181 Kunlun Main Street, High-tech District, Shijiazhuang, Hebei Province	050000
173	Bank of Tianjin, Shijiazhuang Yuhua sub-branch	No. 2, 1st Floor, West side Commercial Building of Wuzhou Tiandi, 75-5 Tangu South Street, Yuhua District, Shijiazhuang, Hebei Province	050000
174	Bank of Tianjin, Baoding branch	No. 3108, Fuxing Middle Road, Baoding, Hebei Province	071000
175	Bank of Tianjin, Baoding Zhuozhou sub-branch	No. 293, Fanyang Middle Road, Zhuozhou, Hebei Province	072750
176	Bank of Tianjin, Tangshan branch	No. 603, Xiangyun Road, Lubei District, Tangshan, Hebei	063000
177	Bank of Tianjin, Tangshan Fenghuangxincheng sub-branch	No. 131 & 133, Xingyuan Road, Lubei District, Tangshan, Hebei	063000
178	Bank of Tianjin, Tangshan Fengnan sub-branch	No. 82, 84 & 86, Jiaoyu Street, Fengnan District, Tangshan, Hebei	063000

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No.	Name of Branch	Address	Postcode
179	Bank of Tianjin, Tangshan Caofeidian sub-branch	No. 198 & 200, Jianshe Avenue, Caofeidian District, Tangshan, Hebei	063299
180	Bank of Tianjin, Tangshan Laoting sub-branch	No. 8, Dazhao Road, Laoting County, Tangshan, Hebei	063000
181	Bank of Tianjin, Tangshan Qianan sub-branch	No. 689, Gangcheng Street, Qianan Town, Qianan, Hebei	064000
182	Bank of Tianjin, Tangshan Zunhua sub-branch	No. 1 & 2, Ground Floor, Kaiyuanjiezu, Wenbai Road, Zunhua, Hebei	064200
183	Bank of Tianjin, Shanghai branch	Baojing Business Building No.1859 Expo Avenue, Pudong District, Shanghai	200002
184	Bank of Tianjin, Shanghai Lujiazui sub-branch	Room 101, China Shipbuilding Tower, No. 1, Pudong Avenue, Pudong New Area, Shanghai	200120
185	Bank of Tianjin, Shanghai Fushan sub-branch	Room 1A, 1/F, No. 450, Fushan Road, Pudong New Area, Shanghai	200122
186	Bank of Tianjin, Shanghai Huangpu sub-branch	Room 1B, Hi-Tech King World West Building Area F, No. 666 Beijing East Road, Huangpu District, Shanghai	200001
187	Bank of Tianjin, Shanghai Xuhui sub-branch	1 & 3/F, No. 2119, Xietu Road, Xuhui District, Shanghai	200032
188	Bank of Tianjin, Shanghai Changning sub-branch	Room 101 & 1905, Orient Century Building, No. 345, Xianxia Road, Changning District, Shanghai	200336
189	Bank of Tianjin, Shanghai Jing'an sub-branch	Room A, 1-2/F, No. 1056, Changde Road, Jing'an District, Shanghai	200040
190	Bank of Tianjin, Shanghai Zhabei sub-branch	Unit 01, 1/F, Henghui International Building, No. 556, 558 & 560, Hengfeng Road and Unit 02, 5/F, Henghui International Building, No. 568, Hengfeng Road, Zhabei District, Shanghai	200072
191	Bank of Tianjin, Shanghai Putuo sub-branch	1 & 2/F, No. 108, Guangxin Road, Putuo District, Shanghai	200061
192	Bank of Tianjin, Shanghai Hongkou sub-branch	Room 101, No. 843, Room 102, No. 845-847 & Room 103-104, No. 851, Room 604-606, No. 1, Lane 839, Dalian Road, Hongkou District, Shanghai	200086
193	Bank of Tianjin, Shanghai Minhang sub-branch	1/F, No. 1058, Caobao Road, Minhang District, Shanghai	201101

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No.	Name of Branch	Address	Postcode
194	Bank of Tianjin, Jinan branch	1-109, Building 2 & 5, Area 1 Sanjianruifuyuan, No. 20999, Jingshi Road, Shizhong District, Jinan	250001
195	Bank of Tianjin, Jinan Shizhong sub-branch	3F, No. 2666, Shop B2-002, No. 2688, Erhuannan Road, Shizhong District, Jinan City	250022
196	Bank of Tianjin, Jinan Lixia sub-branch	1 & 2F, Northwest corner, Jinan Metro South Building, No. 5 Jie Fang Dong Road, Lixia District, Jinan City	250014
197	Bank of Tianjin, Jinan Quancheng sub-branch	Jiefangge Business Center, No. 187, Heihuquan North Road, Lixia District, Jinan	250001
198	Bank of Tianjin, Jinan Dianliu sub-branch	No. 5006-9, Erhuan East Road, Lixia District, Jinan City	250014
199	Bank of Tianjin, Jinan Licheng sub-branch	Building 27, No. 47, Huayuan Road, Licheng District, Jinan	250199
200	Bank of Tianjin, Jinan Dongcheng sub-branch	1 & 2/F, Auxiliary Building of Geological Technology Building, No. 521, Jingde Street, northwest corner of the intersection of Tangye Middle Road and Jingde Street, Licheng District, Jinan, Shandong	250109
201	Bank of Tianjin, Jinan Huaiyin sub-branch	Building 1 & 2, east side, Ground Floor, Shunchengyuan Community, No. 24916, Jingshi Road, Huaiyin District, Jinan	250022
202	Bank of Tianjin, Jinan Xicheng subbranch	Financial Service Hall, northeast corner, 1/F, Jinan Baoye Building, southwest corner of the intersection of Lashanhe West Road and Rizhao Road, Huaiyin District, Jinan, Shandong	250117
203	Bank of Tianjin, Jinan Tianqiao sub-branch	No. 965, 975 & 985, Minghu West Road, Jinan	250000
204	Bank of Tianjin, Jinan Binhe sub-branch	Room 101, 1201 Partial, 1202 & 1203, Block A, Binhe Business Center, No. 8888 Qinghe North Road, Tianqiao District, Jinan	250033
205	Bank of Tianjin, Jinan Zhangqiu sub-branch	Shop 104, Building 16, Qilujianqiao Community, No. 35, Mingshui Shuangshan Street, Zhangqiu District	250299
206	Bank of Tianjin, Dongying branch	No. 55 Fuqian Street, Dongying District, Dongying City, Shandong Province	257000
207	Bank of Tianjin, Dongying Xicheng sub-branch	Jindu Building, No. 680-1 Huanghe Road, Dongying District, Dongying City, Shandong Province	257061
208	Bank of Tianjin, Taian branch	No. 483, Dongyue Street, Taian, Shandong	271000

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No.	Name of Branch	Address	Postcode
209	Bank of Tianjin, Yantai branch	No. 16 Hengshan Road, Yantai Economic and Technological Development District, Yantai Development Zone, Yantai Area of Shandong Pilot Free Trade Zone, PRC	264006
210	Bank of Tianjin, Chengdu branch	No. 688, Tianfu Avenue Middle, Hi-tech District, Chengdu, Sichuan	610041
211	Bank of Tianjin, Chengdu Jingjiang sub-branch	No. 318 & 328, Tongying Street, Jinjiang District, Chengdu, Sichuan	610065
212	Bank of Tianjin, Chengdu Binjiang sub-branch	No. 10, Binjiang West Road, Jinjiang District, Chengdu, Sichuan Province	610021
213	Bank of Tianjin, Chengdu Qingyang sub-branch	No. 53 & Attachment No. 1-2, No. 53, Jinyang Road, Qingyang District, Chengdu, Sichuan	610072
214	Bank of Tianjin, Chengdu Jinniu sub-branch	Attachment No. 9-13 & Room 205-207, Building 8, No. 2, Chadianzi West Street, Jinniu District, Chengdu, Sichuan Province	610036
215	Bank of Tianjin, Chengdu Wuhou sub-branch	No. 1, 1/F, Building 1, No. 518, Lidu Road, Wuhou District, Chengdu, Sichuan	610047
216	Bank of Tianjin, Chengdu Chenghua sub-branch	No. 69, 71, 73, 75; No. 204 of Building 1, No. 67, Fuqing Road (Section 2), Chenghua District, Chengdu, Sichuan	610057
217	Bank of Tianjin, Chengdu Pidu sub-branch	No. 1 of 1/F, No. 1 of 2/F, Building 1, No.88, Chuangzhi Nanyi Road, Pidu District, Chengdu, Sichuan Province	611730
218	Bank of Tianjin, Luzhou branch	No. 189, Chunjingxia Road, Jiangyang District, Luzhou, Sichuan Province	646000



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