

2016

ANNUAL REPORT
BANK OF JIANGSU CO., LTD.

STOCK CODE : 600919







Definitions

In the report, the following words and expressions bear the following meanings, unless otherwise stipulated:

Definitions of commonly-used words and expressions		
The bank, company, the company	Refer to	Bank of Jiangsu Co., Ltd.
Group, the group	Refer to	Bank of Jiangsu Co., Ltd. and subsidiaries
PBC, Central Bank	Refer to	The People's Bank of China
CBRC, China Banking Regulatory Commission	Refer to	China Banking Regulatory Commission
CBRC, Jiangsu Bureau	Refer to	China Banking Regulatory Commission, Jiangsu Bureau
CSRC	Refer to	China Securities Regulatory Commission
CSRC, Jiangsu Bureau	Refer to	China Securities Regulatory Commission, Jiangsu Office
Shanghai Stock Exchange, the Exchange	Refer to	Shanghai Stock Exchange
Suyin Financial Leasing	Refer to	Suyin Financial Leasing Co., Ltd.
Baode County Bank	Refer to	Baode County Bank of Jiangsu Danyang Co., Ltd.
Jiangsu Trust	Refer to	Jiangsu International Trust Corporation Limited
Phoenix Group	Refer to	Jiangsu Phoenix Publishing & Media Group Co., Ltd.
Huatai Securities	Refer to	Huatai Securities Co., Ltd.
BOCI Securities	Refer to	BOC International (China) Limited
Huatai United Securities	Refer to	Huatai United Securities Co., Ltd.
KPMG	Refer to	KPMG (Special General Partnership)
Yuan	Refer to	RMB Yuan

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Address of Board Chairman

Bank of Jiangsu became a public company since finished IPO and listed in the Shanghai Stock Exchange on August 2, 2016, which represents a new milestone in its history. Its IPO not only means raising capital and building a long-term mechanism of capital management, but also means achieving big progress in corporate governance. During the IPO process, all Board members fulfill their duties, promotes the corporate governance to its perfection, leads the direction of long-term development, makes scientific and high-efficiency decisions, and promotes implementation of most important work tasks.

Aiming to be an outstanding listed bank, Bank of Jiangsu has maintained its strategic focus, by implementing of five-year strategic development plan, insisting on the strategic transformation policy of “characteristic development, endogenous growth and innovation driving”, taking the path

of “characterization, intelligence, integration and internationalization”, and has gradually built the business structure of ‘2 cores and 3 poles’, i.e., ‘value driving core by the total assets operation, technology driving core by application of Internet & Big Data’ and ‘3 major business poles composed of corporate, retail and interbank business’, and are striving to improve market competitive power and brand influence.

An outstanding listed bank shall have competitive power of value creation. The bank had passed the test of major impact & changes of banking industry in 2016. By optimizing business structure, innovating business mode, perfecting customer service and strengthening management, the bank realized steady growth and development, major indicators, including asset, operating income and net profit, are growing quickly. In the meantime, asset quality maintained stable and

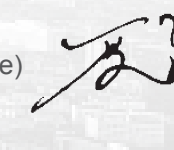
risk management are effective by a new-type risk control system merging traditional measures and big data measures.

Within the report period, the company has gained further recognition from the society. The bank was awarded as ‘Excellent Enterprise in Jiangsu Province’ by the Government of Jiangsu Province and won the honors and titles of ‘Pioneer Unit of SME financial services in banking industry’ by China Banking Regulatory Commission, ‘Best trade companies partner bank’ by China Banking Association and ‘Best small and medium-sized banks of China in the year’ by the Financial Times. Herewith I’d like to express my sincere thanks to the care and support by our customers, staffs, shareholders, regulators and other government departments, other sectors of society as all!

In 2017, the 19th National Congress of CPC will

be held in 2017, structural reform of supply front will be deepened, and the arrangement of the 13th Jiangsu Provincial Congress of CPC will be in full application. 2017 is very important year for Bank of Jiangsu to implement the five-year strategic development plan. We will insist on the keynote of making progress while ensure stability, serving structural reform of supply front, serving the real entity economy, deepening innovation driving, improving value creation, keeping bottom line of risk, strengthening internal management, enhancing core competence, and to build an outstanding listed bank and return shareholders and all other sectors of society with excellent performance.

Chairman of Bank of Jiangsu Co., Ltd.: XIA Ping (signature)
March 17, 2017





Address of the President

Facing complicated and volatile economic environment both at home and abroad in 2016, Bank of Jiangsu has been making big progress by deepening business structure of “two cores and three poles”, promoting strategy transformation, speeding up innovation, enlarging business scale, adjusting structure, managing risk and enhancing management. And the bank has maintained steady and good development, it has completed all tasks assigned by the Board of Directors.

I. Steady development. As of the end of 2016, the group reached total assets of RMB1.60 trillion, increasing by 23.87%; outstanding of deposits recorded RMB907,412 million, increasing by 16.87%; loan balance recorded RMB649,380 million, increasing by 15.59%. Business structure was optimized, ratios of current deposits in all deposits and in corporate deposits improved by 5.34% and 5.30% respectively; real-entity loan increased by RMB90,426 million, increasing by RMB43,115 million on year-on-year basis; small loan continuously maintained ‘not lower than in three aspects’, balances of green finance, science and technology finance and consumer finance respectively increased by 92%, 34% and 59%; numbers of public credit conferring customers and listed companies increased by 21% and

50% each, growth rate of numbers of wealth management customers and private banking customers exceeded 50%. In 2016, the bank realized operating income of RMB31,359 million, increasing by 11.81% on year-on-year basis; had net profit after tax of RMB10,637 million, increasing by 11.91% on year-on-year basis; had non-interest income increased by 50.01% on year-on-year basis, accounting for 19.50%.

II. Innovation driving. The bank improved traditional business by using internet big data, loan balance of online ‘e finance’ series of products had the momentum of rapid growth, and online platform gradually became a new channel for gaining customers. ‘Tax e finance’ was RMB2,004 million, number of external customers was 88,000 and the bank had start ‘Tax e finance’ business in 4 provinces and regions where the bank did not have branches yet. The number of customers of direct banking exceeded 3 million and asset size exceeded RMB20 billion. Emerging business had obvious progress, investment bank and asset management business reached income of RMB3.67 billion, increasing by 92%, asset securitization accumulatively enjoyed issuance amount of RMB29.9 billion, merger and acquisition business accumulatively enjoyed

input of RMB10.2 billion and “investment finance loan” business enjoyed input amount of RMB162 million. International settlement amount exceeded USD100 billion, continuously coming out top among city commercial banks of China, Shanghai Free Trade Zone enjoyed business asset of over RMB10 billion and operating income of over RMB100 million.

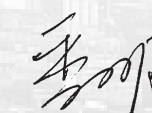
III. Risk Management. The bank strengthened forward looking in respect of risk prevention, formulated credit conferring policy of the industry and made great efforts to risk prevention of key fields; optimized risk management system and promoted total risk management; organized checking centering on key links and enhanced the accuracy of risk checking; built core risk management and control technology, perfected “Rong Chuang Think Tank” big data risk control platform and strengthened application of “Yueguang Baohe” big data risk control product; carried out confirmation of responsibility of credit conferring, strictly fulfilled responsibility and seriously dealt with accountability treatment. The company enjoyed non-performing loan ratio of 1.43% at the end of 2016, being flat with that at the beginning of 2016.

IV. Internal Management. The bank has promoted internal management, by building “two motors” composed of head & branch office and sub-branches & outlets, perfecting organizational structure and cultivating competitive capacity in segmentation fields; promoting branch transformation and preliminarily building a branch system with “three in one” composed of all-function type, retail type and characteristic type; strictly observed supervision base line, emphasizing capital constraint and strengthening refined management; enhancing IT research and development, strengthening IT supporting capacity and gradually transformed to IT leading; carrying out “13th Five-year” talents planning and three-year training plan to further tamp foundation for professional talents..

External and internal environment is becoming more and more complex, regulations will be more severe and stricter in 2017. Under guidance of Board, the management will carefully follow national laws and guidelines, focus the opportunity by structural reform of supply front, insist on steady operation, deepen innovation driving, strengthen value creation, comprehensively improve development quality and efficiency and continuously build an outstanding listed bank.

President of Bank of Jiangsu Co., Ltd.: JI Ming (signature)

March 17, 2017



Important Notice

- I. The Board of Directors, Board of Supervisors as well as all directors, supervisors and senior management of the company ensure authenticity, accuracy and completeness of contents of this annual report, and warrant that there are no false representations, misleading statements or major omission, and individually and jointly take legal responsibility.
- II. The 32nd meeting of the 3rd Board of Directors was held on March 17, 2017, at which the annual report was examined and approved.

Directors not attend the meeting personally			
Title	Name	Reason for not attending	Entrusted person
Independent director	YU Chen	Official duty	YANG Tingdong
Director	TANG Jingsong	Official duty	SHEN Bin
Director	DU Wenyi	Official duty	JIANG Jian

- III. KPMG (Special General Partnership) issued a standard and unqualified opinion audit report for the company.
- IV. XIA Ping, legal representative and chairman, JI Ming, person in charge of accountancy and president, and LUO Feng, person in charge of accounting department (accounting administrator), state: warranting authenticity, accuracy and completeness of financial report contained in the annual report.

V. Scheme of profit distribution

The Board of Directors of the company suggested annual dividends of 2016: cash dividend of RMB1.78 (tax-inclusive) per 10 shares, distributing to all registered shareholders on equity rights registration date, on the basis of total 11,544.45 million shares, total cash dividends will be RMB2,054.91 million.

This scheme is waiting to be approved by shareholders' meeting.

VI. Caution

The forward-looking statements, such as future plan and development strategy, involved in the report do not constitute material commitments made by the company to investors. Investors shall pay attention to investment risk.

VII. Did majority shareholders and related parties occupied non-operation capital of the company? No.

VIII. Did the company provide external guarantee without formal procedure? No.

IX. Major risk(s)

The company did not have foreseeable major risk(s). Risks that the company faced with in the operation mainly included credit risk, market risk, liquidity risk and operational risk. The company had taken various measures to effectively manage and control various business risks. Specific information is shown in "IV - (IV) Possible risks" of Section IV Detail Discussion and Analysis.

X. Others

Accounting data and financial data mentioned in the report refer to consolidated data, unless otherwise explained. The report is done in Chinese and English respectively, Chinese version shall be prevailing in case of different meanings caused by Chinese and English expressions.



Company Information and Major Financial Data

I. Company information

Chinese name: 江苏银行股份有限公司

Abbreviation of Chinese name: 江苏银行

Foreign name: Bank of Jiangsu Co., Ltd.

Abbreviation of foreign name: Bank of Jiangsu

Legal representative: XIA Ping

II. Contact person and contact information

Secretary of the Board: WU Dianjun

Representative of securities business: YANG Yi

Contact address: No. 26, Zhonghua Road, Nanjing City, Jiangsu Province, China

Telephone: (86) 25-52890919

Fax: (86) 25-58588273

E-mail: dshbgs@jsbchina.cn

III. Introduction of basic information

Registered address : No. 26, Zhonghua Road, Nanjing City

Post code of registered address : 210001

Office address : No. 26, Zhonghua Road, Nanjing City

Post code of office address : 210001

Website address : <http://www.jsbchina.cn>

E-mail: dshbgs@jsbchina.cn

Uniform social credit code: 91320000796544598E

IV. Information disclosure media

Disclosure media: China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily

Website: Website of Shanghai Stock Exchange (www.sse.com.cn)

Website of the company (www.jsbchina.cn)

Location: Board Office of the company



V. Brief introduction of corporate stock

Brief introduction of corporate stock			
Type of stock	Listing exchange of stock	Stock abbreviation	Stock code
A share	Shanghai Stock Exchange	Bank of Jiangsu	600919

VI. Other related information

Accounting firm	Name	KPMG (Special General Partnership)
	Address	Floor 8, KPMG Tower, Oriental Plaza, No. 1, East Chang'an Street, Beijing
	Signatory accountant	SHI Haiyun, WANG Yang
Sponsor	Name	BOCI Securities Co., Ltd.
	Address	Floor 39, No. 200, Yincheng Middle Road, Pudong New District, Shanghai
	Sponsor representative	LIU Guoqiang, CHEN Wei
	Continuous sponsor guidance period	August 2, 2016 to December 31, 2018

Note: On January 20th 2017, the company disclosed: the duty of continuous sponsor guidance was jointly undertaken by BOCI Securities Co., Ltd. and Huatai United Securities Co., Ltd., BOCI Securities still assigned LIU Guoqiang and CHEN Wei as sponsor representatives and Huatai United assigned CHEN Shi and SUN Zexia as sponsor representatives.

VII. Major accounting data and financial indicators in last three years

(I) Major accounting data

Unit: RMB1,000 Currency: RMB				
Major accounting data	Year 2016	Year 2015	Increase/ decrease compared between the period and the same period of last year (%)	Year 2014
Operating income	31,359,045	28,047, 070	11.81	25,325,842
Net profit belonging to shareholders of listed company	10,610,579	9,497,433	11.72	8,684,947
Net profit belonging to shareholders of listed company with deduction of non-recurring profit and loss	10,572,305	9,475,907	11.57	8,664,752
Net amount of cash flow generated by business activities	82,617,306	148, 568,272	-44.39	175,461,820

	End of year 2016	End of year 2015	Increase/ decrease compared between the end of the period and the end of the same period of last year (%)	End of year 2014
Net asset belonging to shareholders of listed company	82,665,060	65,155,806	26.87	55,935,208
Total assets	1,598,292, 446	1,290,333, 336	23.87	1,038,309,050

(II) Major financial indicators

Major financial indicators	Year 2016	Year 2015	Increase/ decrease compared between the period and the same period of last year (%)	Year 2014
Basic earnings per share (Yuan/ share)	0.98	0.91	7.69	0.84
Diluted earnings per share (Yuan/ share)	0.98	0.91	7.69	0.84
Basic earnings per share with deduction of non-recurring profit and loss (Yuan/ share)	0.97	0.91	6.59	0.83
Net asset per share belonging to shareholders of listed company (Yuan/ share)	7.16	6.27	14.19	5.38
Net amount of cash flow generated by business activities per share (Yuan/ share)	7.60	14.30	-46.85	16.89
Weighted average return on equity (%)	14.47%	15.72%	Decreased by 1.25%	16.76%
Weighted average return on equity with deduction of non-recurring profit and loss (%)	14.42%	15.69%	Decreased by 1.27%	16.71%
Return on total assets (%)	0.74	0.82	Decreased by 0.08%	0.97

VIII. Major financial data of several quarters of 2016

Item	Unit: RMB1,000 Currency: RMB			
	The 1 st quarter (January - March)	The 2 nd quarter (April - June)	The 3 rd quarter (July - September)	The 4 th quarter (October - December)
Operating income	8,041,590	8,126,928	7,618,332	7,572,195
Net profit belonging to shareholders of listed company	2,687,348	2,922,186	2,670,139	2,330,906
Net profit belonging to shareholders of listed company with deduction of non-recurring profit and loss	2,667,026	2,966,644	2,630,538	2,308,097
Net amount of cash flow generated by business activities	30,758,114	8,387,249	29,959,055	13,512,888

IX. Non-recurring profit and loss items and amounts

Item	Unit: RMB1,000 Currency: RMB		
	Year 2016	Year 2015	Year 2014
Total amount of non-recurring profit and loss items	55,194	37,176	39,042
-Profit and loss from disposal of non-current assets	96,861	33,490	22,567
-Sporadic tax returns and reduction	820	8,318	12,461
-Governmental subsidy	29,767	18,668	13,431
-Other profit and loss items according with definition of non-recurring profit and loss	-72,254	-23,300	-9,417
Amount of income tax affected	-16,902	-11,096	-13,662
Total	38,292	26,080	25,380
In which: Non-recurring profit and loss affecting net profit of shareholders of the bank	38,274	21,526	20,195
Non-recurring profit and loss affecting net profit of minority shareholders	18	4,554	5,185

X. Others

(I) Information of composition of capital

Item	Unit: RMB1,000 Currency: RMB	
	Group	The bank
1. Net amount of total capital	106,680,869	102,916,686
1.1 Core tier one capital	83,565,872	82,470,448
1.2 Deduction amount of core tier one capital	43,526	2,076,031
1.3 Net amount of core tier one capital	83,522,346	80,394,417
1.4 Other tier one capital	78,440	0
1.5 Deduction amount of other tier one capital	0	0
1.6 Net amount of tier one capital	83,600,786	80,394,417
1.7 Tier two capital	23,080,083	22,522,269
1.8 Deduction amount of tier two capital	0	0
2. Credit risk-weighted assets	870,852,003	844,679,978
3. Market risk-weighted assets	3,565,931	3,565,931
4. Operational risk-weighted assets	52,775,328	52,075,560
5. Total risk-weighted assets	927,193,262	900,321,469
6. Core tier one capital adequacy ratio (%)	9.01	8.93
7. Tier one capital adequacy ratio (%)	9.02	8.93
8. Capital adequacy ratio (%)	11.51	11.43

(II) Lever ratio

Item	Unit: %	
	December 31, 2016	December 31, 2015
Group	4.68	4.44
The bank	4.56	4.37

(III) Liquidity coverage ratio

Item	Unit: RMB1,000 Currency: RMB	
	December 31, 2016	
Group	Liquidity coverage ratio	119.86%
	Qualified and high-quality current assets	150,142,227
	Ending value of net cash outflow amount in future 30 days	125,266,923
The bank	Liquidity coverage ratio	119.56%
	Qualified and high-quality current assets	150,088,132
	Ending value of net cash outflow amount in future 30 days	125,531,638

(IV) Average rate of return of interest-bearing assets and average interest-payment rate of interest-bearing liabilities

Item	Unit: RMB1,000 Currency: RMB		
	Year 2016		
	Average balance	Interest income/ expenditure	Average interest rate (%)
Assets			
Issue of loans and advance	603,154,380	29,711,626	4.93
Investment ¹	616,842,781	23,925,025	3.88
Deposit of funds of Central Bank	123,790,600	1,891,819	1.53
Other interest-bearing assets ²	144,283,225	4,446,751	3.08
In which: deposit and loans to banks ³	104,400,261	2,829,390	2.71
Redemptory financial capital for sale	21,210,145	541,967	2.56
Total interest-bearing assets	1,488,070,986	59,975,221	4.03
Other assets	25,249,222	-	-
Total assets	1,513,320,208	-	-
Liabilities			
Deposit taking	887,034,260	17,111,032	1.93
Issued debt securities	86,284,476	3,254,440	3.77
Borrowings from Central Bank	16,429,481	497,115	3.03
Other interest-bearing liabilities ⁴	417,130,124	13,867,546	3.32
In which: deposit from interbank ⁵	353,629,303	12,027,401	3.40
Financial assets sold for repurchase	60,957,902	1,540,958	2.53
Total interest-bearing liabilities	1,406,878,341	34,730,133	2.47
Other liabilities	52,708,567	-	-
Total liabilities	1,459,586,908	-	-
Net interest income	-	25,245,088	-
Net interest spread	-	-	1.56
Net interest margin	-	-	1.70

Note: 1. Investment includes financial assets, available-for-sale financial assets, held-to-maturity investment and investment in account receivable measured as per fair value and recorded into current profit and loss;

2. Other interest-bearing assets include deposit of interbank funds, lending funds and redemptory financial capital for sale;

3. Deposit of call loans to banks includes deposit of interbank funds and lending funds;

4. Other interest-bearing liabilities include funds deposited by interbank and other financial institutions, lending funds and financial assets sold for repurchase;

5. Deposit from interbank includes funds deposited by interbank and other financial institutions and lending funds.

(V) Changes of information of shareholders' equity

Item	Unit: RMB1,000 Currency: RMB		
	Opening balance	Increase/ decrease of the period	Ending amount
Capital stock	10,390,000	1,154,450	11,544,450
Capital reserve	10,097,373	5,977,905	16,075,278
Other comprehensive income	597,276	-233,680	363,596
Surplus public accumulation	9,104,575	1,993,306	11,097,881
General risk preparation	15,715,462	4,989,813	20,705,275
Undistributed profit	19,251,120	3,627,460	22,878,580
Minority shareholders' equity	378,757	1,163,149	1,541,906
Total shareholders' equity	65,534,563	18,672,403	84,206,966



Summary of Business

I. Description of main business and business model of the company and industry situation within the report period

(I) Company profile

The bank is a joint-stock company on the basis of merger and reorganization of ten city commercial banks, including original Wuxi Commercial Bank, Suzhou Commercial Bank, Nantong Commercial Bank, Changzhou Commercial Bank, Huai'an Commercial Bank, Xuzhou Commercial Bank, Zhenjiang Commercial Bank, Yangzhou Commercial Bank, Yancheng Commercial Bank and Lianyungang Commercial Bank with approval by the Reply to Propagation of Bank of Jiangsu Co., Ltd. (Y.J.F. [2006] No. 379) of China Banking Regulatory Commission and the Reply to Opening of Bank of Jiangsu Co., Ltd. (S.Y.F. [2006] No. 423) of China Banking Regulatory Commission, Jiangsu Bureau. China Banking Regulatory Commission, Jiangsu Bureau approved and issued the Financial Permit (organization code: D10123010H0001) to the bank on January 9, 2007. China Banking Regulatory Commission, Jiangsu Bureau renewed the Financial Permit (organization code: B0243H232010001) to the bank on May 24, 2007. Jiangsu Administration for Industry & Commerce approved and issued the Business Licenses for Enterprise's Legal Person (registration No.: 320000000022189) to the bank on January 22, 2007, and the registered capital stated on which was RMB7,850,000,000. The bank directionally issued additional 550,000,000 shares to Shagang Group, Suning Appliance and Sanpower Group in 2009, with the completion of additional issue, the registered capital increased to RMB8,400,000,000 from RMB7,850,000,000. The bank directionally issued additional 700,000,000 shares to 11 companies, including Huatai Securities and Phoenix Group, in 2010, with the completion of additional issue, the registered capital increased from RMB8,400,000,000 to RMB9,100,000,000. The bank directionally issued additional 1,290,000,000 shares to 17 companies, including Phoenix Group, Jiangsu Traffic Holdings and Jiangsu Expressway, in 2013, with the completion of additional issue, the registered capital increased from RMB9,100,000,000 to RMB10,390,000,000. The bank firstly made the initial public offerings of 1,154,450,000 RMB ordinary shares via Shanghai Stock Exchange in August 2016, with the completion of initial public offerings, the registered capital was changed to RMB11,544,450,000 from RMB10,390,000,000.

(II) Scope of business

With approval of China Banking Regulatory Commission and examined and approved by the company registration authority, the bank enjoys the scope of business of: taking public deposit; issuing short-term, medium-term and long-term loans; handling domestic settlement; handling bills acceptance and discount; issuing financial bond; issuing, cashing and underwriting government bonds as an agent, underwriting short-term financing bonds; buying and selling government bonds, financial bonds, enterprise bonds; handling inter-bank borrowing; providing service and guarantee for letter of credit; handling collection, payment and insurance service as an agent, dealing with wealth management for the customers, fund sales as an agent, precious metal sales as an agent, handling receipt and payment and taking care of assembled funds trust plan

as an agent; providing safe deposit box service; handling entrusted deposit and loan service; engaging in bank card business; undertaking foreign exchange deposit; foreign exchange loans; foreign exchange remittance; foreign currency exchange; foreign exchange settlement and foreign exchange future settlement as an agent; handling international settlement; undertaking self-operation of and agency for foreign exchange trading; handling inter-banking foreign exchange lending; trading and acting trading foreign currency securities other than stocks; undertaking credit investigation, consulting, witness services; providing online banking; handling other businesses approved by China's banking regulator and related departments.

(III) Information of awards obtained in 2016

Name of award	Time	Institution deciding on award
Excellent Enterprise in Jiangsu Province	April 2016	Jiangsu Provincial Party Committee, People's Government of Jiangsu Province
Most Competitiveness Small and Medium-size Bank in 2015	February 2016	Financial News
Most Social Responsibility Financial Institution in 2015	June 2016	China Banking Association
Financial Technology Innovation Bank in 2016	November 2016	China Times
Most Valuable Small and Medium-size Bank in 2016	October 2016	21 st Century Business Herald
Top 10 Competitiveness City Commercial Banks in 2016	October 2016	21 st Century Business Herald
Top 10 Outstanding Competitiveness City Commercial Banks in 2016	October 2016	China Business
Annual City Commercial Bank Prize in CFV in 2016	November 2016	China Business Network
Joint-stock Commercial Bank Having the Most Brand Value in 2015	May 2016	PhoenixNet
Optimal City Commercial Bank in Chinese Zone	April 2016	Securities Times
Annual Top 10 Small and Medium-sized Banks in Financial Service	December 2016	Financial News
Best Development Prize and Trading Prize for Syndicated Loan	Year 2016	China Banking Association
Best Performance Prize for Syndicated Loan Business	Year 2016	Jiangsu Banking Association
Excellent Member and Excellent Dealer in Chinese Bond Market in 2015	January 2016	China Securities Depository & Clearing Corporation Limited
Prize for the Most Market Influence in Domestic Currency Market in 2015	March 2016	National Interbank Funding Center
Best Foreign Currency Interbank Lending Member Prize in Interbank Foreign Exchange Market in 2015	March 2016	National Interbank Funding Center
Best Market Institution Prize in Interbank Domestic Currency Market in 2015	March 2016	National Interbank Funding Center
Best City Commercial Bank Prize in Interbank Domestic Currency Market in 2015	March 2016	China Foreign Exchange Trade System & National Interbank Funding Center
"Tax e finance" Consumption Loan – Best People-benefit and Innovation Product in 2016	December 2016	Jiangsu Business News

(IV) Industry situation

China banking industry system realized fine opening of the "13th Five-year Plan" in 2016, supporting comprehensive promotion of "three removals, one deduction and one supplement", comprehensively carrying out inclusive finance and further improving serving real economy capability. The establishment of private-owned banks and consumer finance companies realized normalization, investment-loan linkage pilot was promoted successfully, marketized debt-to-equity swap started formally, joint-stock system reform of financial assets management companies was comprehensively implemented and financial management and trust registration system were continuously perfected. Credit risk management and control of key fields were enhanced and base line of nonoccurrence of systematic risk was kept. According to statistics of China Banking Regulatory Commission, as of the end of 2016, banking financial institutions enjoyed asset balance of RMB232.25 trillion, enjoying a year-on-year increase of 16.5%; net profit recorded RMB1.65 trillion, enjoying a year-on-year increase of 3.54%; as of the end of December, banking industry enjoyed non-performing loan ratio of 1.74%, return of equity of 13.38% and capital adequacy ratio of 13.28%. Specific information of total assets, total liabilities and owners' equity at the end of 2014, 2015 and 2016 is as follows:

Unit: RMB1 trillion			
	December 31, 2016	December 31, 2015	December 31, 2014
Total assets	232.25	199.35	172.34
Total liabilities	214.82	184.14	160.02
Owners' equity	17.43	15.21	12.32

Data sources: website of China Banking Regulatory Commission

Large banks still occupied leading role among banking financial institutions in terms of scale. Information of total asset size of various banking financial institutions from 2014 is as follows:

Unit: RMB1 trillion			
	December 31, 2016	December 31, 2015	December 31, 2014
Large-scale commercial banks ^{note 1}	86.60	78.16	71.01
Joint-stock commercial banks ^{note 2}	43.47	36.99	31.38
City commercial banks	28.24	22.68	18.08
Other banking financial institutions ^{note 3}	73.94	61.51	51.87
Total of banking financial institutions	232.25	199.35	172.34

Data sources: website of China Banking Regulatory Commission

Note 1: Large-scale commercial banks include Bank of China, Agricultural Bank of China, Industrial and Commercial Bank of China, China Construction Bank and Bank of Communications, 5 banks in total.

Note 2: Joint-stock commercial banks include Shanghai Pudong Development Bank, China CITIC Bank, China Everbright Bank, Hua Xia Bank, China Guangfa Bank, Ping An Bank, China Merchants Bank, Industrial Bank, China Minsheng Banking, Hengfeng Bank, China Zheshang Bank and China Bohai Bank, 12 banks in total.

Note 3: Other banking financial institutions: policy banks, postal savings banks, rural commercial banks, rural cooperative banks, urban credit cooperatives, rural credit cooperatives, foreign banks and non-banking financial instructions (including non-bank

financial institutions governed by China Banking Regulatory Commission, such as financial assets management companies, finance companies of enterprise groups, consumer finance companies, trust companies, financial leasing companies, money broking companies, auto financing companies, rural banks, finance companies and rural fund cooperative societies).

As of the end of 2016, total assets, total liabilities and owners' equity of city commercial banks respectively reached RMB28.24 trillion, RMB26.40 trillion and RMB1.84 trillion. From the end of 2014 to the end of 2016, ratio of city commercial banks in banking financial institutions increased gradually. Specific information is as follows:

	December 31, 2016	December 31, 2015	December 31, 2014
Ratio of total assets in banking financial institutions	12.16%	11.38%	10.49%
Ratio of total liabilities in banking financial institutions	12.29%	11.48%	10.52%
Ratio of owners' equity in banking financial institutions	10.52%	10.18%	10.12%

Data sources: website of China Banking Regulatory Commission

II. Analysis on core competitiveness within the report period

(I) Located at one of areas possessing the most active economy and richest financial resources of China

The company mainly carries out businesses in Jiangsu Province at present. Jiangsu Province, located in the Yangtze River Delta, possesses the most active economy, always comes out top in China in terms of comprehensive economic strength. In 2016, Jiangsu Province realized GDP value of RMB7,608.62 billion, increasing by 7.8% compared with that of last year; accumulatively completed general public financial budget income reached RMB812,123 million, increasing by 5% on the basis of the same caliber; urban per capita disposable income throughout the year reached RMB40,152, increasing by 8.0%; per capita disposable income of rural residents reached RMB17,606, increasing by 8.3%. In accordance with statistics of the People's Bank of China, financial institutions in Jiangsu Province enjoyed RMB balance of deposits of RMB12,110,658 million and RMB loan balance of RMB9,110,760 million in 2016. Jiangsu Province comes out top in China in terms of abundance of financial resources.

The bank arranged the main business network in the Yangtze River Delta, including Jiangsu, Shanghai and Zhejiang Province, 15 cities in total, and regional area reached 210,700km². The area, enjoying advantageous location conditions, good natural endowments, solid economic base and complete urban system, had become one of areas having best development base, optimal institutional environment and strongest whole competitiveness in China.

(II) Huge development potential

The company, set up on the basis of merger and reorganization of original 10 city commercial banks, including Wuxi Commercial Bank, Suzhou Commercial Bank and Nantong Commercial City, mainly carried out businesses in areas of ten cities at the beginning of the establishment. From the date of establishment, the bank insisted on "having development in Jiangsu, keeping a foothold in the Yangtze River Delta and influencing the whole county", continuously optimized network layout and paid equal attention to counties outside and inside of Jiangsu Province. The bank realized full coverage of branches in counties within the province and set up branches in villages; number of branches set up in Wuxi, Huai'an and Lianyungang was close to that of four large-scale commercial banks, including Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China and China Construction Bank. The bank steadily promoted cross-region development strategy, setting up braches in Shanghai, Shenzhen, Beijing and Hangzhou and making a layout in three economic zones, i.e., Yangtze River Delta, Pearl River Delta and Circum-Bohai-Sea. The bank will have continuously expanded market space and huge future development potential together with development of internet finance, opening of new businesses and acceleration of comprehensive operation.

(III) Specialized small enterprise business

The company always insisted on the policy of "serving middle and small-sized enterprises, serving local economy and serving urban residents", thoroughly carried out various credit policies related to small and micro enterprises made by supervision department, continuously promoted innovation of products and operation and management mode and spared no effort to support growth and development of small enterprises on the basis of guidance of scientific development, direction of differentiated services and core competitiveness formed by financial business of small enterprises. The bank had set up specialized organizations for small enterprises in all branches in Jiangsu Province. The bank provided more convenient, faster and more flexible intelligent financial services for small enterprises by centering on characteristics of demands of small enterprises of "small amount, frequent demand, short term and requirement on speed" and combining characteristics of financial services provided for small enterprises. At present, "Rong Zhi Da" brand enjoys four financial service programs, devoting to providing financial services at the core of financial service and including payment settlement, account system, wealth management and appreciation, electronic banking and consulting covered "all directions, all procedures, all online and full coverage" on the basis of basic service concept of assisting small and micro enterprises and benefiting people's livelihood, and innovation development direction of "internet + finance" as well as over 20 small enterprise financial products researched and developed based on innovation.

The company vigorously provided financial services for scientific and technological enterprises, actively communicated with competent science and technology departments, promoted integration of governmental resources, financial capital and scientific and technological enterprises, supported local industrial restructuring and assisted the development of scientific and technological enterprises. The bank, together with Department of Science and Technology of Jiangsu Province, undertook specialized loan project of "Jiangsu loan for science and technology" in Jiangsu Province. By virtue of operation mode with "specialization in six aspects",

i.e., “special scale, full-time team, exclusive products, professional procedure, specialized risk control and proprietary assessment”, the bank realized full coverage of scientific and technological financial service centers and scientific and technological sub-branches and built specialized operation system of scientific and technological finance.

(IV) Reasonable and effective comprehensive risk management system

In a bid to cope with risks, challenges and pressures brought by changes of operation environment, the company continuously deepened and carried out risk management system reform, speeded up the building of risk management system and built centralized and matrix risk management organizational structure; integrated risk management function, built annual credit conferring and risk limit system and formulated and carried out nine risk management policies; built the system in which full-time personnel examined and approved credit conferring business and major person in charge was responsible for credit conferring business; enhanced overall linkage and checks and balances of front desk, middle ground and back stage, strengthened risk strip line management, built report and evaluation mechanism of total risk management of branches and carried out “two-line” management of risk supervision; perfected credit policy and related supporting mechanism, formulated the long effective management plan on internal control, deepened specialized credit examination and approval system reform and perfected centralized operation and management system of non-performing assets.

(V) Excellent brand image

Good financial brand is an important intangible asset of a bank. Original 10 city commercial banks kept a foothold in and served local places, and built good brand image. In recent years, the company spared no effect to build the brand image of “making finance benefiting us and letting finance unlimited” and shape differentiated brand value under the leadership of development vision of “building a characteristic, intelligent, comprehensive and international first-rate commercial bank”. The bank launched business service brands, such as “Rong Xiang +” personal finance, “Rong Zhi Sheng” corporate finance, “Rong Zhi Da” small enterprise finance and “Rong Zhi Hui” international finance, and a series of internet financial product brands, including “Shui e finance”, “Hui e finance”, “Xiang e finance” and “Jin e finance”; and positively built “Rong Lian Chuang” interbank financial cooperation platform and “Rong Chuang Zhi Ku” big data service brand. The bank won many honorary titles in 2016, including “Excellent Enterprise in Jiangsu Province” granted by Jiangsu Provincial Party Committee and the People’s Government of Jiangsu Province, “Advanced Unit in Providing Financial Services for Small and Micro Enterprises in Banking Financial Institutions” granted by China Banking Regulatory Commission and “Small and Medium-size Bank Having the Most Competitiveness” granted by Financial News. The bank took the 126th place in terms of tier one capital in top 1000 banks on a global scale in 2016 according to English The Banker, becoming one of Chinese banks having the fastest speed in ranking promotion. The bank was rated as the best city commercial bank in China by American Global Finance.

(VI) Stronger business innovation ability

Facing with complicated market competition and continuously accelerated financial reform step, the company seized development tendency, centered on customer demands, applied internet thinking, improved customer experience and positively built intelligent financial service image. While completing innovation of traditional business services well, the bank positively built characteristic businesses and series of products, such as internet finance, consumer finance, small and micro finance, scientific and technological finance and green finance, actively promoted online and offline integration, realized Omni-channel financial services and sought breakthroughs in internet finance and mobile finance by having the target of “single access and full process service” in online service.



Bank of Jiangsu cross-border E-commerce service platform Cross-border E-commerce is customer tailored, one-stop, all round online foreign exchange settlement, transaction and financing international trading service solution for cross-border E-commerce clients and platforms, fulfilling the client's needs of swift and convenient online operation, effectively improving the efficiency of fund utilization.

Detail Discussion and Analysis

I. Summary

In the face of complicated and fluctuating macro-economic situation, the company comprehensively deepened the business structure of “two cores and three poles”, continuously promoted strategy transformation, speeded up innovation and breakthrough, successfully was listed and maintained steady and good development trend in 2016.

Within the report period, the group realized operating income of RMB31,359 million, increasing by RMB3,312 million and 11.81% compared with that of 2015; total profits of RMB13,524 million, increasing by RMB1,442 million and 11.93% compared with that of 2015; and net profit after tax of RMB10,637 million, increasing by 11.91% on a year-on-year basis. Non-interest income increased by 50.01% on a year-on-year basis and accounted for 19.50%, increasing by 4.97%. Average return on equity was 0.74% in 2016, decreasing by 0.08% compared with that of last year; weighted average return on equity was 14.47%, decreasing by 1.25% compared with that of last year.

Within the report period, the group enjoyed steadily and rapidly increased asset size. At the end of the report period, the group enjoyed total assets of RMB1.60 trillion, increasing by RMB307,959 million and 23.87% compared with that of the end of 2015, in which, balance of loan in RMB and foreign currency was RMB649,380 million, increasing by RMB87,596 million and 15.59% compared with that of the end of 2015. Total liabilities recorded RMB1.51 trillion, increasing by RMB289,287 million and 23.62% compared with that of the end of 2015, balance of deposit in RMB and foreign currency was RMB907,412 million, increasing by RMB130,984 million and 16.87% compared with that of the end of 2015.

Within the report period, the company speeded up innovation driving and devoted to building “a bank having the most internet big data gene” by using internet big data to improve traditional business; various online platforms gradually became new channels for gaining customers. At the end of the report period, size of customer assets managed by direct bank exceeded RMB20 billion, number of customers exceeded 3 million, balance of loans for small and micro enterprises via online “Shui e finance” was RMB2,004 million, number of customers gained outside exceeded 88,000, and the company set up branches in 4 provinces and areas in which the company did not set up branches before.

At the end of the report period, the group enjoyed non-performing loan balance of RMB9,318 million, increasing by RMB1,303 million compared with that of the end of 2015; non-performing loan ratio was 1.43%, maintaining the same level with that of the beginning of the year. Provision coverage of non-performing loan was 180.56%, decreasing by 11.50% compared with that of the end of 2015. Ratio of provision in total loans was 2.59%, decreasing by 0.15% compared with that of the end of 2015.

(I) Corporate business

Within the report period, corporate deposit hit a new high, newly-increased amount exceeded RMB100 billion

and ratio of current deposit improved. Ratio of real-time loan was 87.56%, increasing by 2.44% compared with that of the beginning of the year. Ratios of loan balances of green credit and advanced manufacturing industry were 10.9% and 4.46%, respectively increasing by 5.7% and 0.3% compared with that of the beginning of the year. Put volume of governmental funds was 7.67 times of that of last year, the company innovated series fund products, formed governmental fund product system and drove large increase of deposit and intermediate income. The company actively and steadily promoted the optimization of operation system of corporate business, perfected organizational structures of business of head office and branches and strengthened functions; enhanced product management, institutional client management and industry research and improved marketing ability and planning ability; formally started green business division and had obvious characteristic management performance; made phase 1 of “Jindouyun” public marketing platform come online successfully and preliminarily realized refined management objectives; built the syndicated loan alliance of middle and small-sized banks and revised and perfected product manager and customer manager management methods; preliminarily built large product management system and summarized and formulated product catalogue and manual; made breakthroughs in key products, such as cash management and unit debit card; had obviously improved customer basis and enjoyed obviously increased number of valid customers of public credit and deposit.

(II) SME business

As of the end of the report period, the group had 28,200 small and micro enterprise customers, enjoyed loan balance of RMB270.3 billion, realized the target of “not less than in three aspects” and took the 1st place in market of Jiangsu Province in terms of loans for small and micro enterprises and small and micro enterprises enjoying less than RMB5 million per enterprise. Within the report period, the company made great headway in small and micro business in terms of improving value contribution, optimizing business structure, promoting reform and innovation and enhancing risk management and control, got recognition from all sectors of society based on “e finance” online loan series of products represented by “Shui e finance”, enjoyed obvious achievements in investment and loan linkage cooperation alliance and sharply improved competitiveness and intelligent development capacity in small and micro business market.

(III) Retail business

Within the report period, newly-increased individual loan and deposit and wealth management inventory were at the highest level. The company speeded up structural adjustment, improved ratio of current in savings deposit and ratio of consumption loan in individual loan and had rapid development in terms of private banking business. As of the end of the report period, the company had 17,900 high net-amount customers and enjoyed asset size of RMB79.39 billion, increasing by 53% and 50% respectively. The company made online loan product have preliminary market influence, researched and developed three products, i.e., “Cai e finance”, “Jin e finance” and “Fang e finance”, in particular, the company opened “Jin e finance” in 10 cities, accumulatively had over 80,000 applicants and accumulative input over RMB6 billion. The company had obviously improved product sale, speeded up online space and had great improvement in sale of financial products, insurances and precious metals; realized online insurance and online individual foreign exchange settlement and trade,

launched “Gold House” in mobile banking and had outstanding progress in making business online; actively promoted branch transformation and completed branch classification of the bank; designed and formulated branch image standard manual and started construction project of intelligent branch; comprehensively promoted “video and audio recording” and completed risk control and consumer protection.

(IV) Consumer finance and credit card business

As of the end of the report period, the company accumulatively issued 1,236,900 credit cards and 370,600 circulation cards, 124,000 cards increased within the report period. Number of circulation accounts of credit cards was 365,400, increasing by 1.29% compared with that of the end of last year. The company accumulatively realized trading volume of credit cards of RMB22,434 million and monthly average trading volume of circulation cards of RMB5,044 in 2016 by continuously improving efficiency in consumer acquisition and customer operation. Accumulative input amount of consumer finance and credit card business in full aperture recorded RMB13,108 million, increasing by RMB3,816 million on a year-on-year basis. Loan balance in full aperture recorded RMB13,827 million, increasing by RMB3.6 billion and 35.2% compared with that of the beginning of the year, in which, balance of offline large-amount and installment loans recorded RMB9,667 million, increasing by RMB2,239 million and 30.14% compared with that of the beginning of the year. The company realized business income of RMB1,015 million, increasing by RMB461 million and 83.02% on a year-on-year basis. Asset quality in credit card business was steady and risks were controllable.

(V) International business

Within the report period, amount of international settlement exceeded USD100 billion and recorded USD103.1 billion; Free Trade Zone enjoyed business assets of over RMB10 billion and operating income of over RMB100 million; breakthroughs were made in cooperation of cross-border syndications, cross-border direct loans, cross-border structure financing, cross-border interbank and cross-border RMB clearing systems; full coverage of key areas of “Hui e finance” was realized and business showed a status of rapid growth.

(VI) Investment bank business

Within the report period, the company enjoyed operating income of RMB3.67 billion in investment bank asset management line, increasing by RMB1,757 million and 91.85% on a year-on-year basis; had input amount of various assets of RMB184,326 million, nearly 3 times of that of the last year. At the end of the report period, balance of financial assets was RMB347,697 million, increasing by 50.78% compared with that of the beginning of the year.

(VII) Internet finance business

Within the report period, Internet finance consumers and transaction scale enjoyed rapid increase. As of the end of the report period, number of Internet finance consumers of the bank increased by 54% compared with that of the beginning of the year, transaction deals increased by 68.73% compared with that of the beginning of the year; in particular, direct bank enjoyed the leading market status in the industry. As of the end of the report period, size of customer assets managed by direct bank exceeded RMB20 billion, and number of customers

exceeded 3 million.

(VIII) Custody business

As of the end of the report period, custody assets recorded RMB1,562.4 billion, increasing by 46.96% compared with that of the beginning of the year; accumulative custody income recorded RMB327,649,800, increasing by 211.55% on a year-on-year basis.

(IX) Financial market business

Within the report period, bond trading size exceeded RMB1 trillion, increasing by 34% on a year-on-year basis. In March 2016, the bank obtained the qualification of market maker in interbank bond market. Self-support bond investment effectively avoided credit risk events and market risk influence and enjoyed relatively good income from investment by means of optimization of investment examination and approval procedure and adjustment of asset duration. The bank managed exchange rate exposure risk and provided structural deposits in foreign currency and other services for customers by virtue of combination products, such as sight and future foreign exchange settlement and trade and foreign exchange swap, because exchange rate market enjoyed large fluctuations within the report period. The bank actively took part in interbank market transactions and got large increase in trading volume in RMB market and foreign currency market within the report period. The bank positively carried out research and development of interest rate derivatives and successfully implemented interest rate swap business.

(X) Interbank business

Adhering to the purpose of “sharing, co-construction, co-creation and co-fusion” and insisting on interbank cooperation idea of complementing each other and having win-win cooperation, the company deepened comprehensive cooperation of interbank customer groups and improved value contrition of interbank financial business. As of the end of the report period, net operating income of interbank line recorded RMB4,317 million, increasing by 110.05% compared with that of the same period of last year. The bank sponsored to set up “Rong Lian Chuang” financial cooperation platform, having 5 specialized committees, i.e., financial market, internet finance, corporate finance, risk management and investment bank and asset management, having 46 formal members and 76 participating banks, influencing 30 provinces and cities, having cooperation advantageous products of the company, including joint investment, big data and small and micro finance, in addition to capital business, and enjoying continuously enhanced interbank influence. The third-party custody enjoyed 20 online securities traders and 197,700 accounts. Newly-increased securities margin trading module was in the stage of development and testing, on the basis of which, all-round and comprehensive cooperation in terms of funds, asset management, investment bank and retails between banks and securities was carried out; the bank actively built trading bank, continuously adjusted investment and financing structure, speeded up asset turnover and successfully launched the first commercial bill usufruct ABS “Huatai Assets Management – Asset Support Plan of Rongyuan Series of Bank of Jiangsu” and bank note usufruct ABS “Huatai Assets Management – Specialized Asset Support Plan No. 1-20 of Rongyin of Bank of Jiangsu”; positively carried out online exploration and try of bill business transformation and became one of 35 pilot banks in the first batch

carrying out systematic connection in phase 1 of clearing house.

(XI) Information technology

Within the report period, the company focused on building “a bank having the most internet big data gene”, paid attention to scientific and technological innovation, emphasized the improvement of self-controlled capacity; put forth effort to perfect internet finance, payment business, asset management business and sub-structure of intermediate business, developed and launched “Hui Tong Da”, “Hui e finance”, “Shui e finance”, “Xiang e finance”, “Jin e finance” and other online loan products and realized product deployment in online channels, including online banking, mobile banking and direct bank. The company developed big data application, continuously promoted the construction of key platforms, such as “Zhiduoxing” and “Jindouyun”, applied big data technology and internet thinking to risk management and control and marketing activities with the leadership of product innovation and research and development, and realized a series of innovation application, including customer risk early warning, internet real-time anti-fraud and incidence relation atlas of customers.

II. Main business data within the report period

(I) Analysis on income and cost

1. Main items of profit statement

Within the report period, the group realized operating income of RMB31,359 million and net profit assigned to shareholders of parent company of RMB10,611 million, increasing by 11.81% and 11.72% respectively compared with that of same period of last year. Main items of profit statement within the report period are listed below:

Unit: RMB1,000 Currency: RMB

Item	Year 2016	Year 2015	Increase/ decrease	Increase/ decrease on a year-on-year basis (%)
I. Operating income	31,359,045	28,047,070	3,311,975	11.81
In which: Net interest income	25,245,088	23,971,402	1,273,686	5.31
Net income of handling fee and commission	5,821,795	3,899,399	1,922,396	49.30
II. Operating expenses	17,890,257	16,002,178	1,888,079	11.80
In which: operation and administrative expense	9,161,145	8,236,857	924,288	11.22
III. Operating profit	13,468,788	12,044,892	1,423,896	11.82
IV. Total profits	13,523,982	12,082,068	1,441,914	11.93
V. Net profit	10,636,928	9,504,808	1,132,120	11.91
In which: Net profit assigned to shareholders of parent company	10,610,579	9,497,433	1,113,146	11.72

2. Volatility(over 30%) Items in profit statement

Unit: RMB1,000 Currency: RMB

Item	Year 2016	Year 2015	Increase/ decrease range (%)	Main reason
Net income of handling fees and commissions	5,821,795	3,899,399	49.30%	Steady development of intermediate business
Income of handling fee and commission	5,940,431	4,026,094	47.55%	Increase of income of handling fees and commissions
Income from investment	22,830	195,544	-88.32%	Decrease of income from investment in trading financial assets
Changes in fair value recognized in profit or loss	602,577	-5,690	10690.11%	Influence of changes of fair value of derivative instruments
Profit or loss on exchange	-356,019	-71,554	-397.55%	Influence on profit or loss on exchange by exchange rate change
Other business income	22,774	57,969	-60.71%	Decrease of other business income
Taxes and surcharges	948,006	1,990,939	-52.38%	Influence of replacing business tax with value-added tax
Loss from asset devaluation	7,778,672	5,772,658	34.75%	Increase of withdrawing risk provision
Other operating cost	2,434	1,724	41.18%	Increase of other operating cost
Non-operating income	144,188	85,666	68.31%	Increase of non-operating income
Non-operating expense	88,994	48,490	83.53%	Increase of non-operating expense
Minority interest income	26,349	7,375	257.27%	Increase of profit of subsidiaries

(II) Business income

Within the report period, business income of the group mainly came from interest and income of handling fees and commissions. The group realized business income of RMB62,208 million in 2016, increasing by 5.11% on a year-on-year basis. The composition and changes of various business income of the group within the report period are listed in the table below:

Unit: RMB1,000 Currency: RMB

Item	Amount	Ratio (%)	Change range (%)
Issued loans and advance	29,711,626	44.88	-9.08
Investment in debt instruments	23,925,025	36.14	41.52
Deposit of funds of other banks and other financial institutions	2,643,586	3.99	-36.45
Deposit of funds of Central Bank	1,891,819	2.86	-2.75
Long-term receivables	1,075,394	1.62	490.36
Redemptory financial capital for sale	541,967	0.82	-79.93
Lending funds	185,804	0.28	-12.91
Income of handling fee and commission	5,940,431	8.97	47.55
Others	292,162	0.44	65.75
Total	66,207,814	100.00	5.11

(III) Net interest income

Within the report period, the group realized net interest income of RMB25,245 million, increasing by 5.31% on a year-on-year basis and being the main component of operating income of the group. Main reason for increase of net interest income was increase of scale of interest-bearing assets. The composition and increase of net interest income of the group within the report period are stated in the table below:

Item	Year 2016		Year 2015		Increase/ decrease on a year-on-year basis (%)
	Amount	Ratio (%)	Amount	Ratio (%)	
Interest income					
Issued loans and advance	29,711,626	49.54	32,680,477	55.59	-9.08
-Enterprise loans	21,632,087	36.07	24,214,096	41.19	-10.66
-Personal loans	5,107,906	8.52	4,740,172	8.06	7.76
-Notes discounted	2,971,633	4.95	3,726,209	6.34	-20.25
Investment in debt instruments	23,925,025	39.89	16,906,024	28.76	41.52
Deposit of funds of other banks and other financial institutions	2,643,586	4.41	4,159,950	7.08	-36.45
Deposit of funds of Central Bank	1,891,819	3.15	1,945,384	3.31	-2.75
Long-term receivables	1,075,394	1.79	182,160	0.31	490.36
Redemptory financial capital for sale	541,967	0.90	2,700,328	4.59	-79.93
Lending funds	185,804	0.31	213,352	0.36	-12.91
Subtotal of income	59,975,221	100.00	58,787,675	100.00	2.02
Income expense					
Deposit taking	17,111,032	49.27	16,793,134	48.23	1.89
-Corporate customers	12,957,562	37.31	12,805,226	36.78	1.19
-Individual customers	4,153,470	11.96	3,987,908	11.45	4.15
Deposit of funds of other banks and other financial institutions	11,153,368	32.11	13,603,500	39.07	-18.01
Issued debt securities	3,254,440	9.37	1,422,197	4.08	128.83
Financial assets sold for repurchase	1,540,958	4.44	1,427,270	4.10	7.97
Loans from other banks and other financial institutions	874,033	2.52	362,459	1.04	141.14
Others	796,302	2.29	1,207,713	3.47	-34.07
Subtotal of expense	34,730,133	100.00	34,816,273	100.00	-0.25
Net interest income	25,245,088	-	23,971,402	-	5.31

(IV) Net income of handling fees and commissions

The group continuously promoted strategy transformation, further optimized income structure and had more multiplex sources of income. Within the report period, the group realized net income of handling fees and commissions of RMB5,822 million, increasing by 49.30% on a year-on-year basis. The composition and increase of net income of handling fees and commissions of the group within the report period are stated in the table below:

Item	Year 2016		Year 2015		Increase/ decrease (%)
	Amount	Ratio (%)	Amount	Ratio (%)	
Income of agency commission	3,545,429		1,965,957		80.34
Commission income of custody and other entrusted businesses	505,784		452,977		11.66
Income of bank card handling fee	912,778		565,819		61.32
Credit commitment handling fee and commission	433,654		527,385		-17.77
Settlement and clearing commission income	214,180		283,831		-24.54
Consultant and consulting fee	71,056		137,183		-48.20
Others	257,550		92,942		177.11
Income of handling fee and commission	5,940,431		4,026,094		47.55
Settlement and clearing commission payment	54,797		60,115		-8.85
Bank card commission payment	34,394		34,984		-1.69
Others	29,445		31,596		-6.81
Expense of handling fee and commission	118,636		126,695		-6.36
Net income of handling fee and commission	5,821,795		3,899,399		49.30

(V) Operating and administrative expense

Within the report period, the group had operating and administrative expense of RMB9,161 million, increasing by 11.22% on a year-on-year basis; cost-income rate was 29.21%, being maintained at reasonable level. The composition of operating and administrative expense of the group is shown in the table below:

Unit: RMB1,000 Currency: RMB			
Item	Year 2016	Year 2015	Increase/ decrease (%)
Staff cost	5,760,156	5,068,106	13.66
-Wage and bonus	4,257,903	3,649,559	16.67
-Social insurance charges and additional insurance	848,812	783,115	8.39
-Other welfare	653,441	635,432	2.83
Property and equipment expenditure	1,588,981	1,530,243	3.84
-Leasing and property management fee	493,906	455,904	8.34
-Depreciation and amortization	639,478	581,892	9.90
-Funds for public undertakings	85,852	84,772	1.27
-Others	369,745	407,675	-9.30
-Other office and administrative expenses	1,812,008	1,638,508	10.59
Total	9,161,145	8,236,857	11.22

III. Analysis of assets and liabilities data

(I) Main items in balance sheet

As of the end of the report period, the group enjoyed total assets of RMB1,598.3 billion, increasing by RMB308 billion compared with that of the beginning of the year and increasing by 23.87% on a year-on-year basis. The group had total liabilities of RMB1,514.1 billion, increasing by RMB289.3 billion compared with that of the beginning of the year and increasing by 23.62% on a year-on-year basis. The business scale had balanced and steady growth. Situations of main assets and liabilities are listed in the table below:

Unit: RMB1,000 Currency: RMB			
Item	December 31, 2016	December 31, 2015	Increase/ decrease range (%)
Cash and deposit of funds of Central Bank	135,122,316	121,097,414	11.58
Interbank assets	96,247,822	135,929,290	-29.19
Derivative and investment assets	690,817,491	461,967,658	49.54
Issued loans and advance	632,554,891	546,389,335	15.77
Total assets	1,598,292,446	1,290,333,336	23.87
Deposit of funds of other banks and other financial institutions	318,610,683	296,364,727	7.51
Deposit taking	907,412,486	776,428,471	16.87
Issued debt securities	131,743,435	51,649,489	155.07
Total liabilities	1,514,085,480	1,224,798,773	23.62

(II) Volatility(over 30%) Items in balance sheet

Unit: RMB1,000 Currency: RMB				
Item	December 31, 2016	December 31, 2015	Increase/ decrease range (%)	Main reason
Deposit of interbank funds	80,703,546	54,315,848	48.58	Increase of deposit of interbank funds
Redemptory financial capital for sale	10,000,000	76,181,793	-86.87	Decline of scale of redemptory financial capital for sale
Financial assets measured as per fair value and recorded into current profit and loss	4,681,009	714,800	554.87	Increase of sale of trading financial assets
Derivative financial assets	2,074,532	28,286	7,234.13	Increase of sale of derivative financial product business
Available-for-sale financial assets	356,736,243	205,823,882	73.32	Increase of sale of available-for-sale financial assets
Investment in kind of account receivable	188,605,877	139,266,718	35.43	Increase of sale of investment in kind of account receivable
Long-term receivables	24,798,832	7,730,270	220.80	Increase of sale of finance lease business
Deferred income tax assets	4,251,897	2,611,551	62.81	Increase of temporary difference of assets depreciation reserves
Other assets	1,485,398	2,329,159	-36.23	Decrease of other assets
Borrowings from Central Bank	38,030,000	7,300,000	420.96	Increase of funds borrowed from Central Bank
Loans from other banks and other financial institutions	28,683,168	11,344,588	152.84	Increase of loans from other banks and other financial institutions
Derivative financial liabilities	1,437,203	260	552,670.38	Expansion of scale of derivative financial product business
Tax payable	2,578,561	1,170,582	120.28	Increase of tax payable
Issued debt securities	131,743,435	51,649,489	155.07	Increase of issuing scale of interbank deposit receipts
Other liabilities	7,083,360	4,137,782	71.19	Increase of other liabilities

(III) Major asset items

1. Loan

As of the end of the report period, the group enjoyed total loans of RMB649.4 billion, increasing by 15.59% compared with that of the beginning of the year. Situation of statistics on loan classification is as follows:

(1) At the end of the report period, situation of industrial distribution of loans of the group

Unit: RMB1,000 Currency: RMB				
Industrial distribution	December 31, 2016		December 31, 2015	
	Amount	Ratio (%)	Amount	Ratio (%)
Manufacturing industry	93,174,006	14.35	97,112,695	17.29
Leasing and commercial service	91,425,466	14.08	51,049,891	9.09
Wholesale and retail industry	74,739,821	11.51	72,167,676	12.85
Water conservancy, environment and public facility management industry	45,885,982	7.07	35,527,343	6.32
Real estate	37,910,777	5.84	42,077,498	7.49
Construction industry	26,779,701	4.12	26,241,424	4.67
Transportation, warehousing and mail business	11,130,560	1.71	11,529,180	2.05
Electric power, fuel gas and water production and supply	8,744,670	1.35	6,574,856	1.17
Agriculture, forestry, animal husbandry, sideline occupations and fishery	8,607,751	1.32	8,925,504	1.59
Scientific research and technical service industry	7,489,783	1.15	3,321,185	0.59
Information transmission, software and information technology service industry	6,675,356	1.03	4,982,026	0.89
Neighborhood service, repair and other service industries	4,325,383	0.67	3,829,162	0.68
Cultural, sports and entertainment industry	3,763,172	0.58	3,514,128	0.63
Education	3,499,882	0.54	4,207,668	0.75
Accommodation and catering industry	3,091,226	0.48	2,103,524	0.37
Sanitation and social work	3,080,714	0.47	3,981,571	0.71
Others	2,523,655	0.39	2,913,124	0.52
Subtotal of company loans and advance	432,847,905	66.66	380,058,455	67.66
Individual loans and advance	135,735,473	20.90	98,098,804	17.46
Notes discounted	80,796,307	12.44	83,626,212	14.88
Total of issued loans and advance	649,379,685	100.00	561,783,471	100.00

(2) At the end of the report period, situation of regional distribution of loans of the group

Unit: RMB1,000 Currency: RMB				
Industrial distribution	December 31, 2016		December 31, 2015	
	Amount	Ratio (%)	Amount	Ratio(%)
Jiangsu area	509,168,513	78.41	469,132,204	83.51
The Yangtze River Delta Region (excluding Jiangsu area)	46,975,850	7.23	36,727,736	6.54
Circum-Bohai Sea Region	55,941,609	8.62	28,943,223	5.15
The Pearl River Delta Region	37,293,713	5.74	26,980,308	4.80
Total of issued loans and advance	649,379,685	100.00	561,783,471	100.00

(3) At the end of the report period, situation of guarantee type distribution of loans of the group

Unit: RMB1,000 Currency: RMB				
Industrial distribution	December 31, 2016		December 31, 2015	
	Amount	Ratio (%)	Amount	Ratio (%)
Credit loans	77,567,924	11.94	35,796,137	6.37
Guarantee loans	244,547,515	37.66	240,374,696	42.79
Loans with things pledged	327,264,246	50.40	285,612,638	50.84
In which: mortgage loans	205,847,616	31.70	142,979,746	25.45
Pledge loans	121,416,630	18.70	142,632,892	25.39
Total loans	649,379,685	100.00	561,783,471	100.00

(4) Information of top 10 loan customers

Unit: RMB1,000 Currency: RMB					
No.	Borrower	Industry	Loan balance	Ratio in total loans (%)	Ratio in net capital (%)
1	Customer A	Wholesale and retail industry	2,925,000	0.45	2.74%
2	Customer B	Leasing and commercial service	2,000,000	0.31	1.87%
3	Customer C	Real estate	1,800,000	0.28	1.69%
4	Customer D	Real estate	1,800,000	0.28	1.69%
5	Customer E	Construction industry	1,600,000	0.25	1.50%
6	Customer F	Manufacturing industry	1,576,225	0.24	1.48%
7	Customer G	Water conservancy, environment and public facility management industry	1,510,000	0.23	1.42%
8	Customer H	Leasing and commercial service	1,316,650	0.20	1.23%
9	Customer I	Accommodation and catering industry	1,180,000	0.18	1.11%
10	Customer J	Leasing and commercial service	1,143,746	0.18	1.07%
Total			16,851,621	2.60%	15.80%

2. Redemptory financial capital for sale

As of the end of the report period, the group enjoyed balance of redemptory financial capital for sale of RMB10 billion, decreasing by 86.87% compared with that of the beginning of the year. Specific information is shown in the table below:

Unit: RMB1,000 Currency: RMB		
Item	December 31, 2016	December 31, 2015
Bonds of banks and other financial institutions	10,000,000	42,005,050
Trade bill	-	33,146,743
Trust beneficiary right	-	1,030,000
Total	10,000,000	76,181,793

3. Financial assets measured at fair value and recorded into current profit and loss

As of the end of the report period, the group enjoyed balance of financial assets measured at fair value and recorded into current profit and loss of RMB4,681 million, increasing by RMB3,966 million and 554.87% compared with that of the beginning of the year. Specific information is shown in the table below:

Unit: RMB1,000 Currency: RMB		
Item	December 31, 2016	December 31, 2015
Within Chinese territory		
-Governments	47,700	-
-Policy banks	29,745	61,709
-Commercial banks and other financial institutions	4,417,347	509,408
-Other institutions	186,217	143,683
Total	4,681,009	714,800

4. Available-for-sale financial assets

As of the end of the report period, the group enjoyed balance of available-for-sale financial assets of RMB356.7 billion, increasing by RMB150.9 billion compared with that of the beginning of the year and increasing by 73.32% on a year-on-year basis. Specific information is shown in the table below:

Unit: RMB1,000 Currency: RMB		
Item	December 31, 2016	December 31, 2015
Debt instruments listed at fair value (listed as per issuers)		
Within Chinese territory		
-Governments	24,240,499	6,186,867
-Policy banks	4,018,620	4,321,126
-Commercial banks and other financial institutions	318,218,041	191,311,709
-Other institutions	3,218,707	3,929,145
Sub-total	349,695,867	205,748,847
Equity instruments (analyzed as per form of measurement)		
Within Chinese territory		
-Measured as per fair value	6,965,341	-
-Measured as per cost	74,820	74,820
Beyond the Chinese border		
-Measured as per cost	215	215
Sub-total	7,040,376	75,035
Total	356,736,243	205,823,882

5. Held-to-maturity investment

Within the report period, the group properly increased scale of held-to-maturity investment to obtain stable interest income. As of the end of the report period, the company enjoyed balance of held-to-maturity investment of RMB138.7 billion, increasing by 19.45% compared with that of the beginning of the year. Specific information is shown in the table below:

Unit: RMB1,000 Currency: RMB		
Item	December 31, 2016	December 31, 2015
Within Chinese territory		
-Governments	91,481,323	66,582,290
-Policy banks	23,533,351	24,576,003
-Commercial banks and other financial institutions	10,391,544	11,500,715
-Other institutions	10,857,308	13,474,964
Sub-total	136,263,526	116,133,972
Beyond the Chinese border		
-Other institutions	2,456,304	-
Sub-total	2,456,304	-
Total	138,719,830	116,133,972

6. Investment in kind of account receivable

As of the end of the report period, the group enjoyed balance of investment in kind of account receivable of RMB190,016 million, increasing by RMB50,275 million and 35.98% compared with that of the beginning of the year. Specific information is shown in the table below:

Unit: RMB1,000 Currency: RMB		
Item	December 31, 2016	December 31, 2015
Within Chinese territory		
-Governments	7,848,661	4,418,562
-Commercial banks and other financial institutions	181,666,909	134,821,759
-Other institutions	500,000	500,000
Total	190,015,570	139,740,321

(IV) Major liability items

1. Deposit

As of the end of the report period, the group enjoyed deposit balance of RMB907.4 billion, increasing by 16.87% on a year-on-year basis. Specific information is as follows:

Unit: RMB1,000 Currency: RMB				
Item	December 31, 2016		December 31, 2015	
	Amount	Ratio (%)	Amount	Ratio (%)
Company deposit				
Current deposit	310,350,892	34.20	224,415,831	28.90
Fixed time deposit	271,898,257	29.96	238,583,188	30.73
Sub-total	582,249,149	64.17	462,999,019	59.63
Individual deposit				
Current deposit	43,010,570	4.74	36,489,412	4.70
Fixed time deposit	129,812,410	14.31	116,667,678	15.03
Sub-total	172,822,980	19.05	153,157,090	19.73
Other deposit				
Margin deposit	78,221,425	8.62	99,294,313	12.79
Drafts and telegraphic transfers payable	372,762	0.04	859,411	0.11
Fiscal deposit	84,711	0.01	377,304	0.05
Outward remittance	533,316	0.06	1,323,177	0.17
Treasury deposit	14,688,000	1.62	18,657,000	2.40
Financial funds of customers	58,440,143	6.44	39,761,157	5.12
Sub-total	152,340,357	16.79	160,272,362	20.64
Total deposit taking	907,412,486	100.00	776,428,471	100.00

2. Deposit of funds of other banks and other financial institutions

Within the report period, the group paid attention to matching of interbank liability and continuously optimized interbank business structure under the premise of maintaining steady increase of business scale. As of the end of the report period, the group enjoyed balance of deposit of funds of other banks and other financial institutions of RMB318.6 billion, increasing by 7.51% compared with that of the beginning of the year. Specific information is shown in the table below:

Unit: RMB1,000 Currency: RMB		
Item	December 31, 2016	December 31, 2015
Within Chinese territory		
-Banks	148,020,714	84,932,477
-Other financial institutions	170,589,969	211,432,250
Total	318,610,683	296,364,727

(V) Analysis on situation of investment

1. Analysis on overall situation of external equity investment

Within the report period, the bank enjoyed balance of equity investment in subsidiaries of RMB2,034 million, increasing by RMB960 million compared with that of the beginning of the year.

Unit: RMB1,000 Currency: RMB		
Item	December 31, 2016	December 31, 2015
Balance of equity investment in subsidiaries	2,033,800	1,073,800

Analysis on changes of long-term equity investment in subsidiaries is as follows:

Unit: RMB1,000 Currency: RMB				
Item	December 31, 2015	Additional investment	December 31, 2016	Year-end balance of depreciation reserve
Baode County Bank	73,800	-	73,800	-
Suyin Financial Leasing Co., Ltd.	1,000,000	960,000	1,960,000	-
Total	1,073,800	960,000	2,033,800	-

2. Details of other equity investment calculated as per cost method are as follows:

Name of object held	Initial investment amount	Ending shareholding (10,000)	Ratio in equity of the company (%)	Ending book value	Profit and loss of report period	Change of owners' equity in report period	Financial accounting subject
China UnionPay Co., Ltd.	24,000	2,400	0.82	24,000	1,560	-	Available-for-sale financial assets
Clearing Center for City Commercial Bank	2,500	250	8.29	2,500	3,750	-	Available-for-sale financial assets
Guangdong Huaxing Bank	19,776	650	0.13	19,776	-	-	Available-for-sale financial assets
SWIFT Association	215	-	-	215	-	-	Available-for-sale financial assets
Jiangsu Jiangnan Rural Commercial Bank	10,268	342	0.06	10,268	-	-	Available-for-sale financial assets
Jiangsu Yangzhou Rural Commercial Bank	29,927	1,270	2.44	29,927	1,270	-	Available-for-sale financial assets
Total	86,686	-	-	86,686	6,580	-	-

3. Significant equity investment

Within the report period, the bank increased capital of RMB960 million to Suyin Financial Leasing and other minority shareholder increased capital of RMB1.14 billion to Suyin Financial Leasing. After the completion of capital increase, the registered capital of Suyin Financial Leasing increased to RMB3 billion from RMB1.25 billion, shareholding ratio held by the bank and ratio of voting right decreased to 60% from 80%.

4. Financial assets measured at fair value

At the end of the report period, the group had the balance of financial assets measured at fair value of RMB363,417 million, increasing by RMB156,925 million compared with that of the beginning of the year.

Specific changes are as follows:

Unit: RMB1,000 Currency: RMB					
Item	December 31, 2015	Changes in fair value recognized in profit or loss of the period	Accumulative changes in fair value recognized in equity	Depreciation withdrawn in the period	December 31, 2016
Financial assets					
Financial assets measured at fair value and changes of which recorded into current profit and loss	714,800	-6,726	-	-	4,681,009
Available-for-sale financial assets	205,748,847	-	484,794	-	356,661,208
Derivative financial assets	28,286	2,046,246	-	-	2,074,532
Total financial assets	206,491,933	2,039,520	484,794	-	363,416,749
Financial liabilities					
Total financial liabilities	260	1,436,943	-	-	1,437,203
Others	-	-	-	-	0
Total financial liabilities	260	1,436,943	-	-	1,437,203

(VI) Analysis of majority holding (or controlling) stock companies

1. Baode County Bank

Baode County Bank, set up on June 10, 2010, is located at Building 6-8, Dongfang Jiayuan, Dongfang Road, Danyang City, Jiangsu Province. Legal representative is MAO Yufei. The bank, enjoying the registered capital of RMB180 million, is a limited liability company and enjoys the scope of business of: taking public deposit, issuing short-term, middle-term and long-term loans; handling domestic settlement; handling bills acceptance and discount; handling interbank borrowing; undertaking credit card business; issuing, cashing and underwriting government bonds as an agent; handling collection, payment and insurance service as an agent; handling other businesses approved by banking supervision departments.

As of the end of the report period, the company held 73.80 million shares of Baode County Bank, had shareholding ratio of 41.00%, and was the first majority shareholder of Baode County Bank.

As of the end of the report period, Baode County Bank enjoyed total assets of RMB1,122,323,700, net asset of RMB177,788,000, deposit balance of RMB714,048,900 and loan balance of RMB1,107,919,900; Baode County Bank enjoyed annual operating income of RMB45,435,600 in 2016.

2. Suyin Financial Leasing

Suyin Financial Leasing (former name: Suxing Financial Leasing Co., Ltd.), set up on May 13, 2015, is located at Floor 21-22, Zhidi Plaza, No. 55, Hongwu North Road, Nanjing City, Jiangsu Province. Legal representative is XIA Ping. The company, enjoying the registered capital of RMB3 billion, is a limited liability company and enjoys the scope of business of: financial leasing business; transfer and acceptance of financial leasing assets; securities investment business with constant return; acceptance of deposit from lease of lessee; taking of fixed-time deposit of over 3 months (inclusive) of non-bank shareholders; interbank borrowing; borrowing from financial institutions; overseas borrowings; lease sell off and disposal business; economic consulting; handling other businesses approved by China's banking supervision departments.

As of the end of the report period, the company held 1,800 million shares of Suyin Financial Leasing and had shareholding ratio of 60.00%.

As of the end of the report period, Suyin Financial Leasing enjoyed total financial leasing assets of RMB25,050,709,800 and net asset of RMB3,592,530,500; Suyin Financial Leasing enjoyed annual operating income of RMB679,231,200 and net profit of RMB207,490,500 in 2016.

IV. Discussion of and analysis on future development of the company

(I) Industry structure and tendency

In 2016, domestic economy enjoyed slow, steady and good operation, maintaining in a reasonable range. Five tasks, i.e., "deduction of capacity, deduction of inventory, deduction of lever, reduction of cost and complement of weakness", were promoted continuously, positive progress was made in supply-side constitutive reform and economic structure was optimized continuously. Consumption driving function was enhanced and consumption in emerging type of business enjoyed rapid increase. Fixed-asset investment enjoyed a slow and steady tendency and increase growth of investment in manufacturing industry and private investment picked up to some extent.

Challenge and opportunity coexist in 2017. At the international level, global economy will still be in a process of slow resurgence, short-term increase situation shall be further observed, adjustment fluctuation of internal financial market may be expanded and the step of industrial reorganization and adjustment of industry chain layout will be accelerated. At the domestic level, new-type urbanization, service, high-end manufacturing industry and consumption upgrading enjoy huge development space. In particular, new energy of domestic economy is enhancing, transformation and upgrading of traditional energy accelerate, new economy, new industry and new business model enjoy rapid development and high-end manufacturing industry and service enjoy accelerated development together with the continuously deepening and implementation of supply-side constitutive reform, streamlining of administration and instituting of decentralization and innovation driving strategy. A series of micro-control measures play important roles in terms of moderately expanding total demand, moderate increase of total amount of monetary credit and social financing is conducive to smooth and steady increase of economy. Under complicated and severe general environment, there are many new constitutive opportunities, for instance, development of emerging industry and emerging business will bring

more business opportunities, and the development of new technology and new type of business provide more support and model selections for reducing cost and improving service. Seizing such opportunities will bring rare opportunities and space for development of various businesses of the company in the future.

The Central Economic Working Conference pointed that: quality and benefit of operation of China's economy were improved, but problems existed, such as obvious contradiction between over capacity and upgrading of demand structure, insufficient endogenous power of economic increase and accumulation of financial risk. In 2017, China needs to, on the basis of insisting on the main line of promoting supply-side constitutive reform, moderately expand total demand, enhance expectation guiding, deepen innovation driving and comprehensively complete various work tasks, including stabilizing increase, promoting reform, adjusting structure, benefiting people and preventing risk. The 13th National Congress of Communist Party of China of Jiangsu Province clearly proposed the development goal of "putting effort to make innovation, focusing on enriching people and comprehensively completing the construction of a high-level and moderately prosperous society", representing the development direction of the future five years of Jiangsu Province and basic law for transformation development. The National Banking Supervision and Administration Conference required commercial banks to practically improve the quality and efficiency of serving real economy, make solid progress in risk prevention and control in key fields, go back to origin and focus on main business, promote reform and opening of banking industry and enlarge supervision and punishment force towards illegal behaviors. Cross of rapid change of economic environment and thoroughly implementation of reform policy has new and higher requirements to us to scientifically anticipate situation and timely and effectively answer.

(II) Development strategy of the company

2016 is an important year for the company to implement the second round of the five-year planning. On the basis of systematic evaluation of implementation of five-year development strategy planning, combination of requirements on "the 13th Five-year Plan" of the state and Jiangsu Province and summary of practice and experience of strategy transformation of recent years, the company revised development strategy planning, adjusted and perfected planning contents of later three years within the planning period, further defined the total strategy of complying with market changes, focusing on target customer and building a good listed bank enjoying "characterization, intelligence, integration and internationalization", and formulated sub-strategies of all lines and execution steps and safeguard measures of the strategies under the total strategy.

(III) Business plan

In 2017, the company will insist on the main keynote of seeking improvement in stability, take the main line of serving supply-side constitutive reform, focus on improving quality and efficiency of serving real economy, deepen innovation driving, strengthen value creation, constantly build characteristics, enhance management and adjust structure, firmly hold risk base line, continuously strengthen core competence, try to build a good listed bank and continuously open up a new situation of transformation development. Specifically, the company will seize "a keynote", firmly hold "two lines" and emphasize "three key points": "one keynote" refers to the main keynote of seeking improvement in stability, making steady development and continuously making progress; "two lines" refer to serving supply-side constitutive reform and firmly holding risk base line"; "three

key points” mean: firstly, trying to build a bank having the most internet big data gene, secondly, continuously carrying out reform, exercising internal capacity, adjusting structure and improving quality and efficiency; thirdly, deeply promoting to comprehensively place high demands on the Party and behaviors.

In 2017, the company will continuously and deeply carry out monetary policy and various supervision requirement of the Central Bank, try to promote steady increase of various deposits and loans, make increase of net profit after tax exceed average of listed banks, let non-performing loan ratio be maintained at good level of listed banks and make major supervision indicators, such as capital adequacy ratio and provision coverage reach requirements and standards of good banks.

(IV) Possible risks

In a future period of time, internal and external situations will still be complicated, and economic development and structural adjustment will face the challenges and will constitute some pressure to operation performance and asset quality of the bank in short term. Specifically, firstly, credit risk may increase due to influence from adjustment of economic structure and cleaning of “zombie enterprises”; secondly, RMB exchange rate margin will increase, bringing the corresponding exchange rate risk to the bank, customers and counter parties; thirdly, interest margin and interest rate differential of the bank will face the risk of further narrowing.



Bank of Jiangsu operating internet credit solutions to small businesses Working together with UnionPay business,Bank of Jiangsu has tailored a guarantee free,pure credit loan product for small and micro businesses clients with regular POS transaction data-which is"shangyirong".Via internet communication,small and micro business clients could apply and acquire loan credit on line based on their POS transaction receipts,allowing on line application,on line spending,borrowing and repaying at any time.

Commercial Banking Information and Data

I. Major financial accounting data of last three years

Unit: RMB1,000 Currency: RMB			
Item	December 31, 2016	December 31, 2015	December 31, 2014
Total assets	1,598,292,446	1,290,333,336	1,038,309,050
Total liabilities	1,514,085,480	1,224,798,773	982,243,964
Shareholders' equity	84,206,966	65,534,563	56,065,086
Total deposits	907,412,486	776,428,471	681,297,329
In which:			
Current deposit of enterprises	310,350,892	224,415,831	203,816,766
Fixed time deposit of enterprises	271,898,257	238,583,188	199,414,514
Current savings deposit	43,010,570	36,489,412	28,821,294
Fixed time savings deposit	129,812,410	116,667,678	105,721,440
Total loans	649,379,685	561,783,471	488,511,845
In which:			
Enterprise loan	432,847,905	380,058,455	356,950,074
Retail loan	135,735,473	98,098,804	73,896,378
Discounting	80,796,307	83,626,212	57,665,393
Net amount of total capital	106,680,869	87,782,216	77,779,637
In which:			
Net amount of core tier one capital	83,522,346	65,354,464	55,966,339
Net amount of other tier one capital	78,440	13,401	1,869
Tier two capital	23,080,083	22,414,351	21,811,429
Net amount of weighted risk assets	927,193,262	760,506,090	638,991,613
Loan loss reserves	16,824,794	15,394,136	13,148,296

II. Major supervision indicators of former three years

Unit: %				
Item	Supervision standard	Year 2016	Year 2015	Year 2014
Capital adequacy ratio	≥ 10.5	11.51	11.54	12.17
Tier one capital adequacy ratio	≥ 8.5	9.02	8.60	8.76
Core tier one capital adequacy ratio	≥ 7.5	9.01	8.59	8.76
Non-performing loan ratio	≤ 5	1.43	1.43	1.30
Liquidity ratio	≥ 25	52.15	57.35	51.34
Loan ratio to single customer (the biggest customer)	≤ 10	2.74	1.62	2.19
Loan ratio to the biggest ten customers	≤ 50	15.80	14.01	15.44
Provision coverage (Provision to NPL) ratio	≥ 150	180.56	192.06	207.00
Provision to all loan ratio	N/A	2.59	2.74	2.69
Cost-income ratio	≤ 45	29.21	29.37	29.57

Unit: %			
Item	Year 2016	Year 2015	Year 2014
Performing loan migration ratio	5.95	4.21	2.29
Special-mentioned loan migration ratio	32.26	32.11	24.92
Sub-standard loan migration ratio	87.70	98.92	47.33
Doubtful loan migration ratio	25.70	9.91	43.84

Note: migration ratio shall be calculated in accordance with relevant provisions of China Banking Regulatory Commission.

Performing loan migration ratio = balance of performing loan at the beginning of the period transferred to later four kinds of loan at the end of the period/ part of performing loan at the beginning of the period remaining as loan * 100%;

Special-mentioned loan migration ratio = balance of special-mentioned loan at the beginning of the period transferred to non-performing loan at the end of the period/ part of special-mentioned loan at the beginning of the period remaining as loan * 100%;

Sub-standard loan migration ratio = balance of sub-standard loan at the beginning of the period transferred to doubtful loan and loss loan at the end of the period/ part of sub-standard loan at the beginning of the period remaining as loan * 100%;

Doubtful loan migration ratio = balance of doubtful loan at the beginning of the period transferred to loss loan at the end of the period/ part of doubtful loan at the beginning of the period remaining as loan * 100%.

III. Within the report period, situations of level-to-level management and quantity and regional distribution of branches at all or different levels

As of the end of the report period, the bank has 541 institutions, regional distribution is as follows:

			Unit: Bank
No.	Name	Address	Quantity of institution
1	Head Office of Bank of Jiangsu (including Nanjing area)	No. 26, Zhonghua Road, Nanjing City	28
2	Suzhou Branch of Bank of Jiangsu	No. 157, Suyu Road, Industrial Park, Suzhou City	47
3	Wuxi Branch of Bank of Jiangsu	No. 8, Gongyun Road, Wuxi City	110
4	Nantong Branch of Bank of Jiangsu	No. 300, South Street, Nantong City	46
5	Changzhou Branch of Bank of Jiangsu	No. 500, Yanling Middle Road, Changzhou City	32
6	Xuzhou Branch of Bank of Jiangsu	No. 81, Pengcheng Road, Xuzhou City	32
7	Yangzhou Branch of Bank of Jiangsu	No. 525, Wenchang West Road, Yangzhou City	26
8	Zhenjiang Branch of Bank of Jiangsu	No. 12, Guancheng Road, Zhenjiang City	33
9	Taizhou Branch of Bank of Jiangsu	No. 10, Dongjin East Road, Taizhou City	9
10	Huai'an Branch of Bank of Jiangsu	No. 34, Huaihai North Road, Huai'an City	36
11	Yancheng Branch of Bank of Jiangsu	No. 269, Jiefang South Road, Yancheng City	34
12	Lianyungang Branch of Bank of Jiangsu	No. 56, Hailian Middle Road, Lianyungang City	30
13	Suqian Branch of Bank of Jiangsu	No. 17, Qinghaihu Road, Suqian City	11
14	Shanghai Branch of Bank of Jiangsu	No. 1128, Century Avenue, Pudong New Area, Shanghai	15
15	Shenzhen Branch of Bank of Jiangsu	No. 4011, Shennan Avenue, Futian District, Shenzhen City	21
16	Beijing Branch of Bank of Jiangsu	Building 1, Guangxi Jiayuan, Chaoyang District, Beijing	21
17	Hangzhou Branch of Bank of Jiangsu	No. 38-42, Tianmushan Road, Xihu District, Hangzhou City	10
Total			541

IV. Quality of credit assets within the report period

Unit: RMB1,000 Currency: RMB			
Five-class classification	Amount	Ratio (%)	Increase/ decrease compared with that of the end of last year (percent point)
Performing loan	620,519,385	95.56	0.11
Special-mentioned loan	19,542,389	3.01	-0.11
Sub-standard loan	2,794,956	0.43	0.18
Doubtful loan	4,718,879	0.72	-0.29
Loss loan	1,804,076	0.28	0.11
Total	649,379,685	100	-

In accordance with the provisions of the five-class classification policy, non-performing loans of the group were divided into sub-standard loan, doubtful loan and loss loan. In spite of pressure on asset quality control caused by influence from economic downturn and structural adjustment, the bank, on one hand, controlled risks at source by formulating credit orientation guidance, strengthening customer access, marketing high quality customers and strengthening complete flow scheme and full life cycle management of loans; on the other hand, the bank speeded up disposal of stock non-performing loans through cash clearing and receiving, transfer, litigation and cancellation after verification, so the asset quality of the bank in 2016 was stable in general. As of the end of the report period, the bank enjoyed total non-performing loans of RMB9,318 million, increasing by RMB1,303 million compared with that of the beginning of the year, non-performing loan ratio was 1.43%, maintaining the same level with that of the beginning of the year. The bank enjoyed total special-mentioned loans of RMB19,542 million, increasing by RMB2,014 million compared with that of the beginning of the year, ratio of special-mentioned loans was 3.01%, decreasing by 0.11% compared with that of the beginning of the year.

(I) Situation of asset quality of loans in user-defined classification standard

Unit: RMB1,000 Currency: RMB

Classification	Non-performing amount	Ratio (%)	Increase/ decrease compared with that of the end of last year (percent point)
Agriculture, forestry, animal husbandry, sideline occupations and fishery	87,975	0.94	-0.16
Mining industry	47,645	0.51	-0.21
Manufacturing industry	4,236,120	45.46	0.24
Electric power, heating power, fuel gas and water production and supply	14,315	0.15	0.01
Construction industry	413,715	4.44	2.30
Wholesale and retail industry	3,336,421	35.81	-2.82
Transportation, warehousing and mail business	150,691	1.62	-0.50
Accommodation and catering industry	160,566	1.72	0.45
Information transmission, software and information technology service industry	18,578	0.20	-0.08
Financial industry	3,747	0.04	-0.01
Real estate	33,364	0.36	-1.03
Leasing and commercial service	77,963	0.84	-0.23
Scientific research and technical service industry	45,135	0.48	0.36
Water conservancy, environment and public facility management industry	6,890	0.07	0.06
Neighborhood service, repair and other service industries	62,151	0.67	0.39
Education	31,200	0.33	-0.06
Sanitation and social work	1,265	0.01	0.01
Cultural, sports and entertainment industry	7,829	0.08	-0.06
Public management, social security and social organization	0	0.00	0.00
International organization	0	0.00	0.00
Individual loan (excluding individual operational loan)	582,340	6.25	1.35
Total	9,317,911	-	-

Note: classification standards of the listed 20 industries comply with P.R.C. National Standard GB/T4754-2011 "Standard Industrial Classification".

Within the report period, the bank vigorously supported the development of real economy, continuously adjusted customer structure, optimized credit resource allocation, provided more services for emerging strategic industry, emerging industry and construction projects of major infrastructure of the central and the area, launched online loan products by relying on internet big data, met multilevel credit demands from middle and small-sized enterprises and urban and rural residents and provided comprehensive financial

services for the development of local economy. Influenced by economic downturn, non-performing loan ratio in manufacturing industry and wholesale and retail industry was higher at the end of the report period, but the bank enjoyed overall steady asset quality and controlled risks.

(II) Situation of restructured loan and overdue loan of the company

Unit: RMB1,000 Currency: RMB

Classification	Beginning balance	Ending balance	Ratio (%)
Restructured loan	955,716	1,965,254	0.30
Overdue loan	15,106,718	14,822,071	2.28

Note: 1. Restructured loan means that original loan terms shall be adjusted because the borrower enjoys deteriorated financial condition or cannot repay the loan on schedule, including extension of loan term, borrowing for repaying and transformation.

2. Overdue loan refers to principal of loan enjoying overdue principal or interest.

(III) Measures to control non-performing loans

Within the report period, the bank mainly took the following measures in a bid to optimize credit asset structure, control newly-increased non-performing loans and resolve existing non-performing loans:

- Carefully carrying out the requirements of the Enterprise-wide Risk Management Guideline by China Banking Regulatory Commission, further enhancing collaboration of front desk, middle ground and back stage and linkage of head office and branches and continuously perfecting total risk management system featured by full business coverage, complete flow scheme management and control and all staff participation.
- Strengthening leading role of credit policy on business development, enhancing customer access, reinforcing examination and approval, actively adjusting credit product structure and customer structure, enhancing loan issuing examination and approval, intensifying post-loan management and trying to improve quality of newly-increased loan.
- In accordance with changes of market environment and supervision policy, continuously enhancing risk monitoring to key areas, key industries and key customers and taking necessary measures, timely notifying risk, preventing risk and solving risk and continuously improving the forward looking of risk management.
- With combination of special examination of "enhancing one aspect and containing two aspects" and special examination of review of "enhancing one aspect and containing two aspects", frequently organizing to carry out checking of credit business risk, promoting early checking, early discovery and early response to credit risk and effectively improving pertinence of risk disposition.
- Classifying assets in terms of risk on the basis of prudent and objective principle, withdrawing enough provision in accordance with result of risk classification, ensuring depreciation reserves can sufficiently cover risk assets and improving risk defense capacity.
- Strengthening compliance operation, making strict demands on system execution, enhancing auditing supervision and completing confirmation of responsibility and investigation to relevant post holders

undertaking subjective responsibility for formation of non-performing loan in strict accordance with rules and regulations.

7. Insisting on carrying out several measures simultaneously, formulating one scheme for one customer by comprehensively using litigation and arbitration, assignment of debt, debt restructuring and cancellation of bad debts after verification, continuously increasing force to clearing and disposal of stock non-performing loan and effectively vitalizing stock credit assets.

V. Accrued and write off of loan loss reserves

Unit: RMB1,000 Currency: RMB

Item	Amount
Beginning balance of loan loss reserves	15,394,136
Accrued loan loss reserves in the period	6,643,443
Reversed loan loss reserves in the period	-178,352
Recovered loans that had been write off in previous years	18,407
Return of discounting	-192,905
Write-off in the year	-4,859,935
Ending balance of loan loss reserves	16,824,794

The group adopted two evaluation methods, i.e., individual method and combination method, to evaluate the situation of impairment loss of loan. The group adopted individual evaluation method to evaluate the loan having single significant amount, the amount of impairment loss shall be confirmed on the basis of the balance between book amount of loan and discounting value of cash flow expected to be regained and recorded into the current profit and loss if there were objective evidences showing the loan had impairment. The impairment of the loan having less significant amount and the loan evaluated as per individual method but there were no objective evidences showing the loan had impairment could be evaluated in the loan portfolio having the similar credit risk characteristics, and withdrawing level of loan loss reserves evaluated in combination method could be confirmed in accordance with the evaluation result.

The group enjoyed overall stable provision coverage, complying with the requirements of supervision department. As of the end of the report period, balance of loan depreciation reserves reached RMB16,825 million, increasing by RMB1,431 million compared with that of the end of last year; provision coverage of non-performing loan was 180.56%, decreasing by 11.51% compared with that of the end of last year; loan provision rate was 2.59%, decreasing by 0.15% compared with that of the end of last year.

VI. Interest receivable

Within the report period, the group enjoyed balance of interest receivable of RMB6,818 million, increasing by RMB554 million compared with that of the end of last year. Specific changes are as follows:

Unit: RMB1,000 Currency: RMB

Item	December 31, 2016	December 31, 2015	Increased amount in report period	Regained amount in report period
Issued loans and advance	1,542,040	1,377,725	29,711,626	29,547,311
Investment in debt instruments	4,667,443	4,186,348	23,925,025	23,443,930
Others	608,877	699,922	6,338,570	6,429,615
Total	6,818,360	6,263,995	59,975,221	59,420,856

At the end of the report period, situations of other receivables and bad-debt reserves of the group are as follows:

Unit: RMB1,000 Currency: RMB

Category	December 31, 2016	December 31, 2015	Change in report period
Other receivables	230,165	282,418	-52,253
Bad-debt reserves	145,193	139,057	6,136

VII. Debt-offsetting assets

Unit: RMB1,000 Currency: RMB

Category	December 31, 2016		December 31, 2015	
	Amount	Withdrawing of depreciation reserves	Amount	Withdrawing of depreciation reserves
Debt-offsetting assets	37,763	615	35,372	615

VIII. Financial bond

Unit: RMB1,000 Currency: RMB

Category	Amount
Trading financial assets	332,645
Available-for-sale financial assets	6,851,854
Held-to-maturity investment	29,343,122

In which: Ten financial bonds having the largest face value are as follows:

Unit: Yuan Currency: RMB

Name of bond	Face value	Annual interest rate (%)	Due date	Withdrawing of depreciation reserves
12 Pufa 01	1,500,000,000	4.20	February 28, 2017	-
13 Bank of Beijing Bond 01	1,500,000,000	4.30	March 4, 2018	-
14 Nongfa 09	1,100,000,000	5.55	February 20, 2021	-
15 Jinchu 09	1,060,000,000	4.02	April 20, 2018	-
12 Jinchu 13	1,000,000,000	3.78	September 12, 2017	-
12 Nongfa 02	1,000,000,000	3.87	March 9, 2017	-
15 Jinchu 06	1,000,000,000	4.10	March 24, 2020	-
12 Minsheng 02	1,000,000,000	4.39	May 10, 2017	-
16 Jinchu 02	890,000,000	3.07	February 22, 2021	-
16 Zheshang Bank Bond	800,000,000	3.60	February 25, 2021	-
15 Nongfa 09	780,000,000	3.99	April 22, 2018	-
14 Nongfa 28	760,000,000	5.55	April 3, 2021	-
16 Nongfa 16	750,000,000	3.26	April 22, 2024	-
14 Nongfa 02	700,000,000	5.78	January 17, 2019	-
15 Nongfa 14	700,000,000	3.44	May 22, 2018	-
14 Nongfa 23	700,000,000	5.48	March 21, 2014	-

IX. Banks' wealth investment products, asset securitization, custody, trust and wealth management within the report period

(I) Banks' wealth investment products

Within the report period, the bank insisted on the principle of “customer orientation and value creation”, seized market trend and change in customer demands, carried out large-class asset allocation, strictly controlled investment risks, speeded up financial innovation and transformation, realized great-leap-forward development in investment operation and management of banks' wealth investment products and had outstanding improvement in financial gross and asset quality. As a manager of wealth investment products, the bank input raised funds to the corresponding assets, distributed earnings to investors, charging service fee, and realized expected yield according to the contract. Within the report period, the bank issued 3,161 wealth investment products and raised RMB867.7 billion. As of the end of the report period, existing balance of wealth investment products recorded RMB346,852 million, increasing by 50.38% on a year-on-year basis.

Within the report period, the bank won six prizes, i.e., Best wealth management capacity prize, best return prize, Best innovation prize, Best compliance prize, Best risk management prize and Best product transformation prize, granted by China Banking Association; won “Top 1 Investment bank business in Chinese

City Commercial Banks” and “Best Equity Bank Wealth investment product in China” granted by Securities Times; won “Annual Best Small and Medium-sized Banks in Financial Service” rated by Financial News; won “Best Bank in Financial Product Innovation” and “Best Bank in Financial Product Earnings” granted by Chinese Securities Journal; won the first place in terms of comprehensive financial capacity among city commercial banks in all quarters of 2016 by PY Standard.

Within the report period, the bank initiated activities called “having dreams and benefiting families”, the bank would donate RMB1 to charity when customers purchased the bank's wealth management product by using per RMB10,000. As of the end of the report period, the bank accumulatively issued 211 kinds of wealth management products and raised funds of RMB28.85 billion. The bank donated RMB1 million to Red Cross Society of China Jiangsu Branch on September 28, 2016 to support the family foster children welfare project of Nanjing Social Children Welfare Association.

(II) Asset securitization business

Within the report period, the bank, as a sponsor, successfully issued the first period of credit asset-backed securities of Suyuan in 2016, issuing scale reached RMB4,594 million. The bank, as a transferor, successfully carried out the first period of usufruct transfer business of non-performing asset of Suyu in 2016, transfer amount reached RMB254 million.

(III) Custody business

Within the report period, the bank positively adapted to changes of external market situation, stabilized asset custody scale of the bank and enlarged force to marker expanding outside of the industry; put into operation of asset custody business management system, improved business treatment efficiency and better guaranteed assets safety of custody customers. As of the end of the report period, the bank enjoyed asset custody scale of RMB1,562.4 billion, increasing by 46.96% compared with that of the beginning of the year; and accumulatively realized custody income of RMB327,649,800, increasing by 211.55% on a year-on-year basis. The bank broadened channels of sources of liabilities with increase business varieties and rise of volume of deposits derived from asset custody business year by year.

(IV) Wealth management business

Within the report period, the bank devoted to perfecting wealth management service system and building three-level platform of financial and private banking service. As of the end of the report period, the bank had set up 2 private banking centers, 8 wealth management centers and 502 financing centers (studios), forming three specialized teams at the core of financial and private banking consultant, financial manager and low-cabinet finance commissioner and providing various financial products of near RMB500 billion for individual customers and realizing earnings of near RMB7.5 billion for customers. The number of high-quality individual customers exceeded 1 million, including 17,900 high net worth customers having asset size of RMB79.39 billion. The bank perfected high-end customer service system with integration of “investment service, financial service, consultancy service and appreciation service” and launched characteristic services, such as

family trust and service for shareholders. The bank, by virtue of private banking business, was the only city commercial bank winning “Optimal Chinese Private Banking – the Most Innovation Power Prize” granted by APAC Wealth.

X. Off-balance sheet items having significant influences on financial condition and business performance

At the end of the report period, the group enjoyed overall steady scale of off-balance sheet activities, and had credit commitment balance of RMB204,286 million, decreasing by RMB2,685 million compared with that of beginning of the year. Changes of main business are shown in the table below:

Unit: RMB1,000 Currency: RMB		
Item	End of period	Beginning of period
Credit commitment	204,286,017	206,970,782
In which:		
Irrevocable loan commitment	14,028,669	6,195,950
Bank acceptance	154,262,387	154,435,502
Opening of letter of guarantee	16,774,743	16,133,893
Opening of letter of credit	14,864,214	26,050,102
Unused limit of credit card	3,756,004	4,155,335
Financial leasing commitment	600,000	-
Capital expenditure	539,515	619,301
Operating lease commitment	1,998,791	2,240,485

XI. Risk management within the report period

(I) Overview of risk management

1. Objective of risk management

The bank’s objective of risk management was to control risk within acceptable range under the premise of satisfaction of requirements of supervision department, depositors and other stakeholders on prudent operation of the bank, and try to maximize shareholders’ benefits.

2. Objective and principle of risk management

(1) Objective

In accordance with relevant supervision guidance of China Banking Regulator Commission and on the basis of reference of domestic and overseas advanced risk management concepts and physical truth of the bank, the bank built independent, centralized, specialized and high-efficiency risk management mode dominated by vertical risk, intensive management, specialized personnel and high-efficiency process and enhanced overall linkage and checks and balances of front stage, middle stage and bank stage; gave sufficient consideration to relevance of various risks, reasonably planned scale and structure of risk exposure and realized coordination

and balance of capital strength, risk scale and bank value; built identification, measuring, monitoring and control technology related to major risks, such as credit risk, market risk, operational risk, liquidity risk, law compliance risk and reputational risk, conformed to various supervision requirements of risk management, built risk management ability as core competence of the bank and provided solid guarantee for strategic advance and business development.

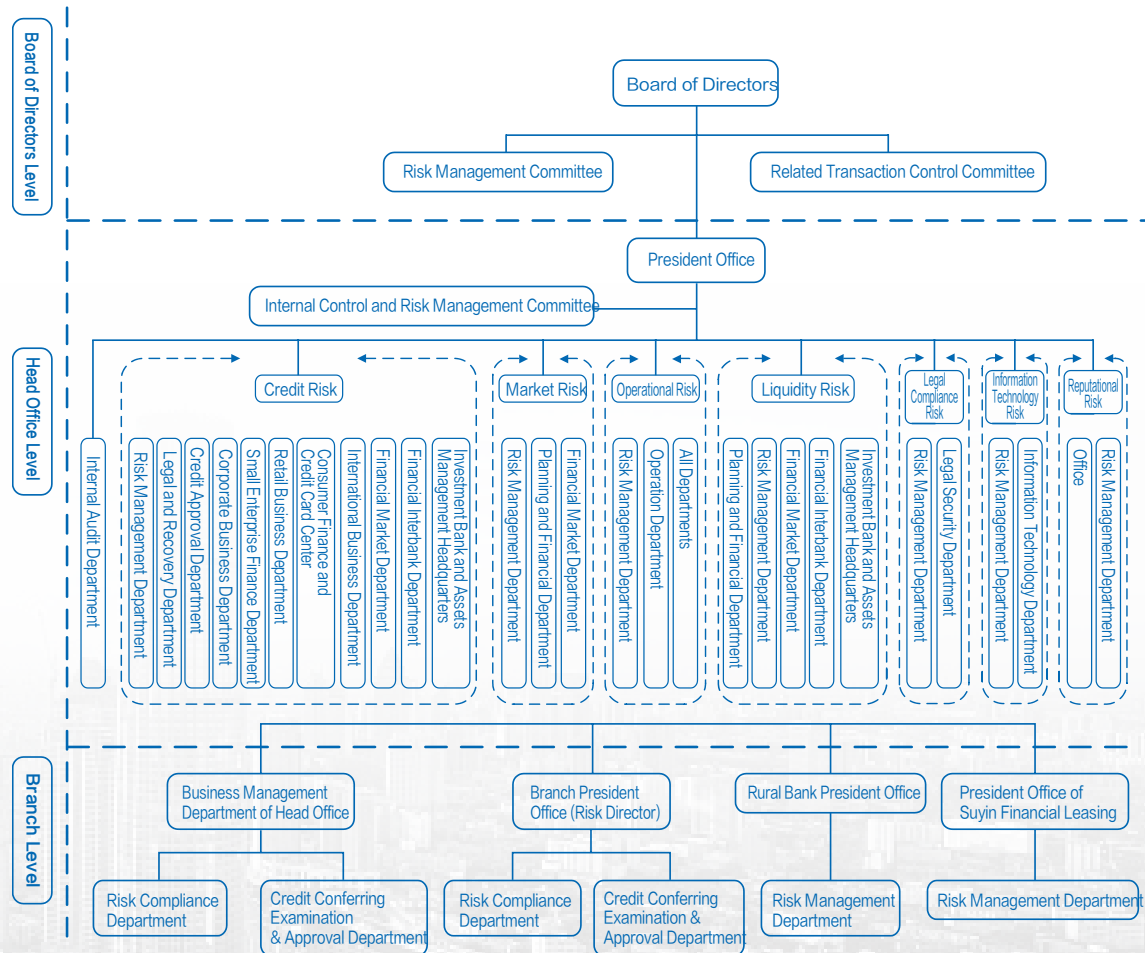
(2) Basic principles

The bank complied with independence principle, unity principle, income and risk matching principle, principle of equal attention given to internal balancing and efficiency, risk diversification principle, quantitative and qualitative principle and dynamic adaptability adjustment principle in business development and risk management, ensured overall linkage and checks and balances of front desk, middle ground and back stage of various businesses and guaranteed uniformity and continuity of implementation of risk policies of the bank.

(II) Risk management system

1. Risk management system structure of the bank

Risk management system structure of the bank is as follow:



2. Organization structure of risk management of the bank

The Board of Directors and Risk Management Committee of the Board of Directors, Internal Control and Risk Management Committee of senior management and operation levels, all risk management departments and internal audit department constitute organization structure of total risk management of the bank. Main responsibilities are as follows:

(1) Board of Directors level

The Board of Directors is responsible for determining risk preference and risk management strategy, deciding risk management policy, organization structure and basic management system and supervising senior management to carry out these decisions. Risk Management Committee of the Board of Directors will perform the corresponding risk management responsibilities.

Risk Management Committee of the Board of Directors has the following main responsibilities: in accordance with overall development strategy of the bank, examining total risk management strategy, risk management policy, risk management organization and internal control flow of the bank, judging major risks faced by the bank, confirming proper risk tolerance and risk preference and putting forward suggestions to the Board of Directors; evaluating risk management policy, risk management situation and risk tolerance of the bank, regularly submitting reports on risk nature and level and putting forward suggestions to the Board of Directors; supervising and evaluating situation of identification, measuring, monitoring and control of senior management in terms of credit risk, liquidity risk, market risk, compliance risk, reputational risk, financial innovation risk, information technology risk and outsourcing management risk, providing opinions to perfect risk management and internal control, supervising senior management level to timely dispose various risks faced by the bank; organizing and guiding prevention work; handling other matters stipulated by laws and regulations and rules of the company and granted by the Board of Directors.

(2) Senior management level

Senior management level is responsible for executing risk management policy and basic management system confirmed by the Board of directors, formulating and perfecting various rules of risk management, managing risks in operation of various businesses of the bank and regularly reporting situation of total risk management to the Board of directors and the Board of Supervisors.

Internal Control and Risk Management Committee is an examination and policy-making institution related to internal control and risk management, having the following main responsibilities: carrying out various decisions of the Board of Directors on internal control, risk management and case prevention and control; organizing to carry out the corresponding management measures in accordance with the situation of internal control, risk management and case prevention and control; examining internal control, risk management and case prevention and control systems; providing the corresponding resource guarantee for organization and promotion, continuous follow-up and evaluation of related key work tasks.

(3) Risk management departments

Risk management departments of the bank mainly include risk management department, credit conferring

examination & approval department, legal security department, planning and financial department, operation department, office and internal audit department. Risk management departments are leading departments carrying out risk management.

(III) Description of credit risk

Credit risk refers to one party's risk in suffering from financial loss because another party of financial instrument cannot perform the obligation.

The group designed an effective credit risk management organization structure, credit policy and flow for identifying, evaluating, monitoring and managing credit risk, and carried out systematic control program. The group continuously perfected risk management system, optimized and adjusted approval flow of credit conferring and non-credit conferring business, enhanced management of and control over credit risk in terms of flow and made functions and responsibilities of approval links of conferring and non-credit conferring business clear.

Within the report period, the group, facing changes of external situation, timely adjusted credit conferring policy, determined customer access standard, actively promoted adjustment of business structure, innovated risk management mode, enhanced asset quality management and ensured continuously steady development of various businesses. Firstly, formulating annual credit policy and building unified risk preference. Secondly, strengthening credit conferring access and strictly controlling access in accordance with the credit policy. Thirdly, applying big data to improve risk management and control ability, continuously introducing and integrating internal and external data, generating early-warning indexes and blacklist library via mathematical statistic analysis and using them in pre-loan, middle-loan and post-loan links of credit business. Fourthly, building the core risk management and control technology and improving effectiveness of credit risk management. Fifthly, organizing to carry out risk checking and strengthening asset quality management and control and credit structural adjustment. Sixthly, building the first person responsible of credit and strengthening asset quality responsibility restrain.

(IV) Description of liquidity risk

Liquidity risk refers to a commercial bank's risk in failing to obtain sufficient funds or obtain sufficient fund based on reasonable cost to cope with asset increase or pay due debts, even though the commercial bank has solvency.

The group mainly carried out liquidity risk management to asset and liability businesses in balance sheet and off-balance sheet financial business. Firstly, for asset and liability businesses in balance sheet, building and perfecting risk management limit scheme, determining early-warning value and threshold value one by one on the basis of frame formed by supervision indexes and internal core indexes and determining monitoring department and monitoring period; building early-warning index system which integrated internal and external index and had mutual complement with liquidity limit index scheme, enhancing forward-looking risk identification function and ensuring to strictly hold liquidity risk base line. No out-of-limit situation occurred to any index within the report period. Secondly, off-balance sheet financial business, as for limit and early-

warning system of off-balance sheet financial business, carrying out management and control in terms of liability structure of financial assets, term mismatch and scale, reasonably arranging issuing plan of financial products and product term structure, reasonably deploying term structure of asset end and maintaining reasonable mismatching ratio between asset and liability end of financial business; in terms of setting of asset structure, configuring high-liquidity assets, such as interbank deposits and monetary funds, in proper ratio, borrowing funds from interbank market by the way of bond pledge and obtaining liquidity by selling various assets, such as bond.

(V) Description of market risk

Market risk refers to the risk of loss of business in balance sheet and off-balance business of the bank due to unfavorable changes in market price (interest rate, exchange rate or other price).

The group carried out risk identification, measuring and monitoring management to market risk in various businesses by using gap analysis, exposure analysis, sensitivity analysis, scenario analysis, pressure test analysis and other risk monitoring means, conducted monitoring over use condition of market risk limit of various businesses by applying market risk limit system composed of business limit, stop-loss limit and risk limit, strengthened daily management, monitoring, analysis and report of authorization and limit and ensured strict compliance of authorization and limit. The group built and adjusted management interest rate risk by using interest rate re-pricing gap analysis, sensitivity analysis and asset portfolio and closely monitored risk exposure management interest rate risk by setting exchange rate exposure limit. Within the report period, the market risk was stable and controllable.

(VI) Description of operational risk

Operational risk refers to loss risk caused by imperfect or problematic internal procedure, staff, information technology system and external events.

By continuously perfecting rules and regulations, promoting optimization of system flow, strengthening risk checking and rectification trace and enhancing staff training and strictly carrying out point management of violation, the group strictly held risk gap, continuously improved operational risk management and control ability, enhanced overall risk management consciousness, had gradually standardized management and operation of various businesses and had good overall situation in terms of operational risk control. Firstly, building unified systematic management system of the bank; secondly, promoting functional optimization of internal control compliance and operational risk management system (GRC system); thirdly, developing networked operation instruction; fourthly, enhancing the application of three management tools related to operational risk; fifthly, carrying out summary of incompatibility responsibility; sixthly, strengthening internal control check and rectification trace; seventhly, enhancing promotion and construction of compliance culture. Within the report period, operational risk was controllable generally and no significant loss event related to operational risk occurred. At the end of the report period, limit index of operational risk was in the range of supervision requirement.

(VII) Description of other risks

1. Information technology risk

Information technology risk refers to operation risk, law risk and reputational risk caused by natural factors, human factors, technological holes and management defect in the operational process of information technology in commercial banks.

With orientation of supervision policy and on the basis of safety operation, the group carried out information technology risk through emphasizing IT business continuity, internet security, data security and IT outsourcing, insisting on intelligent direction and continuously promoting autonomous and controllable features. Within the report period, information technology risk was controllable generally and no significant loss event related to information technology risk occurred. At the end of the report period, limit index of information technology risk was in the range of supervision requirement.

2. Reputational risk

Reputational risk refers to risk of negative evaluation given to the bank by interested parties due to operation, management and other behaviors of the bank or external events. The group built and perfected reputational risk management mechanism, continuously optimized reputational risk management method, enhanced checking of potential reputational risk, continuously improved management ability and level of reputational risk and built the brand image with intelligent finance and responsible finance. The group formulated the Emergency Plan on Reputational Risk Events, determined workflow and actively carried out public opinion management to avoid reputation loss. The group organized to carry out reputational risk management training, popularized knowledge related to the field of reputational risk management and strengthened consciousness of reputational risk of all staffs. Within the report period, situation of reputational risk was stable general and no severe event related to reputational risk occurred.

XII. Balance of related transactions with related natural persons and description of risk exposure

Unit: RMB10,000

Item	The end of 2016	Ratio in amount/ balance of transaction of the same kind	The end of 2015	Ratio in amount/ balance of transaction of the same kind
Issued loans and advance	2,024	0.0032%	1,990	0.0036%
Deposit taking	753	0.0008%	345	0.0004%
Unused limit of credit card	224	0.06%	389	0.09%
Entrusted loan funds	25	0.0002%	-	-
Unused limit of credit card	224	0.06%	389	0.09%

Unit: RMB10,000

Item	Year 2016	Ratio in amount of transaction of the same kind	Year 2015	Ratio in amount of transaction of the same kind
Interest income	44	0.0004%	91	0.0015%
Interest expenditure	10	0.0007%	11	0.0003%

XIII. Business innovations

(I) Small and micro business

The bank established two characteristic brands, including small and micro “internet finance” and “technology finance”: in terms of internet finance, the bank put forth effort to build the “e finance” series of online loan product system containing ‘Tax e finance’, ‘Innovation e finance’, ‘Business e finance’ and ‘Trader e finance’ and had operation and maintenance support with integration of four core technologies, including “channel for developing customers”, “decision and approval”, “operation support” and “risk control early-warning”; in terms of technology finance, the bank focused on building “Star series” of technology financial product system containing star of technology, star of talent, star of three board, star of investment loan and star of growth and “4+1” technology finance business mode, i.e., “product, talent, project and enterprise” + “science park”, and vigorously supported innovation development of scientific and technological innovation enterprises and scientific and technological talents from two dimensions, namely, “creditor’s right + stock rights” and “enterprise + talent”.

(II) Internet finance business

The bank connected direct bank and demands of real economy and explored new modes for serving e-commerce, small and micro enterprises and inclusive finance; in terms of serving e-commerce, the bank provided customized financial service programs in fields of payment, financial transactions and online loan and built integration scene with online finance and life to adapt rapid development of financial service requirements of local e-commerce; in the aspect of serving small and micro enterprises, the bank provided pure online credit conferring service containing online application, online examination and approval and online issuing for small and micro enterprises having financing demand, solved problems of small and micro enterprises in difficult, slow and expensive financing, and actively carried out social responsibilities of local legal-person bank; in terms of serving inclusive finance, the bank provided services for individual customers, especially internet customers, and met requirements of inclusive finance on low interest, small amount and frequency.

Direct bank, adhering to the “opening, cooperative and win-win” ideas, guidance of “strengthening internal capability and expanding external services” and goal of establishing online platform ecosphere, put forth effort to build five opening platforms, including best quality investment and financing platform, scenarized network

loan platform, vertical platform of scenes of life, payment service platform providing payment solution and customized cooperation service platform. In the meantime, the bank explored new road for network finance risk management, took the lead in having internet anti-fraud function and realized the coverage of anti-fraud system over transaction channels of the direct bank of the bank.

(III) Corporate business

The bank built trading bank product system, launched new products, such as factoring pond, unit settlement card and fixed-current link account, and met enterprises’ requirements on multi-scenario transaction behaviors and treasury management on the basis of analysis on supply chain finance and financial settlement of corporate customers.

(IV) International business

The bank, on the basis of stabilizing traditional business, actively promoted transformation development of international business, enhanced exploration of and study on cross-border business, business related to one Belt and Road and cross-border RMB and gradually formed international business product system having online and offline integration and taking “Rong Zhi Hui” as the brand. Within the report period, the bank launched several series of products taking cross-border investment and financing business as main line, including cross-border syndicated loan, cross-border direct loan and cross-border interbank.

(V) Retail business

“Jin e finance”, a kind of accumulation fund network consumption loan of the bank, was launched in Suzhou Branch for the first time on March 26, 2016. “Jin e finance” was a kind of individual consumption loan the credit conferring and examination and approval of which were completed on the basis of accumulation fund information, credit investigation information and other big data application scenarios and intelligent decision-making technology after the bank, cooperated with accumulation fund center of various regions, accepted via internet channel and carried out online identity recognition of borrower by using valid identity recognition method. The balance of “Jin e finance” exceeded RMB1 billion after being launched for less than half a year. As of the end of the report period, 10 branches formally launched “Jin e finance” products, 85,000 person times applied for it, total credit limit nearly reached RMB30 billion, accumulatively issued loan exceeded RMB6 billion and loan balance nearly reached RMB4 billion. The first family trust business was successfully launched on December 27, 2016, perfecting private banking service system.

(VI) Consumer finance and credit card business

The bank, positioning inclusive finance, focusing on market segment and centering on themes of “enjoying, joy, safety, health and beauty”, successively launched online banking, “Shui e finance” consumption loan via PAF channel over the cloud, “Xiang e finance” online loan via direct bank on mobile phone, color card and other characteristic credit cards. The bank positively promoted online process of products, perfected automatic approval, optimized customer experience and improved service value; spared no effort to build characteristic

“Rongxiang Shenghuo” brand and designed and promoted “SuSu” image”; won “Innovation Prize in Bank Card Business in 2016” granted by China Banking Association and “Active Prize of UnionPay Credit Card Business”, “Promotion Pioneer Prize of Quick Pass of UnionPay” and “Growth Prize of UnionPay Credit Card Business” in 2016 granted by China UnionPay.

(VII) Investment bank business

The bank put forth effort to build “Rong Zhi Xin” investment bank asset management business brand, comprehensively integrated business resources of commercial bank and investment bank, integrated business resources of investment bank and asset management, formed unique comprehensive finance solution, provided various financial services, including traditional financing, asset management, merger and acquisition and restructuring, asset securitization and financial consultant, and provided all-round investment and financing services for customers from different industries, in different development phases and in different scales.

(VIII) Financial market business

The bank won the qualification of interest rate swap of National Association of Financial Market Institutional Investors, and formally carried out interest rate swap within the report period, richened business transaction varieties of the bank and improved interest rate risk management level.

税e融

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正常缴税两年以上 即可网络申请， 简单便捷。	纳税历史记录 作贷款依据， 无担保即获得融资。	纯信用方式下， 贷款额度最高可达 100万元。	授信额度 最长12个月， 单笔最长6个月。	网银提款， 随借随还， 节约财务成本。

Bank of Jiangsu operating internet credit solutions to small businesses Joined hands with National Tax Bureau of Jiangsu Province, Bank of Jiangsu is now offering a loan product, which is based purely on credit, guarantee free, methods combined applicable to small and micro business clients called "shuiyirong". With the help of internet communication, small and micro business clients can apply and acquire loan credit only with tax payment records on line, allowing on line application, on line spending, borrowing and repaying at any time.

Significant Issues

I. Profit distribution scheme

(I) Profit distribution policy

1. Articles of association of the bank made clear provisions on profit distribution policy: the company can distribute dividends by means of cash, shares or both of them in view of paying attention to reasonable return on investment of investors and making for long-term development of the company. The company shall distribute dividends by means of cash under the circumstance of compliance of supervision requirements and satisfaction of demand on funds by normal production and operation of the company and no important investment plan or cash disbursement for important investment; true and reasonable factors related to corporate growth and dilution of net asset value per share shall exist in case that the company distributes dividends by means of shares. The profit distributed by the company by means of cash every year shall not be less than 10% of distributable profit realized in the very year under the circumstance of compliance of requirements of supervision department on major supervision index standard, including capital adequacy ratio, and dividend distribution.

The formulation and revise of profit distribution policy shall be proposed by the Board of Directors to the shareholders' meeting, profit distribution policy proposed by the Board of Directors shall be passed by over 2/3 of all directors of the Board of Directors by voting and passed by 2/3 of independent directors by voting, and independent directors shall issue independent opinions to the formulation and revise of profit distribution policy. Independent directors can collect opinions of minority shareholders, put forward dividend proposal and directly submit the proposal to the Board of Directors for consideration. The Board of Supervisors of the company shall deliberate the profit distribution policy formulated and revised by the Board of Directors, and the profit distribution policy shall be passed by majority supervisors and all external supervisors by means of voting. The profit distribution deliberated and passed by the Board of Directors and the Board of Supervisors shall be submitted to the shareholders' meeting for examination and approval. The shareholders' meeting shall communicate with minority shareholders via corporate web site, public mailbox or visit reception, fully listen to opinions and demands of minority shareholders and timely answer questions that minority shareholder concerns before deliberating proposal related to profit distribution policy. The proposal related to profit distribution policy deliberated and passed by the shareholders' meeting shall be passed by 2/3 of voting rights held by shareholders attending the meeting.

2. Within the report period, dividends of 2015 would not be distributed in accordance with decision deliberated and passed by annual general meeting of 2015. Pre-arranged plan on annual profit distribution of 2016 had been examined and passed by the 32nd meeting of the 3rd Board of Directors, the Board of Directors suggested: distributing annual dividends to all registered shareholders on the basis of total capital stock of RMB1,154,445 million shares on equity rights registration date of profit distribution, specific information: cash dividend of RMB1.78 (tax-inclusive) per 10 shares, total cash dividends distributed reached RMB1,054.91 million. The said pre-arranged plan is waiting to be approved by shareholders' meeting. Independent directors of the company issued independent opinions to pre-arranged plan on annual profit distribution of 2015 and 2016 and decision-making process of profit distribution plan was completed, causing no harm to lawful rights and interests of the company and minority shareholders and complying with relevant provisions of the Company Law and Articles of Association.

(II) Profit distribution scheme in last 3 years

Unit: RMB1,000 Currency: RMB						
Year	Bonus per 10 shares (share)	Dividend per 10 shares (RMB) (tax-inclusive)	Increase by transfer per 10 shares (share)	Amount of cash bonus (tax-inclusive)	Net profit assigned to shareholders holding ordinary shares of listed company in consolidated statement in the year	Ratio in net profit assigned to shareholders holding ordinary shares of listed company in consolidated statement (%)
Year 2016	0	1.78	0	2,054,910	10,610,579	19.37
Year 2015	0	0	0	0	9,497,433	0
Year 2014	0	0.8	0	831,200	8,684,947	9.57

II. Fulfils of commitments

Fulfils of commitments made by actual controllers, shareholders, related parties, purchasers, the company and other parties related to commitment, including, within the report period or continued to the report period

Commitment background	Commitment type	Commitment party		Commitment content	Commitment time and term	Have term of performance or not	Perform timely and strictly or not	Specific reason for uncompleted performance for failure of timely performance (if any)	Next step for failure of timely performance (if any)
Commitment related to initial public offering	Restriction on sales of shares	The first majority shareholder Jiangsu International Trust Corporation Limited		Not transfer or entrust other people to manage shares held by it, or not allow the company to repurchase shares held by it within 36 months from the date of listing of company; quantity of decreased held shares cannot be more than 25% of shares held within 12 months after expiration of lockup period of held corporate stock; quantity of decreased held shares cannot be more than 25% of held shares at the beginning of the 13 th month after expiration of lockup period of corporate stock within the 13 th month to 24 th month after expiration of lockup period of corporate stock held.	August 2, 2016 to August 1, 2019	Yes	Yes	N/A	N/A
Commitment related to initial public offering	Restriction on sales of shares	Jiangsu Phoenix Publishing & Media Group Co., Ltd., Huatai Securities Co., Ltd., Wuxi Construction and Development Investment Co., Ltd., Jiangsu Shagang Group Co., Ltd., China Orient Asset Management Corporation, Suzhou International Development Group Co., Ltd., Jiangsu Broadcasting and Television Group Co., Ltd., Jiangsu Huaxi Holding Co., Ltd., Nantong State-owned Assets Investment Holdings Co., Ltd., Jiangsu Communications Holding Co., Ltd., Jiangsu Expressway Co., Ltd., Jiangsu Golden Eagle Industrial Equipment Installation Co., Ltd., Suning.com		Not transfer or entrust other people to manage shares held by it, or not allow the company to repurchase shares held by it within 36 months from the date of listing of company.	August 2, 2016 to August 1, 2019	Yes	Yes	N/A	N/A
Commitment related to initial public offering	Restriction on sales of shares	Jiangsu Xinhua Daily Media Group Co., Ltd., Jiangsu Yueda Investment Co., Ltd., Jiangsu Pengxin Investment Co., Ltd., Suzhou Wujiang Urban Investment Development Co., Ltd., Suzhou Wujiang Traffic Investment Co., Ltd., Yancheng State-owned Assets Investment Group Co., Ltd., Jiangsu Culture Industry Group Co., Ltd., Jiangsu International Tender Co., Ltd., Jiangsu Ruitongxiang Commerce and Trade Co., Ltd.		Not transfer or entrust other people to manage shares held by it, or not allow the company to repurchase shares held by it within 36 months from the date when shares held were registered in register of shareholders of the company.	Within 36 months from the date when shares held are registered in register of shareholders	Yes	Yes	N/A	N/A
Commitment related to initial public offering	Restriction on sales of shares	Newly-increased shareholders accepting company's equity from March 30, 2011 when the company submitted initial public offering and listing application document to the time of issuing		Not transfer or entrust other people to manage shares held by it, or not allow the company to repurchase shares held by it within 36 months from the date when shares held were registered in register of shareholders of the company.	Within 36 months from the date when shares held are registered in register of shareholders	Yes	Yes	N/A	N/A

Commitment background	Commitment type	Commitment party		Commitment content	Commitment time and term	Have term of performance or not	Perform timely and strictly or not	Specific reason for uncompleted performance for failure of timely performance (if any)	Next step for failure of timely performance (if any)
Commitment related to initial public offering	Restriction on sales of shares	Internal staff shareholders holding over 50,000 shares of the company		Lockup period of share transfer cannot be less than 3 months from the date of listing of the company; after lockup period expires, every year, number of available-for-sale shares cannot be more than 15% of held shares, and number of available-for-sale shares cannot be more than 50% of held shares within 5 years.	August 2, 2016 to August 2, 2024	Yes	Yes	N/A	N/A
Commitment related to initial public offering	Restriction on sales of shares	Current and outgoing director, supervisor, senior management shareholder HU Changzheng, TANG Jingsong, LIU Changji and YANG Kai		Not transfer or entrust other people to manage shares held by it, or not allow the company to repurchase shares held by it within 12 months from the date of listing of company. After lockup period of listing expires and during every year of the term of office, at most 25% of held shares can be transferred; within half a year after leaving office, not directly or indirectly transfer held shares of the company.	August 2, 2016 to August 1, 2017, or to the date when he/she has been away from office for half a year	Yes	Yes	N/A	N/A
Commitment related to initial public offering	Commitment on stable share price	Jiangsu Trust, current and outgoing director, senior management shareholder HU Changzheng and TANG Jingsong of the bank		Lockup period of shares of the bank held by Jiangsu Trust, current and outgoing director, senior management shareholder HU Changzheng and TANG Jingsong shall be extended for 6 months automatically on the basis of original lockup period if closing price of shares of the bank on successive 20 transaction dates is lower than price of initial public offering within 6 months after shares of the bank are listed, or closing price at the end of 6 months after shares of the bank are listed s is lower than price of initial public offering.	August 2, 2016 to February 1, 2017	Yes	Yes	N/A	N/A

Commitment background	Commitment type	Commitment party		Commitment content	Commitment time and term	Have term of performance or not	Perform timely and strictly or not	Specific reason for uncompleted performance for failure of timely performance (if any)	Next step for failure of timely performance (if any)
Commitment related to initial public offering	Letter of commitment on avoiding interbank competition	Jiangsu Trust		<p>In a bid to avoid horizontal competition with the bank in the future due to performance of function of performance of state-owned assets, Jiangsu Trust, the first majority shareholder of the bank has issued letter of commitment, main contents are as follows:</p> <p>“1. Bank of Jiangsu and its branches mainly engage in commercial bank business. Current main business of the company and subordinate enterprises of the company (wholly-owned and holding companies and enterprises on which the company has actual control power except for Bank of Jiangsu and its branches, similarly hereinafter) does not involve in main commercial bank business, having no case in which the company has horizontal competition with Bank of Jiangsu.</p> <p>2. In business carried out in the future, the company will not carry out horizontal competition with Bank of Jiangsu, namely, the company and subordinate enterprises of the company will not directly or indirectly carry out business activities enjoying horizontal competition with main businesses of Bank of Jiangsu and its branches. The company will supervise subordinate enterprises of the company in accordance with the commitment and exercise necessary right to urge them to abide by the commitment.</p> <p>3. At the directors' meeting or shareholders' meeting of Bank of Jiangsu to confirm whether it has horizontal competition with the company, the company promises that the related directors and shareholder representatives of the company will avoid attending the meeting as per the provisions and do not take part in voting. If the horizontal competition between Bank of Jiangsu with the business carried out or will be carried out by the company and subordinate enterprises of the company is confirmed, the company and subordinate enterprises of the company will timely transfer or suspend the said business after Bank of Jiangsu puts forward objections. If Bank of Jiangsu proposes acceptance request, the company and subordinate enterprises of the company will preferentially transfer the said business qualification to Bank of Jiangsu as per fair price audited or appraised by qualified intermediary organ under the same condition.</p> <p>4. The company promises to strictly comply with relevant regulations of China Banking Regulatory Commission and Stock Exchange, articles of association of Bank of Jiangsu and corporate management systems, including related transaction system, exercise shareholder's rights and perform shareholder's obligations with other shareholders, not seek illegal profit by using statue of the majority shareholder, and not damage lawful rights and interests of Bank of Jiangsu and other shareholders.</p> <p>The said commitments will come into effect after being signed, and has legal effect and has legally binding on the company within the period when the company is the first majority shareholder of Bank of Jiangsu.”</p>	Within the period when Jiangsu Trust is the first majority shareholder of Bank of Jiangsu	Yes	Yes	N/A	N/A

Commitment background	Commitment type	Commitment party		Commitment content	Commitment time and term	Have term of performance or not	Perform timely and strictly or not	Specific reason for uncompleted performance for failure of timely performance (if any)	Next step for failure of timely performance (if any)
Commitment rated to refinancing	Other commitment	Directors and senior management		<p>Commitments of directors and senior management of the bank on filling measures to sight return of dilution of preferred shares with private offering in accordance with relevant provisions of China Securities Regulatory Commission:</p> <ol style="list-style-type: none"> 1. Promise not to send profits to other units or individuals for free or in unfair condition, not take other ways to damage the interests of the bank. 2. Promise to restrain personal post-related consumption behaviors. 3. Promise not to use assets of the bank to carry out investment or consumption activities not related to performance of duties. 4. Promise to try best to urge the realization of measures of complementing sight return, do duties to urge linkage between salary system formulated by the board of directors or salary committee and implementation of complementary return measures, support relevant proposals related to implementation of complementary return measures and be willing to vote in favor (if having voting right). 5. Promise to do duties to urge condition of exercising rights of equity incentive plan carried out in the future (if any) to be linked with implementation of complementary return measure. 	From November 29, 2016	No	Yes	N/A	N/A

III. Communication between the company and former accounting firm

The company carried out full communication with the former accounting firm and there was no significant difference.

IV. Appointment and dismissal of accounting firm

Examined and approved by the 1st interim shareholders' meeting of 2016, KPMG (Special General Partnership) was appointed to provide audit service of financial report of 2016, audit fee was RMB1,968,000. At present, continuous period of audit service provided by KPMG (Special General Partnership) is 1 year.

V. Significant litigation and arbitration

At the end of the report period, the company was a plaintiff in 39 cases among court cases enjoying no final judgment, involved amount was RMB723 million (RMB54 million on December 31, 2015), the company had withdrawn RMB60.49 million (RMB2.06 million on December 31, 2015) in accordance with existing facts and possible losses as anticipation liabilities. The company thought final judgment and execution result of these cases would not have significant influences on financial condition or operating results of the company.

VI. Integrity and trustworthiness of the company, controlling shareholders and actual controllers of the company within the report period

As of the end of the report period, the company did not have controlling shareholders and actual controllers.

VII. Significant related transactions

(I) Transaction business between the bank and related parties were generated due to demands of normal operating activities, enjoyed the general provisions of business management and supervision institution for conditions and interest rate, and had no circumstance of being superior to borrowers or counterparties. Situation of significant related transaction between the bank and related parties within the report period is shown in notes on financial statements.

(II) Issues having been disclosed in temporary announcement but enjoying follow-up implementation progress or change: the company announced to take part in capital increase and share expansion to Suyin Financial Leasing with Jiangsu Phoenix Publishing & Media Group Co., Ltd., one of major shareholders of the company, on August 31, 2016. As of the end of the report period, the capital increase and share expansion of Suyin

Financial Leasing had been completed.

VIII. Significant contracts

(I) The company had no significant contracts which should be disclosed but not disclosed.

(II) The company had no situation in which controlling shareholders of the company or other related parties occupied the funds of the bank, the situation happened within the report period, or the situation happened in previous period but continued to the report period.

(III) Guarantee business was one of general banking businesses approved by relevant supervision institution. The company paid attention to risk management of the business, strictly carried out relevant operational process and approval procedure and effectively controlled the risk of external guarantee business. Within the report period, the company had no significant guarantee issue needing to be disclosed except for financial guarantee business within the scope of business approved by relevant supervision institution.

IX. Social responsibility

(I) Anti-poverty project

1. Precise anti-poverty planning

The company strictly carried out requirement on anti-poverty work of China Securities Regulatory Commission, a new round of anti-poverty development deployment of Jiangsu Province and provincial “five-institution linkage” sponsorship working mechanism, actively connected orientation anti-poverty work with local party committees and governments at all or different levels and implemented a series of education, health and industry anti-poverty and pair sponsorship program in linked poor towns and villages.

2. Annual summary of precise anti-poverty

Within the report period, the head office allocated special sponsorship fund of RMB1.40 million to support supporting project of Village Department of Dunqian Village, Longji Town, Shuyang County, Upgrading Engineering Project of Crossing of Longding Road, Dunqian Village, Farmer Park Sponsorship Project and Farm Machinery Project. Suqian Branch of the company carried out “linked village and covered household” activity, organized linked staff officers to understand situation of linked anti-poverty villages and complete three work tasks, i.e., “matching when meet, carrying out investigation and interview and formulating plan”, in 9 batches and 76 person times, and ensured all work tasks were completed and everyone had responsibility; successively implemented “activity week of linked village and covered household”, “completing three summer jobs and aiding the poor”, condolence activity in Dragon Boat Festival and Mid-autumn Festival, accumulatively condoled 53 person-time peasant households and issued condolence fund of RMB32,700; the branch input RMB30,000 to build village love clinic and village broadcasting station, effectively improved mass medical and health condition of Zhangma Village and richened information carrier of acquiring wealth and increasing income. Huai'an Branch of the company supported Buyu Village, Liangcha Town, Lianshui

County, Huai'an City, raised and provided anti-poverty funds of RMB80,000, and assisted to train farmers, build rural water conservancy, road facilities and rural party member activity base; carried out counterpart-assistance to Huaisanlu Community, Qingpu District, Lianyungang City, condoled poor households and “4050” people in towns and input RMB26,575. Lianyungang Branch of the company donated RMB110,000 to Polin Village, Wenquan Township, Donghai County, an anti-poverty contact point, guaranteed the implementation of orientation anti-poverty work of Wenquan Township, actively assisted linked sponsorship village to carry out three projects, including planting of mushroom in greenhouse, and broadened channel of increasing income of village collective and rural poor households.

3. Statistics of precise anti-poverty work in 2016

Unit: RMB1,000 Currency: RMB	
Index	Quantity and situation of implementation
I. Overall situation	
In which: 1. Funds	266.13
II. Subentry income	
9. Other projects	
In which: 9.1 Number of projects (project)	23
9.2 Input amount	266.13

4. Follow-up precise anti-poverty plan

The company will enlarge leadership force and working force of sponsorship work, continuously summarize experience and deficiency, make all staffs accept education enlightenment by sponsorship and promote work style construction and team construction; put forth effort to enhance “hematopoietic” function of poor households, strive to develop scientific and technology agriculture, provide information and teach technology to poor households and improve scientific and technological culture quality of poor households; continuously insist on the way of visiting at ordinary times and condoling in festivals and send warm to every poor household; try to realize institutionalization, routinization and standardization of anti-poverty work, take the work as a kind of daily work of leading body, and practically achieve success.

(II) Social responsibility

The company insists on strengthening responsibility ideals, promoting responsibility management and deepening responsibility communication, and develops inclusive finance, advocates green finance, creates harmonious finance and continuously promotes development of social responsibility work. The company won “Prize of the Most Social Responsibility Financial Institution in 2015” granted by China Banking Association in 2016. Please refer to the Social Responsibility Report of Bank of Jiangsu Co., Ltd. of 2016 for detail information of performance of social responsibility of the company.

Bank of Jiangsu personal internet consumer loan Yirong internet loan is a personal consumer credit loan product offered by Bank of Jiangsu, which could be applied online through cell phone app, without any paper documents provision, guarantee or collateral free, and real time approving.

Ordinary Shares

I. Changes of ordinary shares

(I) Changes of ordinary shares

1. Table of changes of ordinary shares

Unit: 1,000 shares

Item	Before the change		Increase/ decrease this time (+, -)					After the change	
	Quantity	Ratio (%)	New shares issued	Share granting	Share transferred from accumulation fund	Others	Sub-total	Quantity	Ratio (%)
I. Shares with restricted conditions	10,390,000	100	-	-	-	-	-	10,390,000	90
1. State shareholding	45,262.835	0.44	-	-	-	+ 102,975.043	+ 102,975.043	148,237.878	1.28
2. Shareholding of state-owned legal person	6,063,658.118	58.36	-	-	-	-102,975.043	-102,975.043	5,960,683.075	51.63
3. Shareholding of other domestic enterprises	4,281,079.047	41.2	-	-	-	-	-	4,281,079.047	37.09
In which: shareholding of domestic non-state-owned legal person	3,831,670.782	36.88	-	-	-	+29,743.275	+29,743.275	3,861,414.057	33.45
Shareholding of domestic natural persons	449,408.265	4.32	-	-	-	-29,743.275	-29,743.275	419,664.990	3.64
4. Foreign shareholding	-	-	-	-	-	-	-	-	-
In which: shareholding of overseas non-state-owned legal person	-	-	-	-	-	-	-	-	-
Shareholding of overseas natural persons	-	-	-	-	-	-	-	-	-
II. Circulating shares without restricted conditions	-	-	+ 1,154,450	-	-	-	+1,154,450	1,154,450	10
1. RMB ordinary share	-	-	+ 1,154,450	-	-	-	+1,154,450	1,154,450	10
2. Domestic listed foreign shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign shares	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-
III. Total number of ordinary shares	10,390,000	100	+ 1,154,450	-	-	-	+1,154,450	11,544,450	100

2. Description of changes of ordinary shares

The company received the Reply to Approval of Initial Public Offering of Bank of Jiangsu Co., Ltd. (Z.J.X.K. [2016] No. 1181) issued by China Securities Regulatory Commission on June 17, 2016, approving the company to issue new shares of less than 1,154,450,000 shares. The company completed all issuing work task on July 27, 2016 and shares formally were listed on the stock market at Shanghai Stock Exchange on August 2, 2016. Information of total shares and change of share structure of the company after the issuing is shown in "Table of changes of ordinary shares".

3. Influences of changes of ordinary shares on financial indexes, earnings per share and net asset value per share, of the most recent year and period

The audited earnings per share recorded RMB0.91 and audited net asset value per share recorded RMB6.27 (before the initial public offering) on December 31, 2015; the earnings per share diluted to RMB0.82 and net asset value per share was RMB6.26 after the initial public offering.

II. Situation of issuing and listing of securities

(I) Stock issuing in the report period

Unit: share Currency: RMB					
Type of share and derivative securities	Date of issue	Issue price	Issuance quantity	Listing date	Approved quantity of listed transaction
A share ordinary share	July 20, 2016	RMB6.27	1,154,450,000	August 2, 2016	1,154,450,000

(II) Changes of total number of ordinary shares and shareholder structure and changes of asset and liability structure of the company

In July 2016, the company raised funds of RMB7,238,401,500 relying on the initial public offering, and used the net amount of raised funds of RMB7,129,154,900 after deducting issue expense to complement core tier one capital of the company.

(III) Internal staff shares

Unit: share Currency: RMB		
Date of issue of internal staff shares	Issue price of internal staff shares (Yuan)	Issuance quantity of internal staff shares
-	-	162,114,516
Description of situation of existing internal staff shares	The existing internal staff shares of the company were formed before merger and restructuring, inherited original ten commercial banks, date of issue and issue price cannot be verified. As of the end of the report period, the company enjoyed 162,114,516 internal staff shares, accounting for 1.4% of general capital.	

III. Information of shareholders and actual controllers

(I) Total number of shareholders

Total number of ordinary shareholders as of the end of the report period	254,058
Total number of ordinary shareholders as of the end of the last month before date of disclosure of annual report	240,799
Total number of preferred shareholders with recovered voting right as of the end of the report period	-
Total number of preferred shareholders with recovered voting right as of the end of the last month before date of disclosure of annual report	-

(II) Table of top 10 shareholders and top 10 circulation shareholders (or shareholders without restricted conditions)

Unit: share						
Situation of shareholding of top 10 shareholders						
Designation (full name) of shareholder	Increase/decrease within the report period	Shareholding at the end of period	Ratio (%)	Number of held shares with restricted conditions	Status of pledge or freezing Status of share Quantity	Types of shareholder
Jiangsu International Trust Corporation Limited	-17,196,974	892,803,026	7.73	892,803,026	None	State-owned legal person
Jiangsu Phoenix Publishing & Media Group	-16,819,018	873,180,982	7.56	873,180,982	None	State-owned legal person
Huatai Securities Co., Ltd.	0	640,000,000	5.54	640,000,000	None	Domestic non-state-owned legal person
Wuxi Construction and Development Investment Co., Ltd.	-10,526,354	546,489,186	4.73	546,489,186	Pledge 341,238,940	State-owned legal person
Jiangsu Shagang Group Co., Ltd.	0	350,000,000	3.03	350,000,000	None	Domestic non-state-owned legal person
China Orient Asset Management Corporation	-5,693,899	295,606,101	2.56	295,606,101	None	State-owned legal person
Suzhou International Development Group Co., Ltd.	-5,207,485	270,353,286	2.34	270,353,286	Pledge 70,000,000	State-owned legal person
Jiangsu Huaxi Holding Co., Ltd.	0	248,809,215	2.16	248,809,215	None	Domestic non-state-owned legal person
Jiangsu Broadcasting and Television Group Co., Ltd.	-4,782,765	248,303,375	2.15	248,303,375	None	State-owned legal person
Nantong State-owned Assets Investment Holdings Co., Ltd	-4,203,784	218,244,860	1.89	218,244,860	Pledge 160,000,000	State-owned legal person

Unit: share

top 10 shareholders without restricted conditions			
Designation of shareholder	Number of held circulation shares without restricted conditions	Category and quantity of share	
		Category	Quantity
National social security fund 110 portfolio	22,239,700	RMB ordinary share	22,239,700
NCI – bonus – individual bonus – 018L – FH002 Hu	18,040,164	RMB ordinary share	18,040,164
NCI – bonus – group bonus – 018L – FH001 Hu	14,999,856	RMB ordinary share	14,999,856
ZHU Dehong	13,212,832	RMB ordinary share	13,212,832
National social security fund 413 portfolio	11,999,911	RMB ordinary share	11,999,911
DEUTSCHE BANK AKTIENGESELLSCHAFT	11,634,598	RMB ordinary share	11,634,598
China Life Insurance (Group) Company – bonus – individual bonus – 005L – FH002 Hu	11,000,000	RMB ordinary share	11,000,000
National social security fund 116 portfolio	9,996,666	RMB ordinary share	9,996,666
China Construction Bank Corporation – Great Wall brand optimized mixed securities investment fund	9,000,000	RMB ordinary share	9,000,000
Industrial Bank Co., Ltd. – Family harmony growth mixed securities investment fund	6,130,200	RMB ordinary share	6,130,200
Description of incidence relation or concerted action of the said shareholders		None	
preferred shareholders with recovered voting right and description of number of held shares		None	

IV. Information of controlling shareholders and actual controllers

(I) Information of controlling shareholders

As of the end of the report period, the company had no controlling shareholders.

(II) Information of actual controllers

As of the end of the report period, the company had no actual controllers.

V. Information of major shareholders enjoying shareholding of over 5%

(I) Jiangsu Trust

As of December 31, 2016, Jiangsu Trust held 7.73% of shares of the bank and was the first majority shareholder of the bank. Jiangsu Trust, set up in 1981, is a financial institution the establishment of which was approved by the People's Government of Jiangsu Province, the People's Bank of China and China Banking Regulatory Commission, and completed re-registration work in August 2002. Jiangsu Guoxin Investment Group Co., Ltd. enjoys its shareholding. As of December 31, 2016, Jiangsu Trust enjoyed registered capital of RMB2,683,899,000 and was located at Floor 22-26, No. 2, Changjiang Road, Nanjing City.

As of December 31, 2016, Jiangsu Trust enjoyed unaudited total assets of RMB11,519 million and net asset of RMB9,876 million and realized net profit of RMB1,304 million in 2016.

(II) Phoenix Group

As of December 31, 2016, Phoenix Group held 7.56% of shares of the bank. Phoenix Group, set up in September 2001, enjoys industrial field of publishing, issuing, printing, film and television, culture hotel, cultural estate, financial investment and artwork operation. Phoenix Group has two listed companies, namely, Jiangsu Phoenix Publishing & Media Group Co., Ltd. (stock code: 601928) and Jiangsu Phoenix Industry and Investment Co., Ltd. (stock code: 600716). As of December 31, 2016, Phoenix Group enjoyed registered capital of RMB1,500 million and was located at No. 165, Zhongyang Road, Nanjing City.

(III) Huatai Securities

As of December 31, 2016, Huatai Securities held 5.54% of shares of the bank. The predecessor of Huatai Securities was Jiangsu Securities Company, set up in April 1999, was one of the first batch of comprehensive securities operating companies approved by China Securities Regulatory Commission. Huatai Securities enjoys shareholding of several financial enterprises and participates in several financial companies, including Huatai United Securities Co., Ltd., Huatai Futures Co., Ltd., Jiangsu Equity Exchange Center Co., Ltd., China Southern Asset Management Co., Ltd., Huatai-PineBridge Investment Co., Ltd., Ginpu Industrial Fund Management Co., Ltd. and E-Capital Transfer Co., Ltd., and sets up Huatai Financial Holdings (Hong Kong) Co., Ltd., Huatai Zijin Investment Co., Ltd., Huatai Innovation Investment Co., Ltd. and Huatai Securities (Shanghai) Assets Management Co., Ltd. on the basis of sole proprietorship. Huatai Securities is a securities holding group covering securities, fund, futures and investment business. As of December 31, 2016, Huatai Securities enjoyed registered capital of RMB7,162,768,800 and was located at No. 228, Jiangdong Middle Road, Nanjing City.

Directors, Supervisors, Senior Management And Staff

I. Basic information of directors, supervisors and senior management

(I) Current directors, supervisors and senior management within the report period

Name	Post	Sex	Year of birth	Term of office	Number of shares at the beginning of the year	Number of shares at the end of the year	Quantity of increased/decreased shares within the year	Reason for increase/decrease	Total pre-tax remuneration obtained from the company within the report period (RMB10,000)
XIA Ping	Chairman	Male	1963	April 2013 - change the term	-	-	-	-	67.28
JI Ming	Director	Male	1962	August 2015 - change the term	-	-	-	-	66.30
	President			April 2015 - change the term	-	-	-	-	
GU Xian	Director	Female	1963	August 2015 - change the term	-	-	-	-	60.97
	Vice president			July 2015 - change the term	-	-	-	-	
ZHANG Rongsen	Director	Male	1968	September 2016 - change the term	-	-	-	-	93.92
	Vice president			July 2015 - change the term	-	-	-	-	
HU Jun	Director	Male	1970	August 2015 - change the term	-	-	-	-	-
WANG Weihong	Director	Male	1961	March 2014 - change the term	-	-	-	-	-
JIANG Jian	Director	Male	1966	March 2012 - change the term	-	-	-	-	-
TANG Jingsong	Director	Male	1969	December 2006 - change the term	6635	6635	-	-	-
SHEN Bin	Director	Male	1979	June 2010 - change the term	-	-	-	-	-
DU Wenyi	Director	Male	1963	March 2014 - change the term	-	-	-	-	-
GU Yingbin	Independent director	Male	1963	June 2010 - change the term	-	-	-	-	20
LIU Yuhui	Independent director	Male	1970	March 2014 - change the term	-	-	-	-	20
YAN Yan	Independent director	Male	1972	March 2014 - change the term	-	-	-	-	20
YU Chen	Independent director	Male	1971	August 2015 - change the term	-	-	-	-	20
YANG Tingdong	Independent director	Male	1960	December 2015 - change the term	-	-	-	-	20



Name	Post	Sex	Year of birth	Term of office	Number of shares at the beginning of the year	Number of shares at the end of the year	Quantity of increased/decreased shares within the year	Reason for increase/decrease	Total pre-tax remuneration obtained from the company within the report period (RMB10,000)
ZHU Qilong	Chairman of Board of Supervisors	Male	1964	February 2016 - change the term	-	-	-	-	61.53
DU Baoqi	External supervisor	Male	1950	April 2014 - change the term	-	-	-	-	18
TANG Xiaoping	External supervisor	Male	1954	February 2015 - change the term	-	-	-	-	18
YU Jiaqin	Supervisor	Male	1958	March 2013 - change the term	-	-	-	-	-
AN Ran	Supervisor	Female	1972	April 2014 - change the term	-	-	-	-	-
YUAN Weijing	Supervisor	Female	1963	April 2014 - change the term	-	-	-	-	-
ZHOU Kai	Staff supervisor	Male	1977	August 2016 - change the term	-	-	-	-	79.61
SHI Wenqi	Staff supervisor	Female	1972	March 2015 - change the term	-	-	-	-	98.97
YANG Kai	Vice president	Male	1959	February 2016 - change the term	322,012	322,012	-	-	54.55
Ji Jinsong	Discipline Inspecting Commission Secretary	Male	1967	February 2016 -	-	-	-	-	38.71
ZHAO Hui	Operation director	Male	1965	August 2009 - change the term	-	-	-	-	105.76
LI Min	Assistantant president	Male	1963	June 2009 - change the term	-	-	-	-	314.33
WU Dianjun	Board Secretary	Male	1969	August 2016 - change the term	-	-	-	-	142.80

Note: 1. The remuneration obtained by newly-appointed personnel for the company within the report period shall be converted in accordance with time in post, remuneration includes part of various social insurances, housing fund and supplementary insurance paid by the unit.

2. Final pre-tax remuneration of part directors, supervisors and senior management of the company is to be confirmed, other parts will be separately disclosed after being confirmed.

3. Situations in which part non-executive directors, shareholders and supervisors obtained remuneration for related parties of the company are as follows:

1) Non-executive directors, shareholders and supervisors held directors or senior management in other legal person or organization, and legal person or organization became a related party of the company, the said non-executive directors, shareholders and supervisors shall obtain remuneration from the said related party.

2) A shareholder became a related party of the company because having over 5% of shares of the company, such shareholders and directors can obtain remuneration from the said related party (unit dispatching shareholders).

Directors, supervisors and senior management of the company did not obtain remuneration from related parties of the company except for the said situations.

4. Independent director GU Yingbin completed 6-year term of office and submitted the resignation report to the Board of Directors of the company in December 2016. GU Yingbin shall still perform the responsibility of independent director before the shareholders' meeting elected new independent director and acquired qualification of supervision department in accordance with the Implementation Measures of the China Banking Regulatory Commission for the Administrative Licensing Items concerning Chinese-Funded Commercial Banks of China Banking Regulatory Commission and articles of association of the company.

(II) Resume of directors, supervisors and senior management

1. Directors

Mr. XIA Ping, a member of the Communist Party of China, graduated from Nanjing University of Science and Technology with a Master's Degree in Management Science and Engineering and is a senior economist. Mr. XIA Ping once served as vice general manager of international business department of Nanjing Branch of China Construction Bank, president of Luhe Sub-branch of China Construction Bank, president of the first sub-branch of China Construction Bank, general manager assistant and vice general manager of business department of Jiangsu Branch of China Construction Bank, vice president and member of the party committee of Jiangsu Branch of China Construction Bank and general manager of business department in Jiangsu Branch of China Construction Bank, president and secretary of party committee of Suzhou Branch of China Construction Bank, and president and deputy secretary of the party committee of Bank of Nanjing Co., Ltd.. He now serves as the chairman and secretary of party committee of Bank of Jiangsu and chairman of Suyin Financial Leasing Co., Ltd.

Mr. JI Ming, a member of the Communist Party of China, graduated from Department of Geology of Nanjing University, majoring in Hydrogeology and Engineering Geology, and obtained the Bachelor's Degree in Science, and graduated from Department of Law of Nanjing University, majoring in Law, and obtained the second Bachelor's Degree in Law; and he is a senior economist and acquires qualification of lawyers. Mr. JI Ming once served as the section-level secretary of party-masses department of Nanjing Municipal Committee Policy Research Office, section-level organizer of city and county cadres section and office of Jiangsu Provincial Committee Organization Department, deputy-director level inspector and deputy director of the office of Jiangsu Provincial Committee Organization Department, deputy director of cadres section I and director of youth cadres division of Jiangsu Provincial Committee Organization Department, deputy secretary of the party committee, secretary of discipline inspection commission and vice chief supervisor of Bank of Jiangsu, vice president and deputy secretary of party committee of Bank of Jiangsu and general manager (concurrently) of operation and management department of head office of Bank of Jiangsu; Mr. JI Ming now serves as the director, president and deputy secretary of party committee of Bank of Jiangsu.

Ms. GU Xian, a member of the Communist Party of China, graduated from Peking University with major in ideological and political education and obtained the Bachelor's Degree in Law and is a senior economist. Ms. GU Xian once served as the deputy director and director of retail business department of Jiangsu Branch of Bank of China, general manager of bank card department of Jiangsu Branch of Bank of China; general manager of retail business department of Bank of Jiangsu, member of the party committee and assistant to president of Bank of Jiangsu. Ms. GU Xian now serves as the director, vice president and member of the party committee of Bank of Jiangsu.

Mr. ZHANG Rongsen, a member of the Communist Party of China, graduated from Renmin University of China, majoring in Economic History, and obtained the Doctor's degree in Economics and is a senior economist. Mr. ZHANG Rongsen ever served as vice president of Beijing Shouti Sub-branch of China Minsheng Banking, president of Beijing Hangtianqiao Sub-branch of Guangdong Development Bank, assistant

to president and general manager of fund department of Beijing Branch of Guangdong Development Bank, president and party committee secretary of Beijing Branch of Bank of Jiangsu and member of the party committee of Bank of Jiangsu and president and secretary of the party committee of Beijing Branch of Bank of Jiangsu. He now serves as the director, vice president and member of the party committee of Bank of Jiangsu, and the president and secretary of party committee of Beijing Branch.

Mr. HU Jun, a member of the Communist Party of China and economist, graduated from China Finance Institute with major in Finance and obtained the bachelor degree, and graduated from Nanjing University Business School with the Degree of Master of Business Administration. Mr. HU Jun once served as the section member and manager assistant of financial department II of Jiangsu International Trust Investment Co., Ltd. and manager assistant and vice general manager of Jiangsu International Trust Investment Co., Ltd.. He now serves as general manager of Jiangsu International Trust Investment Co., Ltd., chairman of Jiangsu Xinxin Wealth and Assets Management Co., Ltd, director of Li'an Life Insurance Co., Ltd. and director of Bank of Jiangsu.

Mr. WANG Weihong, a member of the Communist Party of China, graduated from the School of Government of Nanjing University with the doctor's degree and has a lawyer certificate. Mr. WANG Weihong once served as principal staff member of legal advisory office, deputy director and director of legal department, as well as deputy secretary general and office director of Jiangsu Federation of Trade Unions. He is now a member of the party committee and secretary of commission for discipline inspection of Jiangsu Phoenix Publishing & Media Group Co., Ltd., vice chairman of Jiangsu Phoenix Industry and Investment Co., Ltd., chairman of the Board of Supervisors of Jiangsu Phoenix Publishing & Media Corporation Limited, chairman of Jiangsu Xinguanglian Technology Co., Ltd. and director and Bank of Jiangsu.

Mr. JIANG Jian, a member of the Communist Party of China, graduated from Nanjing Agricultural University with the Master's Degree in major of Economic Management. He once served as section chief of training and education section of Human Resources Department of Huatai Securities, vice manager of stock department investment bank headquarters of Huatai Securities, vice general manager of investment bank section I of Huatai Securities, vice general manager of investment bank headquarters and general manager of distribution department of Huatai Securities, general manager of asset management department of Huatai Securities; chief supervisor of investment bank business of Huatai Securities, general manager of Nanjing Head Office of investment bank business of Huatai Securities, assistant to president of Huatai Securities and general manager of Shanghai Head Office of Huatai Securities, secretary of the board, assistant to president of Huatai Securities and general manager of customer service department of Huatai Securities. At present, Mr. JIANG Jian holds the positions of vice president and secretary of the board of Huatai Securities Co., Ltd.; director of Huatai Zijin Investment Co., Ltd., director of Huatai Ruitong Investment Management Co., Ltd., director of E-Capital Transfer Co., Ltd., director of Huatai Financial Holdings (Hong Kong) Co., Ltd. and director of Bank of Jiangsu.

Mr. TANG Jingsong, a member of the Communist Party of China, graduated from Finance and Economics School of Soochow University with Bachelor's Degree in major of Accounting and is a senior accountant. Mr. TANG Jingsong once served as the director of economic construction section II of Wuxi Finance Bureau

and director of Wuxi Financial Investment Evaluation Center. He now is the director and president of Wuxi Taihu New City Development Group Co., Ltd., the chairman and general manager of Wuxi Construction and Development Investment Co., Ltd. and director of Wuxi Rural Commercial Bank Co., Ltd. and director of Bank of Jiangsu.

Mr. SHEN Bin, a member of the Communist Party of China, graduated from Staffordshire University with Master's Degree in Economics, and is an economist. Mr. SHEN Bin once served as the standing executive director of the Board of Directors, executive vice president and chief accountant of Jiangsu Shagang Group and the secretary of the party committee of Shagang Group. He now serves as the standing executive director of the Board of Directors, secretary of the party committee and executive vice president of Shagang Group, chairman of Jiangsu Shagang Group Co., Ltd., director of Bank of Suzhou Co., Ltd. and director of Bank of Jiangsu.

Mr. DU Wenyi, a member of the Communist Party of China, has a bachelor's degree and is a senior economist. Mr. DU Wenyi once served as deputy director and director of financial planning office of Jiangsu Institute of Communications Planning and Designing, deputy director of financial audit department of Jiangsu Communications Holding Co., Ltd., deputy director, director of financial audit department and director of Jiangsu Communications Industry Group Co., Ltd., vice general manager of Jiangsu Expressway Co., Ltd. and director of financial audit department of Jiangsu Communications Holding Co., Ltd. He now serves as the director of financial management department and deputy chief accountant of Jiangsu Communications Holding Co., Ltd., chairman of Jiangsu Communications Holding Group Finance Co., Ltd. and director of Bank of Jiangsu.

Mr. GU Yingbin, a member of the Communist Party of China, obtained the Bachelor's Degree in major of Law in Southwest University of Political Science & Law and is a senior lawyer. Mr. GU Yingbin once served as the director and lawyer of Jiangsu Jinxinda Law Office as well as director and lawyer of Nantong Branch of Beijing Jianyuan Law Office. Now he is the senior partner of Beijing Dacheng Law Offices and director of Beijing Dacheng (Nantong) Law Offices and independent director of Bank of Jiangsu.

Mr. LIU Yuhui, a member of Chinese Peasants' and Workers' Democratic Party, graduated from Graduate School of Chinese Academy of Social Sciences with a Doctor's Degree in major of Quantitative Economics. He once served as the chief economist of Huatai Securities Co., Ltd.. Mr. GU Yingbin now serves as the researcher of Financial Research Institute of Chinese Academy of Social Sciences, chief economist of TF Securities Co., Ltd., professor and doctoral supervisor in Chinese Academy of Social Science and Nankai University, independent director of Bank of Hangzhou Co., Ltd., external supervisor of Bank of Zhengzhou, independent director of Central China Land Media Co., Ltd., independent director of Shenzhen Keybridge Communications Co., Ltd. and independent director of Bank of Jiangsu.

Mr. YAN Yan, a member of the Communist Party of China, holds Doctor's Degrees in Management and Laws and is a post-doctor in business administration. He has the lawyer's certificate and is a non-practicing member of Chinese Institute of Certified Public Accountants. Mr. YAN Yan once served as principal staff member of Science and Technology Department. He is now a professor of Shanghai National Accounting Institute, independent director of Shanghai Jinfeng Wine Co., Ltd., independent director of Shanghai Baosteel

Packaging Co., Ltd., independent director of Jiangsu Financial Leasing Co., Ltd., director of Shanghai Shineton Investment Co., Ltd. and independent director of Bank of Jiangsu.

Mr. YU Chen, obtaining Master's Degree in Computer of IIT and Bachelor's Degree in Computer of Peking University, now studies at Tsinghua PBSCF (EMBA). Mr. YU Chen once served as the product market manager of Oracle and director of SVCWireless, and now is the president of Yeepay Co., Ltd. and independent director of Bank of Jiangsu.

Mr. YANG Tingdong, a member of the Communist Party of China, holds master's degree and is a senior engineer and senior economist and an expert who enjoys the State Council Special Allowance. Mr. YANG Tingdong once served as teacher of Jiangsu Huaiyin Hongze Commercial Vocational School, assistant secretary of Policy Research Center of Huaiyin City, Jiangsu Province, secretary, vice section chief and section chief of Jiangsu Huaiyin Municipal Party Committee Office, subprefect, member of Standing Committee of CPC County Committee, first deputy county chief and vice secretary of county committee of Siyang County, Jiangsu Province, secretary of the party committee, chairman and general manager of Jiangsu Yanghe Brewery Group Co., Ltd., secretary of the party committee and chairman of Jiangsu Yanghe Brewery (Group) Co., Ltd., secretary of the party committee and chairman of Jiangsu Yanghe Brewery Joint-stock Co., Ltd. (Su Wine Group), standing deputy director of management committee and deputy secretary of party working committee of Jiangsu Suqian Yanghe New City, chairman of Jiangsu Yanghe Group and chairman of Jiangsu Shuanggou Group. He now serves as the vice general manager of Jiangsu Backto Ecological Agricultural Development Co., Ltd. and independent director of Bank of Jiangsu.

2. Supervisors

Mr. ZHU Qilong, a member of the Communist Party of China, has obtained the master's degree and the lawyer qualification and is a senior economist. Mr. ZHU Qilong once served as the section chief of law section of Jiangsu Branch of the People's Bank of China, deputy office director and law office director of Nanjing Branch of the People's Bank of China, deputy office director (at the director level) of Nanjing Branch of the People's Bank of China, director of supervision division of City Commercial Bank of Jiangsu Banking Regulatory Bureau, member of the party committee, secretary of the board, assistant to president, office director, director of party committee office and manager of propaganda department of Head Office of Bank of Jiangsu, member of the party committee, secretary of the board and vice president of Head Office of Bank of Jiangsu. He now serves as the chief supervisor and member of the party committee of Bank of Jiangsu.

Mr. DU Baoqi, a member of the Communist Party of China, enjoys a bachelor's degree and is an economist. He once served as director of Foreign Economic Relations and Trade Commission of Weifang, Shandong Province, member of the party group and mayor's assistant of Weifang Municipal Government, president of Shandong Branch of Industrial and Commercial Bank of China, and director general of Nanjing Branch of Internal Auditing Bureau of Industrial and Commercial Bank of China. He now serves as an external supervisor of Bank of Jiangsu.

Mr. TANG Xiaoqing, a member of the Communist Party of China, has the Doctor's Degree in Economics. Mr. TANG Xiaoqing once served as the engineer and deputy director of Chinese Academy of Sciences, deputy

director and director of fiscal and financial division of State Development Planning Commission, vice general manager of market development department of Agricultural Bank of China, person in charge of plan fund division and credit management division, deputy director of non-bank financial institution regulatory division and deputy director of cooperation finance regulatory division of the People's Bank of China, vice president of Henan Branch of the People's Bank of China, director general of China Banking Regulatory Commission, Inner Mongolia Office, director general, director of supervision department I and director of financial accounting department of China Banking Regulatory Commission, Shanxi Office and vice president, member of the party committee and secretary of committee for discipline inspection of Head Office of China Merchants Bank. He now serves as an external supervisor of Bank of Jiangsu.

Mr. YU Jiaqin, a member of the Communist Party of China, has the master's degree and is an economist. He once served as vice section chief of Business Department of Jiangsu Branch, deputy director of credit loan department of Jinling Branch, deputy director of credit loan department of Nanjing Branch of Bank of China, manager of Bank of China (Hong Kong) Limited, director of credit loan department and assistant to president of Nanjing Branch of Bank of China, president of Nanjing Chengbei (under administration) Sub-branch of Bank of China; manager and senior manager of assets appraisal department of Nanjing Office, senior manager, vice general manager and secretary of discipline inspection commission and general manager of Assets Management Section II of China Orient Asset Management Corporation. He now serves as a supervisor (at the general manager level) of Nanjing Office of China Orient Asset Management Corporation and a supervisor of Bank of Jiangsu.

Ms. AN Ran, a member of the Communist Party of China, has the master's degree and is a senior accountant and CPA. She once served as a section member of financial department of Jiangsu Bureau of Radio and Television and deputy director and director of financial assets department of Jiangsu Broadcasting Corporation (Group). She is now the director of operation and management department of Jiangsu Broadcasting Corporation Group Co., Ltd., director of Haoxiang Shopping Co., Ltd., director of Jiangsu Culture Assets and Equity Exchange and supervisor of Bank of Jiangsu.

Ms. YUAN Weijing, a member of the Communist Party of China, has the bachelor's degree and is a senior accountant. She once served as a section member of corporate finance department of Suzhou Bureau of Finance and general manager of Suzhou Yingcai Investment Group Co., Ltd.. She now is the member of the party committee and chief accountant of Suzhou International Development Group Co., Ltd. and chairman of Suzhou Trust Co., Ltd., supervisor of Soochow Securities, Co., Ltd., director of Suzhou International Development Venture Capital Holding Co., Ltd. and director of Suzhou Guofa Small and Medium Enterprises Guarantee Investment Co., Ltd. and supervisor of Bank of Jiangsu.

Mr. ZHOU Kai, a member of the Communist Party of China, has the doctor's degree, and is a senior economist. He once served as the section member, vice business manager and risk manager (five-level professional skill) of risk management department of Jiangsu Branch of China Construction Bank, vice general manager, vice general manager (only in charge of presiding work) and general manager of risk management department of Bank of Nanjing. He now serves as the staff supervisor of Bank of Jiangsu and general manager of risk management department of Bank of Jiangsu.

Ms. SHI Wenqi, a member of the Communist Party of China, has the bachelor's degree and is an economist and certified internal auditor. She once served as the section member and vice section chief of business department of Dachang Sub-branch of Nanjing Branch of China Construction Bank, vice business manager and business manager of Nanjing Audit Department of China Construction Bank, vice team manager, team manager and general manager assistant of internal audit department of Bank of Jiangsu. She now serves as the staff supervisor of Bank of Jiangsu and vice general manager of internal audit department of Bank of Jiangsu.

3. Senior management

Mr. JI Ming, director and president of the bank (main work experience is shown in the part related to directors).

Ms. GU Xian, director and vice president of the bank (main work experience is shown in the part related to directors).

Mr. ZHANG Rongsen, director and vice president of the bank (main work experience is shown in the part related to directors).

Mr. YANG Kai, a member of the Communist Party of China, graduated from Shanghai University of Finance and Economics with major of Enterprise Administration Concerning Foreign Natio and obtained the Master's Degree in Economics, and is a senior economist. He once served as the vice section chief of plan credit department of Wuxi Branch of the People's Bank of China; director of Wuxi Wu'ai Urban Credit Cooperation; member of the party committee, director and vice president of Wuxi Commercial Bank; deputy secretary of the party committee, secretary of the party committee and vice president of Wuxi Branch of Bank of Jiangsu. He now serves as the vice president, member of the party committee of Bank of Jiangsu, and president and secretary of the party committee of Wuxi Branch of Bank of Jiangsu.

Mr. JI Jinsong, a member of the Communist Party of China, has bachelor's degree and is an economist. He once served as the section member of operation and management section of agricultural and industrial department of Yangzhou Municipal Party Committee, organization personnel (at the vice section chief level) of organization section of organization department and organization personnel (at the section chief level) of research office of Yangzhou Municipal Party Committee, organization personnel (at the section chief level), organization personnel (at the deputy director level) and vice researcher of organization office I, deputy director of organization office II, vice office director, director of veteran cadre office and director of organization office II of Jiangsu Provincial Party Committee. He now serves as secretary of committee for discipline inspection and member of the party committee of Bank of Jiangsu.

Mr. ZHAO Hui, a member of the Communist Party of China, graduated from Party School of the CPC Central Committee with major of Laws and is a senior MBA (Master of Business Administration) from Nanjing University of Science and Technology and also is a senior economist. Mr. ZHAO Hui once served as the deputy director of receiving & paying and liquidation division of Jiangsu Branch of Bank of China, deputy director, deputy director (only in charge of presiding work) and director of liquidation division of Jiangsu Branch of Bank of China, general manager of operation department of Jiangsu Branch of Bank of China, president of Suqian Branch of Bank of China and general manager of operation department of Bank of Jiangsu. He now

serves as the director of operations of Bank of Jiangsu.

Mr. LI Min, a member of the Communist Party of China, obtained the Bachelor's Degree in major of International Finance of Shenzhen University. He is also an economist. Mr. LI Min once served as the vice president and president of Shanghai Branch of Shenzhen Development Bank, assistant to president of Shenzhen Development Bank and president of Beijing Branch of Shenzhen Development Bank, standing vice general manager of Shenzhen Management Department of Shenzhen Development Bank, standing vice president of Shenzhen Branch of Shenzhen Development Bank, president and secretary of party committee of Shenzhen Branch of Bank of Jiangsu. He now serves as the assistant to president of Bank of Jiangsu, and president and secretary of the party committee of Shenzhen Branch of Bank of Jiangsu.

Mr. WU Dianjun, a member of the Communist Party of China, has both master's degree and doctor's degree and is a senior economist. He once served as the person in charge of general affairs department of international business division of Lianyungang Branch of Agricultural Bank of China, office director and manager of operation department of Lianyungang Branch of Agricultural Development Bank, deputy office director (in charge of presiding work) of Jiangsu Branch of Agricultural Development Bank and deputy office director of Bank of Jiangsu. He is now the secretary of the board, office director, director of the party committee office and propaganda director of Bank of Jiangsu.

II. Other jobs of current and leaving directors, supervisors and senior management directors in the report period

(I) Other jobs in shareholders

Name	Name of shareholder	Position(s) held in shareholder	Beginning date
HU Jun	Jiangsu International Trust Corporation Limited	General manager	August 2013
WANG Weihong	Jiangsu Phoenix Publishing & Media Group Co., Ltd.	Secretary of committee for discipline inspection	June 2003
JIANG Jian	Huatai Securities Co., Ltd.	Vice president	September 2007
		Secretary of the board	March 2006
TANG Jingsong	Wuxi Construction and Development Investment Co., Ltd.	Chairman, general manager	December 2011
SHEN Bin	Jiangsu Shagang Group Co., Ltd.	Chairman	June 2016
DU Wenyi	Jiangsu Communications Holding Co., Ltd.	Deputy chief accountant	February 2011
		Financial management department manager	November 2007
YU Jiaqin	China Orient Asset Management Corporation	Supervisor (at the general manager level) of Jiangsu Branch	March 2016
AN Ran	Jiangsu Broadcasting and Television Group Co., Ltd.	Director of business management department	January 2016
YUAN Weijing	Suzhou International Development Group Co., Ltd.	Member of the party committee, chief accountant	June 2006
Description of situation of officeholding in legal-person shareholders	The said personnel in the table are directors and supervisors of the bank assigned by legal-person shareholders.		

(II) in other companies/units

Name	Name of other companies/units	Position(s) held in other companies/unit
XIA Ping	Suyin Financial Leasing Co., Ltd.	Chairman
HU Jun	Jiangsu Xinxin Wealth and Assets Management Co., Ltd.	Chairman
HU Jun	Li'an Life Insurance Co., Ltd.	Director
WANG Weihong	Jiangsu Phoenix Industry and Investment Co., Ltd.	Vice chairman
WANG Weihong	Jiangsu Phoenix Publishing & Media Co., Ltd.	Chairman of Board of Supervisors
WANG Weihong	Jiangsu Xinguanglian Technology Co., Ltd.	Chairman
WANG Weihong	Jiangsu Phoenix Tumor Hospital Co., Ltd.	Chairman
WANG Weihong	Jiangsu Culture Investment Management Group	Director
JIANG Jian	Huatai Zijin Investment Co., Ltd.	Director
JIANG Jian	Nanjing Huatai Ruitong Investment Management Co., Ltd.	Director
JIANG Jian	E-Capital Transfer Co., Ltd.	Director

Name	Name of other companies/units	Position(s) held in other companies/unit
JIANG Jian	Huatai Financial Holdings (Hong Kong) Co., Ltd.	Director
TANG Jingsong	Wuxi Taihu New City Development Group Co., Ltd.	Director, president
TANG Jingsong	Wuxi Rural Commercial Bank Co., Ltd.	Director
TANG Jingsong	Wuxi Lvzhou Construction Investment Co., Ltd.	Legal representative
TANG Jingsong	Wuxi Jianrong Industrial Co., Ltd.	Legal representative
TANG Jingsong	Wuxi Jianzheng Parking Management Co., Ltd.	Legal representative
TANG Jingsong	Wuxi Jianzhi Media Co., Ltd.	Legal representative
TANG Jingsong	Wuxi Xishan Jianfa Investment Co., Ltd.	Director
TANG Jingsong	Wuxi Caitong Financial Leasing Co., Ltd.	Chairman
TANG Jingsong	Wuxi Caixin Business Factoring Co., Ltd.	Chairman
TANG Jingsong	Wuxi Jianrong Guosu Investment Co., Ltd.	Chairman
TANG Jingsong	Wuxi Taihu Technological Park Investment Development Co., Ltd.	Director
TANG Jingsong	Wuxi Taihu New City Property Co., Ltd.	Chairman
TANG Jingsong	Wuxi Xinze Investment Development Co., Ltd.	Chairman
SHEN Bin	Bank of Suzhou Co., Ltd.	Director
SHEN Bin	Doto Futures Brokerage Co., Ltd.	Director
SHEN Bin	Ginpu Industrial Fund Management Co., Ltd.	Director
SHEN Bin	Shanghai Jinpu Medical Treatment and Health Equity Fund Management Co., Ltd.	Director
SHEN Bin	Jiangsu Zhongke Shagang Venture Capital Co., Ltd.	Supervisor
SHEN Bin	Jiangsu Shagang International Trade Co., Ltd.	Chairman
SHEN Bin	Shagang Finance Co., Ltd.	Chairman
SHEN Bin	Wuxi Xifeng Steel Co., Ltd.	Supervisor
SHEN Bin	Jiangsu Shagang Group Investment Holding Co., Ltd.	Chairman
SHEN Bin	Zhangjiagang Shagang Rural Small Loan Co., Ltd.	Chairman
SHEN Bin	Zhangjiagang Jiulong Real Estate Development Co., Ltd.	Chairman
DU Wenyi	Jiangsu Communications Holding Co., Ltd.	Chairman
DU Wenyi	Jiangsu Expressway Co., Ltd.	Director
DU Wenyi	Jiangsu Beijing-Shanghai Expressway Co., Ltd.	Director
DU Wenyi	Jiangsu Riverine Expressway Co., Ltd.	Director
DU Wenyi	Jiangsu Nanjing-Yangzhou Expressway Co., Ltd.	Director
DU Wenyi	Jiangsu Ocean Shipping Co., Ltd.	Director
DU Wenyi	Nanjing Xieli Venture Investment Co., Ltd.	Director
DU Wenyi	Zhenjiang Junding Xieli Venture Investment Co., Ltd.	Director
DU Wenyi	Jiangsu Railway Investment Development Co., Ltd.	Director
DU Wenyi	Nanjing Yuejin Automobile Co., Ltd.	Director
DU Wenyi	Hengtai Insurance Brokers Co., Ltd.	Director
DU Wenyi	Jiangsu International Talent Consultation Service Co., Ltd.	Director

Name	Name of other companies/units	Position(s) held in other companies/unit
DU Wenyi	Jiangsu Expressway Network Operation and Management Center	Chairman of Board of Supervisors
DU Wenyi	Fuanda Fund Management Co., Ltd.	Supervisor
DU Wenyi	Guodian Taizhou Power Generation Co., Ltd.	Supervisor
GU Yingbin	Beijing Dacheng Law Offices	Senior partner
GU Yingbin	Beijing Dacheng (Nantong) Law Offices	Director
LIU Yuhui	Financial Research Institute of Chinese Academy of Social Sciences	Researcher
LIU Yuhui	TF Securities Co., Ltd.	Chief economist
LIU Yuhui	Graduate School of Chinese Academy of Social Sciences	Professor, doctoral supervisor
LIU Yuhui	Nankai University	Professor, doctoral supervisor
LIU Yuhui	Bank of Hangzhou Co., Ltd.	Independent director
LIU Yuhui	Bank of Zhengzhou Co., Ltd.	External supervisor
LIU Yuhui	Central China Land Media Co., Ltd.	Independent director
LIU Yuhui	Shenzhen Keybridge Communications Co., Ltd.	Independent director
YAN Yan	Accounting Institute of Shanghai National Accounting Institute	Professor
YAN Yan	Shanghai Jinfeng Wine Co., Ltd.	Independent director
YAN Yan	Shanghai Baosteel Packaging Co., Ltd.	Independent director
YAN Yan	Jiangsu Financial Leasing Co., Ltd.	Independent director
YAN Yan	Shanghai Shineton Investment Co., Ltd.	Director
YU Chen	Yeepay Co., Ltd.	President
YANG Tingdong	Jiangsu Backto Ecological Agricultural Development Co., Ltd.	Vice general manager
AN Ran	Haoxiang Shopping Co., Ltd.	Director
AN Ran	Jiangsu Culture Assets and Equity Exchange Co., Ltd.	Director
AN Ran	Jiangsu Broadcasting Corporation Broadcasting Media Co., Ltd.	Director
AN Ran	Jiangsu Broadcasting Corporation International Broadcasting Co., Ltd.	Supervisor
AN Ran	Jiangsu Broadcasting Corporation Shiqiu Movie and TV Base Co., Ltd.	Director
YUAN Weijing	Suzhou Trust Co., Ltd.	Chairman
YUAN Weijing	Soochow Securities Co., Ltd.	Supervisor
YUAN Weijing	Suzhou International Development Venture Capital Holding Co., Ltd.	Director
YUAN Weijing	Suzhou Guofa Small and Medium Enterprises Guarantee Investment Co., Ltd.	Director
YUAN Weijing	Suzhou Investment Co., Ltd.	Supervisor

III. Changes of directors, supervisors and senior management

Name	Position held	Situation of change	Reason for change
YANG Tingdong	Independent director	Election	New appointment
WANG Yi	Director, chief supervisor of technical product	Outgoing	Job transfer
ZHANG Rongsen	Director	Election	New appointment
ZHU Qilong	Vice president, secretary of the board	Outgoing	Job transfer
ZHU Qilong	Chief supervisor	Election	New appointment
ZHOU Kai	Staff supervisor	Election	New appointment
ZHOU Kai	Vice president	Appointment	New appointment
WU Dianjun	Staff supervisor	Outgoing	Job transfer
WU Dianjun	Secretary of the board	Appointment	New appointment

IV. Information of staffs

(I) Information of staffs

Unit: person

Number of staffs	
Number of current staffs of parent company	14,409
Number of current staffs of main subsidiaries	143
Total number of current staffs	14,552
Number of retired staffs whose expenses shall be undertaken by parent company and main subsidiaries	1,629

Professional composition	
Category of composition	Number of people
Personnel in management class	3,919
Personnel in marketing class	3,303
Personnel in operation class	6,994
Others	336
Total	14,552

Educational background	
Category of educational background	Quantity (person)
Postgraduate	1,575
University	9,669
Junior college	2,280
Technical secondary school or below	1,028
Total	14,552

(II) Remuneration policy

In accordance with the Guidance for Supervision on Sound Salary of Commercial Banks of China Banking Regulatory Commission, the bank built unified salary management structure and system and formulated the Method of Staff Salary Management of Bank of Jiangsu which comprehensively standardized salary management work of institutions at all or different levels of bank of Jiangsu in line with rules and development tendency of marketization salary management off commercial banks. The salary system of the company, with combination of operating condition of the bank and regional economic environment and on the basis of the principles of having external competitiveness and internal fairness, reflected value creation and contribution of different management levels and posts and the principles of determining salary as per post and changing post and salary at the same time. In accordance with supervision requirements, the bank formulated the Management Method of Delay in Payment of Performance Salary of Bank of Jiangsu, carrying out delay in payment of performance salary to personnel holding the post influenced by risks.

(III) Training plan

In 2016, the bank, taking value creation as the orientation of on-the-job training, actively carried out training over various personnel, including middle and senior management, young and middle-aged cadres, presidents of sub-branches, business backbone, customer managers and undergraduates newly getting into the career, to continuously improve overall quality of staff team. Throughout the year, the bank held 5,931 trainings and attending person-time reached 309,452. Per capita class hour reached 126.39, including 70.11 per capita offline class hours and 56.28 per capita online class hours. The bank commended internal trainers, career tutors and course development personnel making great contributions to cultivating and improving staffs' abilities and quality.

In 2017, the training work of the bank will center on requirements of strategy and transformation development, speed up cultivation and development of various talents at all or different levels and effectively promote talent team construction; build training study carrier having the most big data internet gene and continuously enhance unity, hierarchy and effectiveness of training; speed up the training of abilities and teachers and training management personnel, continuously improve training task performance and provide effective intellectual support and talent guarantee for building a first-rate good listed bank with "four modernizations".

(IV) Labor outsourcing

Total hours of labor outsourcing	8,077,285.28 hours
Total remuneration paid for labor outsourcing	RMB397,219,300

Note: Total hours of labor outsourcing average number of outsourcing people at the beginning of the year and at the end of the year * 40 hours/ week * 52 weeks.



Corporate Governance

I. Relevant Description

From 2016, the bank comprehensively complied with post-marketing supervision requirements of China Securities Regulatory Commission, China Banking Regulatory Commission and Stock Exchange, carried out systematic arrangement and revise of articles of association, market value management, information disclosure, management of salary of directors and supervisions, related transaction system within combination of physical truth of the bank to continuously perform corporate governance system having the characteristics of Bank of Jiangsu. The bank continuously perfected corporate governance architecture composed of shareholders' meeting, Board of Directors, Board of Supervisions and management level and enjoying mutual separation and mutual restrictedness of decision, execution and supervision, and corporate governance operating mechanism in which every governance subject had clear border of responsibilities, its own functions, responsibilities and independent operation. The company devoted to building an honest, fair, transparent and responsible corporate governance system complying with supervision standard as well as its physical truth and tried to optimize corporate governance structure, perfect corporate governance mechanism and improve corporate governance efficiency.

II. Brief introduction of shareholders' meeting

Meeting	Date of convening	Inquiry index of appointed website which resolutions published on	Date of disclosure of publishing of resolutions
Annual general meeting of 2015	February 22, 2016	-	-
The 1 st interim shareholders' meeting of 2016	September 27, 2016	www.sse.com.cn	September 29, 2016
The 2 nd interim shareholders' meeting of 2016	December 16, 2016	www.sse.com.cn	December 19, 2016

Within the report period, the company convened 3 shareholders' meetings which were convened by the Board of Directors, and examined and approved 22 proposals, including annual profit distribution pre-arranged plan of 2015, dilution of sight return of initial public offering and filling measures, issuing of green financial bond, plan on private offering of preferred shares and capital management planning (Year 2016 – Year 2018).

III. Performance of directors

(I) Attendance of directors in Board meeting and shareholders' meeting

Name of director	Be independent director or not	Attendance in Board of Directors						Attendance in shareholders' meeting
		Times of due attendance	Times of personal attendance	Time of attendance in communication mode	Time of delegated attendance	Time of absence	Have successive 2 times without personal attendance or not	Times of attendance in shareholders' meeting
XIA Ping	No	11	3	8	0	0	No	2
JI Ming	No	11	2	8	1	0	No	3
GU Xian	No	11	3	8	0	0	No	3
ZHANG Rongsen	No	2	1	1	0	0	No	0
HU Jun	No	11	3	8	0	0	No	1
WANG Weihong	No	11	3	8	0	0	No	0
JIANG Jian	No	11	3	8	0	0	No	1
TANG Jingsong	No	11	3	8	0	0	No	0
SHEN Bin	No	11	1	8	2	0	No	0
DU Wenyi	No	11	2	8	1	0	No	1
GU Yingbin	Yes	11	2	8	1	0	No	0
LIU Yuhui	Yes	11	1	8	2	0	No	0
YAN Yan	Yes	11	2	8	1	0	No	1
YU Chen	Yes	11	2	8	1	0	No	0
YANG Tingdong	Yes	9	2	7	0	0	No	0
Times of directors' meetings convened within the year								11
In which: times of on-site meeting								3
Times of meetings convened in communication mode								8
Time of meetings convened in on-site mode and communication mode								0

Within the report period, all directors could diligently fulfill their duties, carefully attend meetings and examined various proposals, effectively give play to decision-making functions and maintain interests of all shareholders and the company. The company convened 11 directors' meetings within the report period, examined and approved 70 proposals, including periodic report, private offering of preferred shares, information disclosure management method and other policies and issue of green financial bond, regularly listened reports on

operation and management and total risk management and notified the newest supervision policies of the People's Bank of China, China Banking Regulatory Commission, China Securities Regulatory Commission and other supervision organization.

IV. Performance of specialized committees under the Board of Directors within the report period

The specialized committees under the Board of Directors convened 21 meetings within the report period, including 3 strategic committee meetings, 2 risk management committee meetings, 8 audit committee meetings, 5 related transaction control committee meetings and 3 nomination and salary committee meetings.

(I) Strategic committee

Within the report period, the strategic committee under the Board of Directors convened 3 meetings, examining 5 proposals, including management method of consumer protection, incorporation of assets management company by means of sponsorship and corporate social responsibility report of 2015.

(II) Risk management committee

Within the report period, the risk management committee under the Board of Directors convened 2 meetings, examining 6 proposals, including the proposal related to total risk management report of 2015, risk limit plan of 2016 and newly-increased scope of outsourcing business.

(III) Audit committee

Within the report period, the audit committee under the Board of Directors convened 8 meetings, examining 14 proposals, including self-evaluation report of internal control of 2015, internal audit plan report of 2016 and management method of evaluation of internal control, respectively listening reports of performance of duties in 2015 by persons in charge of financial department and internal audit department.

(IV) Related transaction control committee

Within the report period, the related transaction control committee under the Board of Directors convened 5 meetings, examining 8 proposals, including report on related transaction management of 2015, predicted credit line of related transactions of part related parties of 2016 and capital increase to Suyin Financial Leasing Co., Ltd.

(V) Nomination and compensation committee

Within the report period, the nomination and salary committee under the Board of Directors convened 3 meetings, examining 8 proposals, including evaluation report of performance of duties by directors in 2015 and annual assessment and salary suggestions related to senior management of the company of 2015.

IV. Performance of the Board of Supervisors within the report period

Within the report period, the Board of Supervisors continuously perfected supervision mechanism and carefully performed supervision responsibility in accordance with provisions of laws and regulations and articles of association of the bank.

(I) Supervision on performance of duties

The Board of Supervisors actively perfected and innovated working mode and continuously deepened supervision contents. Firstly, standardizing evaluation system of performance of duties, revising the Evaluation Method on Directors by the Board of Supervisors of Bank of Jiangsu and the Evaluation Method on Performance of Duties of Senior management by the Board of Supervisors of Bank of Jiangsu and formulating annual evaluation plan on performance of duties in accordance with these methods; carrying out monitoring on performance of duties of the Board of Directors, senior management level and its members, building archives of performance of duties, organizing to carry out appraisal and interview related to performance of duties and drafting of evaluation report on performance of duties, and reporting to the shareholders' meeting and supervision department in accordance with the requirements. Secondly, normatively carrying out evaluation on performance of duties, organizing self-evaluation and mutual evaluation under the leadership of nomination committee under the Board of Supervisors, putting forward assessment level of all directors and senior management and submitting the level at a plenary meeting for examination; notifying the Board of Directors and senior management level of the evaluation result and reporting to supervision department and the shareholders' meeting. Thirdly, normatively implementing supervision requirements, determining supervision evaluation issues in accordance with the supervision requirements and having the scope of evaluation on performance of duties of directors and senior management include compliance of laws and regulations of the Board of Directors and senior management level; compliance of articles of association and rules of procedure of shareholders' meeting and directors' meeting and implementation of resolutions of the shareholders' meeting, the Board of Directors and the Board of Supervisors; situation of continuous improvement of corporate governance, development strategy, operation principle, capital management, salary management, information disclosure as well as maintenance of interests of depositors and other stakeholders; situation of effective operation of all specialized committees under the Board of Directors; situation of independent opinions issued by directors and independent directors on significant issues; and situation of continuous improvement of operation and management, risk management and internal control of senior management level.

(II) Implementing financial supervision

The Board of Supervisors carried out supervision and inspection on significant financial affairs of the company according to law and practically maintained lawful rights and interests of shareholders. Firstly, insisting on giving prominence to the key points. The Board of Supervisors paid more attention to significant decisions made by the Board of Directors and senior management level and the implementation of decisions, and carried out supervision on performance of duties in aspects of establishment of subsidiary bodies, foreign investment,

asset acquisition, asset disposal, cancellation of assets after verification and related transaction; business plan and investment plan, economic capital distribution plan, annual financial budget and final account plan, profit distribution plan, issue of green financial bond and preferred shares by attending meetings without voting rights, regularly checking related reports, communicating with related administrative departments and other methods. Secondly, insisting on law compliance. The Board of Supervisors issued opinions to compliance, accuracy and completeness of profit distribution plan, made evaluation on audit opinions issued by accounting firm and involved issues, issued opinions to the case that whether financial report really reflected financial condition and operating result of the bank, expressed opinions on law compliance of asset acquisition and asset sale, issued audit opinions to authenticity, accuracy and completeness of periodic report and carried out supervision on compliance and fairness of appointment, dismissal and renewal of external audit institution and independence and effectiveness of external audit work. Thirdly, insisting on internal and external linkage. The Board of Supervisors attached importance on discussion on significant issues contained in periodic report having influences on authenticity, accuracy and completeness of financial report of the company through repeated communication with related departments and external audit institutions and provided opinions and suggestions. Watch-dog committee under the Board of Supervisors fully performed duties, regularly convened meetings, examined annual report, profit distribution pre-arranged plan, semi-annual report, quarterly report and so on, carried out detailed communication in relation to report issues with accounting firm, performed financial supervisory duty and protected lawful rights and interests of medium and small investors.

(III) Risk supervision

The Board of Supervisors deeply analyzed internal and external situations faced by the bank, focused on asset quality, actively notified risks and promoted prudent operation. Firstly, paying equal attention to strictly holding risk base line and promoting business development, firmly centering on central work of the bank, carrying out risk supervision, notifying risks of key links, providing services for operational transformation and business innovation and ensuring sound development of the bank. Secondly, combining general supervision and supervision on key points; in accordance with the supervision requirements, carrying out general supervision on risk management and control mechanism, risk management strategy, risk preference, risk management policy, risk identification and measuring, risk monitoring and control, economic capital distribution mechanism and consolidated management; carrying out supervision on key topics, including interbank business and investment bank business at the same time on the basis of key points and hot issues. Thirdly, combining non-on-site monitoring and on-site check, and carrying out non-on-site supervision by regularly listening total risk and special risk management report, carrying out monitoring by using related information management system and other ways. The Board of Supervisors enhanced investigation supervision, organized investigation group to carry out on-site investigation guidance to 5 branches within Jiangsu Province, including Wuxi Branch, Suzhou Branch, Nantong Branch, Yancheng Branch and Lianyungang Branch, and understood the risk management and control situation during the process of operational transformation of branches.

(IV) Internal control

The Board of Supervisors promoted and improved basic management level by continuously focusing on field of internal control of the bank. Firstly, focusing on improvement of supervision effects, making internal control and supervision throughout financial supervision and risk supervision and enhancing supervision on situation of internal control, including management system, operation procedure, key risk links and related management information of new business and new products in accordance with supervision requirements. Secondly, paying attention to physical truth of the bank, carrying out supervision and inspection on several topics, including staff behavior checking and accountability and implementation of investment bank business and interbank business of 2016; regularly examining inspection report and self-evaluation report of internal control of the bank and issuing supervision and evaluation opinions. Thirdly, attaching importance on compliance recognition of internal control of the bank, enhancing guidance to internal control supervision and evaluation of the bank, paying more attention to supervising internal control environment, risk identification and evaluation, internal control measures, exchange and feedback of information, supervision evaluation and correction, promoting all responsibility subjects to perform its own duties well, perfected internal control environment and improved internal control management level of the bank.

(V) Information disclosure

The Board of Supervisors enhanced learning of and research on laws and regulations and rules and regulations on information disclosure and fully caught requirements on various work tasks. Firstly, effectively supervising information disclosure system of the bank, supervising information disclosure management systems formulated by the bank, such as the Management Method of Information Disclosure of Bank of Jiangsu, the Management Method of Insiders of Inside Information of Bank of Jiangsu, the Rules for the Management and Implementation of Share Information Disclosure of Bank of Jiangsu and the Responsibility Investigation System of Material Errors of Information Disclosure of Annual Report of Bank of Jiangsu, in accordance with the requirements, and carrying out evaluation on the implementation of systems. Secondly, paying high attention to information disclosure behavior of the bank and supervising behaviors for performing the duty of information disclosure of directors and senior management of the bank; carrying out supervision on timeliness, authenticity, accuracy and completeness of periodic report, temporary announcement, prospectus and announcement on listing. Thirdly, prudently expressing evaluation opinions on information disclosure of the bank, carrying out inspection and supervision on implementation of information disclosure systems of the bank, law compliance of formulation and audit procedures of periodic report and details of disclosure of related significant issues, as well as expressing independent supervision opinions after the completion of appraisal of the Board of Supervisors.

(VI) Promote self-construction

Firstly, normatively convening meetings and ensuring orderly operation of various work tasks of the Board of Supervisors. In 2016, the Board of Supervisors, in accordance with the provisions of laws and regulations, articles of association and rules for procedure of supervisors' meeting, organized 4 plenary meetings and 5 specialized committee meetings and examined 18 proposals. Secondly, paying high attention to learning and research, in accordance with supervision requirements and annual working plan of the Board of Supervisors, regularly organizing to carry out training and learning activities of supervisors to improve supervisors' ability of performing duties, training contents included financial management, new banking business, information disclosure, internal control and management of risks and learning of supervision documents. Thirdly, further perfecting systems, carrying out comprehensive post-evaluation on system of the Board of Supervisors, revising evaluation system of the Board of Supervisors on performance of duties of directors and senior management and perfected working mechanism on the basis of opportunities provided by issuing and listing and in accordance with supervision requirements.

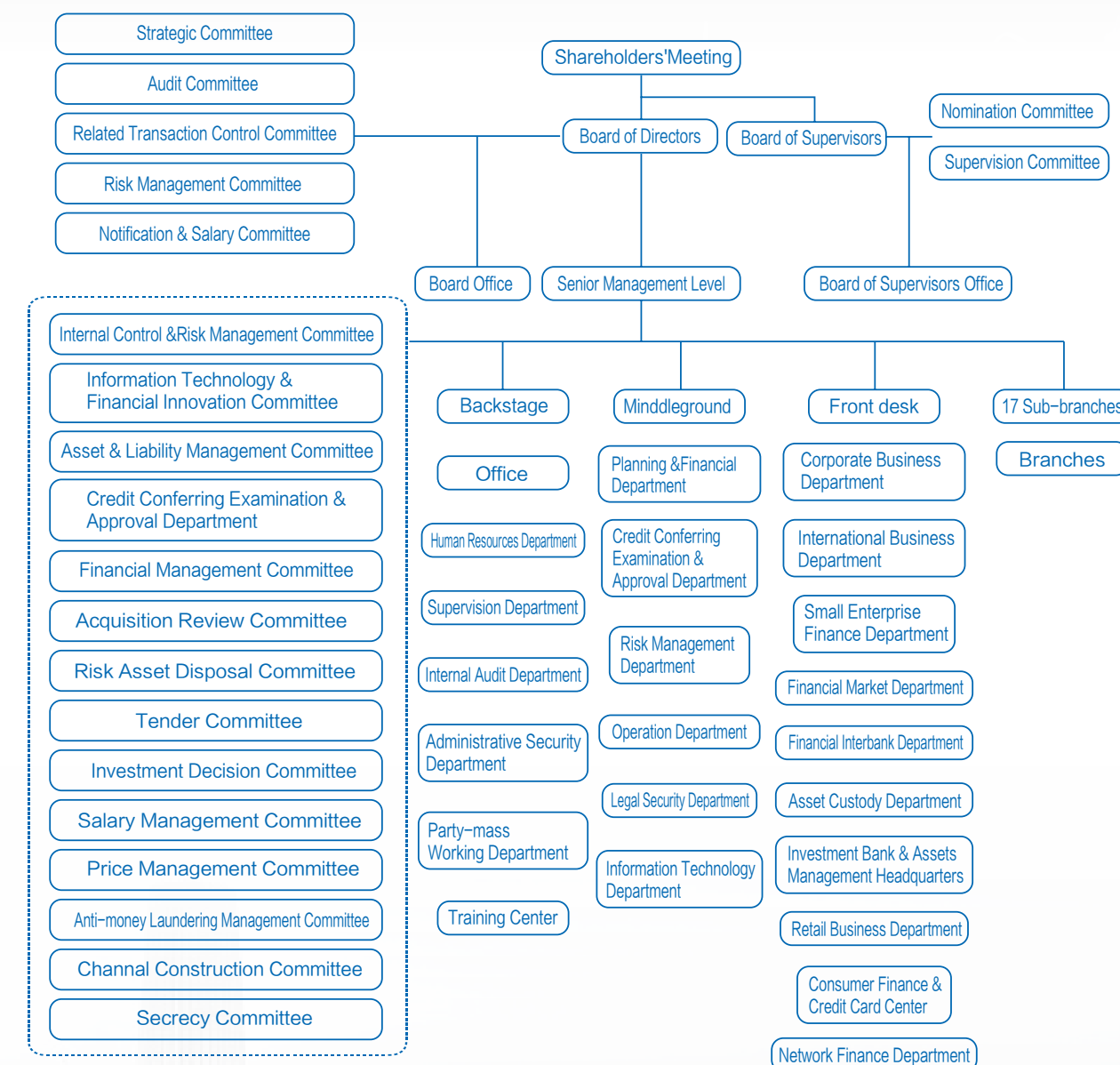
The Board of Supervisors had no objections against supervision issues within the report period, including business condition, details of financial report, use condition of raised funds, situation of acquisition and sale of assets, situation of related transaction, situation of internal control, implementation of information disclosure and implementation of resolutions of shareholders' meeting.

V. Establishment and implementation of evaluation system and incentive mechanism on senior management within the report period

Senior management of the company are directly responsible for the Board of Directors of the company. Within the report period, nomination and salary committee under the Board of Directors enhanced evaluation on senior management in terms of compliance operation, risk control, management benefit, development transformation as well as social responsibility indicators and personal indicators in accordance with supervision requirements and the Salary Assessment Method of Senior management of Bank of Jiangsu. It found, from the evaluation, that senior management level of the company completely various targets assigned by the Board of Directors well in 2016, and annual assessment level given by the Board of Directors to every senior management was A. The Board of Supervisors of the company carried out evaluation on performance of duties in 2016 of senior management. Assessment results of senior management given by the Board of Directors and evaluation opinions on senior management given by the Board of Supervisors were important basis of incentive and constraint of senior management.

VII. Others

(I) Organizational structure of the company



(II) In regard to information disclosure and investor relations

Within the report period, the company actively carried out management work of information disclosure and investor relations and completed the disclosure of IPO, semi-annual report of 2016 and three-quarter report in a high-quality way in strict accordance with the supervisions of China Securities Regulatory Commission and Shanghai Stock Exchange; normatively promoted the preparation and disclosure of interim announcement, enhanced initiativeness, pertinence and effectiveness of information disclosure, truly, accurately, completely and timely disclosed general announcements, including resolutions and announcements of the Board of Directors and resolutions and announcements of the shareholders' meetings, actively disclosed significant issues and important information of the bank, continuously enhanced the transparency of the company and ensured that investors could understand operation and management condition of the bank timely and comprehensively.

In terms of investor relations, the company, after being listed, received 4 times of investor investigation in accordance with the supervision requirements, paid high attention to important network platforms, including SSE e interaction, timely replied market concern, and answered nearly 1000 calls from investors within the report period.

In terms of system construction, the company formulated and revised the Articles of Association of Bank of Jiangsu Co., Ltd., the Management Method of Information Disclosure of Bank of Jiangsu Co., Ltd., the Rules for the Management and Implementation of Share Information Disclosure of Bank of Jiangsu Co., Ltd. and the Management Method of Investor Relations of Bank of Jiangsu Co., Ltd. which were applicable after the company was listed.

(III) Information disclosure index within the report period

No.	Date of disclosure	Announcement No.	Title of announcement
1	August 5, 2016	2016-001	Announcement of Bank of Jiangsu Co., Ltd. on Signing Storage and Supervision Agreement on Special Account of Fund Raising
2	August 6, 2016	2016-002	Announcement of Bank of Jiangsu Co., Ltd. on Abnormal Fluctuations of Stock Exchange
3	August 22, 2016	2016-003	Announcement of Bank of Jiangsu Co., Ltd. on Resignation of Directors
4	August 22, 2016	2016-004	Announcement of Bank of Jiangsu Co., Ltd. on Resignation of Staff Supervisors
5	August 27, 2016	2016-005	Announcement of Bank of Jiangsu Co., Ltd. on Election of Staff Supervisors
6	August 31, 2016	2016-006	Announcement of Bank of Jiangsu Co., Ltd. on Resolution of the Board of Directors
7	August 31, 2016	2016-007	Announcement of Bank of Jiangsu Co., Ltd. on Related Transactions
8	August 31, 2016	2016-008	Announcement of Bank of Jiangsu Co., Ltd. on Appointment of Accounting Firm of 2016

No.	Date of disclosure	Announcement No.	Title of announcement
9	August 31, 2016	2016-009	Announcement of Bank of Jiangsu Co., Ltd. on Resolutions of the Board of Supervisors
10	September 12, 2016	2016-010	Announcement of Bank of Jiangsu on Resolution of the Board of Directors
11	September 12, 2016	2016-011	Announcement of Bank of Jiangsu on Notice on Convening the 1 st Interim Shareholders' Meeting of 2016
12	September 29, 2016	2016-012	Announcement of Bank of Jiangsu on Resolution of the 1 st Interim Shareholders' Meeting of 2016
13	October 10, 2016	2016-013	Announcement of Bank of Jiangsu on Approval of Qualification of Secretary of the Board
14	October 15, 2016	2016-014	Announcement of Bank of Jiangsu on Approval of Change of Registered Capital and Articles of Association
15	October 31, 2016		The 3 rd Quarterly Report of Bank of Jiangsu of 2016
16	November 2, 2016	2016-015	Announcement of Bank of Jiangsu on Complement and Modification of the 3 rd Quarterly Report of 2016
17	November 2, 2016	2016-016	Announcement of Bank of Jiangsu on Change of Sponsor Representative
18	November 8, 2016	2016-017	Announcement of Bank of Jiangsu on Approval of Qualification of Directors
19	November 30, 2016	2016-018	Announcement of Bank of Jiangsu on Resolution of the Board of Directors
20	November 30, 2016	2016-019	Announcement of Bank of Jiangsu on Notice on Convening the 2 nd Interim Shareholders' Meeting of 2016
21	November 30, 2016	2016-020	Announcement of Bank of Jiangsu on Pre-arranged Plan of Private Offering of Preferred Shares
22	December 19, 2016	2016-021	Announcement of Bank of Jiangsu on Resolution of the 2 nd Interim Shareholders' Meeting of 2016
23	December 27, 2016	2016-022	Announcement of Bank of Jiangsu on Resolution of the Board of Directors
24	December 27, 2016	2016-023	Announcement of Bank of Jiangsu on Approval of Preparation of Nanjing Branch
25	December 31, 2016	2016-024	Announcement of Bank of Jiangsu on Resignation of Independent Directors after Expiration of the Term of Office

(IV) Responsibility investigation rules of major errors in annual report

In accordance with requirements of laws and regulations, including the Securities Law of the People's Republic of China and the Administrative Measures on Information Disclosure by Listed Companies of China Securities Regulatory Commission, the company formulated the Responsibility Investigation System of Material Errors of Information Disclosure of Annual Report of Bank of Jiangsu, making detailed provisions on preparation, examination and disclosure procedures of periodic reports, making clear definition of duties of the Board of Directors, audit committee under the Board of Directors and independent directors and ensuring rigorous preparation, compliance examination and standard disclosure of periodic reports.

Within the report period, the company strictly carried out the Responsibility Investigation System of Material Errors of Information Disclosure of Annual Report of Bank of Jiangsu, standardized disclosure of periodic reports of the company and there was no situation in which the bank suffered from heavy economic losses or bad social influence due to false statement or material errors of report information caused by nonperformance or false performance of duties or obligations and other personal reasons of related persons in charge.



Bank of Jiangsu personal internet consumer loan JinYiRong internet loan is a personal consumer credit loan service based on big data and intelligent decision applications scene, in which information is abstracted from public accumulation funds and credit investigation pool, achieving credit approval without guarantee or collateral.

Directory of Reference Files

Documents for reference	Reserved copy of Annual Report bearing signatures of directors and senior management of the company
Documents for reference	Accountant Statements bearing signatures and seals of legal representative and person in charge of accounting of the company, and person in charge of accounting agency
Documents for reference	Original of Audit Report bearing seal of accounting agency and signatures and seals of certified public accountants
Documents for reference	Reserved copies of all documents and originals of announcements publically disclosed on newspapers appointed by China Securities Regulatory Commission within the report period

Chairman: 



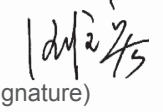
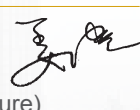
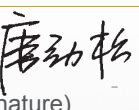
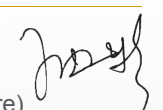
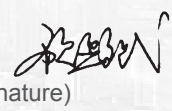
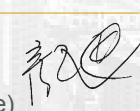
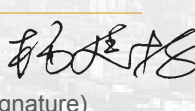
Date of submission of approval by the Board of Directors: March 17, 2017



Written Confirmation Opinion of Directors and Senior Management of Bank of Jiangsu Co., Ltd. on Annual Report of 2016 of the Company

In accordance with relevant regulations and requirements of the Securities Law of the People's Republic of China, the Norm of Contents and Format of Information Disclosure of Companies Having Public Issue of Securities No. 2 – Contents and Format of Annual Report (revised in 2016) and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, we, as directors and senior management of the company, issue the following opinions after comprehensively understanding and reviewing the Annual Report of 2016 and its abstract:

- I. The company carries out operation in strict accordance with the Accounting Standards for Business Enterprises and relevant institutional norms. The Annual Report of 2016 and its abstract fairly reflect financial condition and operating results of the company within the report period, and the information contained can truly reflect operation and management, financial condition and other events of the company within the report period in all aspects.
- II. KPMG (Special General Partnership) has audited the Annual Report of 2016 of the company and issued the standard unqualified audit opinion. Various data contained in the Annual Report of 2016 and its abstract has been checked and affirmed, reflecting the principles of authenticity, accuracy and completeness.
- III. We warrant that the information contained in the Annual Report of 2016 and its abstract is true, accurate and complete, and promise that there are no false representations, misleading statements or important omission, and severally and jointly take legal responsibility for authenticity, accuracy and completeness of the contents.

XIA Ping XIA Ping (signature) 	JI Ming JI Ming (signature) 	GU Xian GU Xian (signature) 
ZHANG Rongsen ZHANG Rongsen (signature) 	HU Jun HU Jun (signature) 	WANG Weihong WANG Weihong (signature) 
JING Jian JIANG Jian (signature) 	TANG Jingsong TANG Jinsong (signature) 	SHEN Bin SHEN Bin (signature) 
DU Wenyi DU Wenyi (signature) 	GU Yingbin GU Yingbin (signature) 	LIU Yuhui LIU Yuhui (signature) 
YAN Yan YAN Yan (signature) 	YU Chen YU Chen (signature) 	YANG Tingdong YANG Tingdong (signature) 

AUDITORS' REPORT

Audit Report (B.M.W.H.Z.S.ZI No. 1700135)

All Shareholders of Bank of Jiangsu Company Limited:

We have audited the accompanying financial statements of Bank of Jiangsu Company Limited ("the Bank"), which comprise the consolidated balance sheet and balance sheet as at 31 December 2016, the consolidated income statements and income statements, the consolidated cash flow statements and cash flow statements, the consolidated statement of changes in shareholders' equity and statement of changes in shareholders' equity for the year then ended, and notes to the financial statements.

Management's Responsibility for the Financial Statements

The Bank's management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing these financial statements in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China, and fairly presenting them; (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants. Those standards require that we comply with China Code of Ethics for Certified Public Accountants, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position and financial position of the Bank as at 31 December 2016, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Bank for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

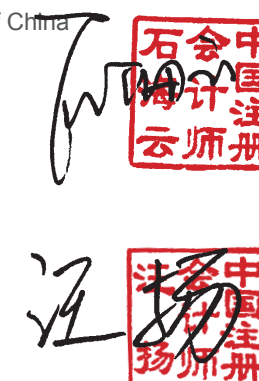


Certified Public Accountants

Registered in the People's Republic of China

Chinese certified public accountants:

17 March, 2017



Consolidated balance sheet and balance sheet

as at 31 December 2016

(Expressed in thousands of Renminbi, unless otherwise stated)

		The Group		The Bank	
	Note	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Assets					
Cash and deposits with central bank	5(1)	135,122,316	121,097,414	135,057,745	121,035,816
Deposits with banks and other financial institutions	5(2)	80,703,546	54,315,848	80,851,801	54,623,643
Placements with banks and other financial institutions	5(3)	5,544,276	5,431,649	6,195,156	6,031,649
Financial assets at fair value through profit or loss	5(4)	4,681,009	714,800	4,681,009	714,800
Derivative financial assets	5(5)	2,074,532	28,286	2,074,532	28,286
Financial assets held under resale agreements	5(6)	10,000,000	76,181,793	10,000,000	76,181,793
Interests receivable	5(7)	6,818,360	6,263,995	6,596,435	6,197,995
Loans and advances to customers	5(8)	632,554,891	546,389,335	631,565,462	545,481,065
Available-for-sale financial assets	5(9)	356,736,243	205,823,882	356,526,243	205,823,882
Held-to-maturity investments	5(10)	138,719,830	116,133,972	138,719,830	116,133,972
Investment securities classified as receivables	5(11)	188,605,877	139,266,718	189,446,227	139,266,718
Long-term receivables	5(12)	24,798,832	7,730,270	-	-
Long-term equity investments	5(13)	-	-	2,033,800	1,073,800
Fixed assets	5(14)	5,537,789	5,321,689	5,534,208	5,317,247
Intangible assets	5(15)	657,650	692,975	656,357	689,911
Deferred tax assets	5(16)	4,251,897	2,611,551	4,168,299	2,535,751
Other assets	5(17)	1,485,398	2,329,159	979,325	2,318,087
Total assets		1,598,292,446	1,290,333,336	1,575,086,429	1,283,454,415

Consolidated balance sheet and balance sheet

as at 31 December 2016 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

		The Group		The Bank	
	Note	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Liabilities and shareholders' equity					
Liabilities					
Borrowings from central bank		38,030,000	7,300,000	38,000,000	7,300,000
Deposits from banks and other financial institutions		5(19) 318,610,683	296,364,727	318,709,432	296,641,083
Borrowings from banks and other financial institutions		5(20) 28,683,168	11,344,588	14,214,048	6,464,588
Derivative financial liabilities		5(5) 1,437,203	260	1,437,203	260
Financial assets sold under repurchase agreements		5(21) 59,039,284	58,949,955	55,796,339	58,949,955
Deposits from customers		5(22) 907,412,486	776,428,471	906,698,438	775,923,643
Employee benefits payable		5(23) 4,044,250	3,651,506	4,007,051	3,637,630
Taxes payable		5(24) 2,578,561	1,170,582	2,486,546	1,085,341
Interests payable		5(25) 15,423,050	13,801,413	15,130,405	13,747,185
Debt securities issued		5(26) 131,743,435	51,649,489	131,743,435	51,649,489
Other liabilities		5(27) 7,083,360	4,137,782	4,393,084	2,938,272
Total liabilities		1,514,085,480	1,224,798,773	1,492,615,981	1,218,337,446
Equity					
Share capital		5(28) 11,544,450	10,390,000	11,544,450	10,390,000
Capital reserve		5(29) 16,075,278	10,097,373	16,072,078	10,097,373
Other comprehensive income		5(30) 363,596	597,276	363,596	597,276
Surplus reserve		5(31) 11,097,881	9,104,575	11,097,881	9,104,575
General reserve		5(32) 20,705,275	15,715,462	20,657,651	15,699,373
Retained earnings		5(33) 22,878,580	19,251,120	22,734,792	19,228,372
Total equity attributable to shareholders of the Bank		82,665,060	65,155,806	82,470,448	65,116,969
Non-controlling interests		1,541,906	378,757	-	-
Total shareholders' equity		84,206,966	65,534,563	82,470,448	65,116,969
Total liabilities and shareholders' equity		1,598,292,446	1,290,333,336	1,575,086,429	1,283,454,415

Legal Representative:



The person in charge of
accounting affairs:



The head of the
accounting
department:




Consolidated income statement and income statement

for the year ended 31 December 2016

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	The Group		The Bank	
		2016	2015	2016	2015
Interest income		59,975,221	58,787,675	58,880,765	58,536,094
Interest expenses		-34,730,133	-34,816,273	-34,164,647	-34,718,635
Net interest income	5(34)	25,245,088	23,971,402	24,716,118	23,817,459
Fee and commission income		5,940,431	4,026,094	5,746,618	3,996,886
Fee and commission expenses		-118,636	-126,695	-113,519	-126,675
Net fee and commission income	5(35)	5,821,795	3,899,399	5,633,099	3,870,211
Investment income	5(36)	22,830	195,544	22,830	201,448
Net gains/ (losses) from changes in fair value	5(37)	602,577	-5,690	602,577	-5,690
Net foreign exchange gains		-356,019	-71,554	-356,019	-71,554
Other operating income		22,774	57,969	18,657	17,721
Operating income		31,359,045	28,047,070	30,637,262	27,829,595
Taxes and surcharges		-948,006	-1,990,939	-927,110	-1,975,037
General and administrative expenses	5(38)	-9,161,145	-8,236,857	-9,060,217	-8,181,927
Impairment losses	5(39)	-7,778,672	-5,772,658	-7,410,568	-5,657,065
Other operating expenses		-2,434	-1,724	-2,434	-1,724
Operating expenses		-17,890,257	-16,002,178	-17,400,329	-15,815,753
Operating profit		13,468,788	12,044,892	13,236,933	12,013,842
Add: Non-operating income		144,188	85,666	144,020	73,142
Less: Non-operating expenses		-88,994	-48,490	-88,936	-48,475
Profit before income tax		13,523,982	12,082,068	13,292,017	12,038,509
Less: Income tax expenses	5(40)	-2,887,054	-2,577,260	-2,834,013	-2,563,459
Net profit for the year		10,636,928	9,504,808	10,458,004	9,475,050

Consolidated income statement and income statement

for the year ended 31 December 2016(continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	The Group		The Bank	
		2016	2015	2016	2015
Net profit for the year		10,636,928	9,504,808	10,458,004	9,475,050
Attributable to:Shareholders of the Bank		10,610,579	9,497,433	10,458,004	9,475,050
Non-controlling interests		26,349	7,375	-	-
Other comprehensive income, net of tax	5(30)	-233,680	554,365	-233,680	554,365
Other comprehensive income (net of tax) attributable to shareholders of the Bank		-233,680	554,365	-233,680	554,365
Items that may be reclassified to profit or loss:					
Gains or losses arising from change in fair value of available-for-sale financial assets		-233,680	554,365	-233,680	554,365
Other comprehensive income (net of tax) attributable to non-controlling interests		-	-	-	-
Total comprehensive income for the year		10,403,248	10,059,173	10,224,324	10,029,415
Attributable to:Shareholders of the Bank		10,376,899	10,051,798		
Non-controlling interests		26,349	7,375		
Basic and diluted earnings per share (RMB yuan)	5(41)	0.98	0.91		

Legal Representative:



The person in charge of accounting affairs:



The head of the accounting department:




Consolidated cash flow statement and cash flow statement

for the year ended 31 December 2016

(Expressed in thousands of Renminbi, unless otherwise stated)

		The Group		The Bank	
	Note	2016	2015	2016	2015
I. Cash flows from operating activities:					
Net decrease in deposits with central banks, banks and other financial institutions		-	7,341,664	-	7,791,133
Net increase in borrowings from central bank		30,730,000	2,250,000	30,700,000	2,300,000
Net increase in deposits from customers, banks and other financial institutions		153,229,971	186,176,334	152,843,144	186,371,011
Net increase in borrowings from banks and other financial institutions		18,468,418	29,464,918	5,585,473	23,984,918
Interest, fee and commission receipts		44,299,707	45,620,099	42,261,485	45,405,057
Proceeds from other operating activities		1,793,649	2,760,960	1,365,161	1,517,084
Sub-total of cash inflows		248,521,745	273,613,975	232,755,263	267,369,203
Net increase in deposits with central bank, banks and other financial institutions		-12,532,763	-	-12,459,640	-
Net increase in loans and advances to customers		-92,437,742	-81,088,371	-92,304,316	-73,360,222
Interest, fee and commission payments		-29,973,995	-31,196,134	-29,641,809	-31,142,702
Payment to and for employees		-5,367,412	-4,692,643	-5,325,628	-4,672,484
Payment of various taxes		-6,143,173	-4,786,565	-5,977,493	-4,760,688
Payment for other operating activities		-19,449,354	-3,281,990	-1,800,077	-3,265,288
Sub-total of cash outflows		-165,904,439	-125,045,703	-147,508,963	-117,201,384
Net cash inflows from operating activities	5(42)(a)	82,617,306	148,568,272	85,246,300	150,167,819
II. Cash flows from investing activities:					
Proceeds from disposal of investments		1,125,463,222	1,142,668,957	1,119,538,473	1,142,668,957
Investments returns received		23,466,760	15,321,807	23,478,139	15,323,364
Proceeds from other investing activities		183,969	89,099	183,509	89,099
Sub-total of cash inflows		1,149,113,951	1,158,079,863	1,143,200,121	1,158,081,420
Payment for acquisition of investments		-1,353,521,199	-1,342,626,529	-1,349,186,800	-1,343,626,529
Payment for acquisition of fixed assets, intangible assets and other long-term assets		-873,162	-1,129,553	-872,115	-1,125,396
Sub-total of cash outflows		-1,354,394,361	-1,343,756,082	-1,350,058,915	-1,344,751,925
Net cash outflows from investing activities		-205,280,410	-185,676,219	-206,858,794	-186,670,505

Consolidated cash flow statement and cash flow statement

for the year ended 31 December 2016 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

		The Group		The Bank	
	Note	2016	2015	2016	2015
III. Cash flows from financing activities:					
Proceeds from investors		8,269,155	250,000	7,129,155	-
Including: Proceeds from non-controlling shareholders of subsidiaries		1,140,000	250,000	-	-
Proceeds from issuance of debt securities		199,540,000	65,959,738	199,540,000	65,959,738
Sub-total of cash inflows		207,809,155	66,209,738	206,669,155	65,959,738
Repayment of debt securities		-118,120,000	-43,289,042	-118,120,000	-43,289,042
Payment for dividends, profits distributions or interest		-4,595,996	-2,385,804	-4,595,996	-2,377,308
Sub-total of cash outflows		-122,715,996	-45,674,846	-122,715,996	-45,666,350
Net cash inflows from financing activities		85,093,159	20,534,892	83,953,159	20,293,388
IV. Effect of foreign exchange rate changes on cash and cash equivalents		421,125	66,503	421,125	66,503
V. Net decrease in cash and cash equivalents	5(42)(b)	-37,148,820	-16,506,552	-37,238,210	-16,142,795
Add: Cash and cash equivalents at the beginning of the year		132,585,785	149,092,337	132,848,501	148,991,296
VI. Cash and cash equivalents at the end of the year	5(42)(c)	95,436,965	132,585,785	95,610,291	132,848,501

Legal Representative:

The person in charge of
accounting affairs:

The head of the
accounting
department:



Consolidated statement of changes in shareholders' equity

(Expressed in thousands of Renminbi, unless otherwise stated)

Note		2016								Non-controlling interests	Total
		Attributable to shareholders of the Bank									
		Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Sub-total			
I.Balance at 1 January 2016		10,390,000	10,097,373	597,276	9,104,575	15,715,462	19,251,120	65,155,806	378,757	65,534,563	
I.Changes in equity during the year		1,154,450	5,977,905	-233,680	1,993,306	4,989,813	3,627,460	17,509,254	1,163,149	18,672,403	
1.Total comprehensive income		-	-	-233,680	-	-	10,610,579	10,376,899	26,349	10,403,248	
2.Shareholders' contributions of capital		1,154,450	5,977,905	-	-	-	-	7,132,355	1,136,800	8,269,155	
(1) Contribution by ordinary shareholders	5(28/29)	1,154,450	5,974,705	-	-	-	-	7,129,155	-	7,129,155	
(2) Contribution by non-controlling interests	5(29)	-	3,200	-	-	-	-	3,200	1,136,800	1,140,000	
3.Appropriation of profits		-	-	-	1,993,306	4,989,813	-6,983,119	-	-	-	
(1) Appropriation for surplus reserve	5(31)	-	-	-	1,993,306	-	-1,993,306	-	-	-	
(2) Appropriation for general reserve	5(32)	-	-	-	-	4,989,813	-4,989,813	-	-	-	
III.Balance at 31 December 2016		11,544,450	16,075,278	363,596	11,097,881	20,705,275	22,878,580	82,665,060	1,541,906	84,206,966	
Note		2015								Non-controlling interests	Total
		Attributable to shareholders of the Bank									
		Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Sub-total			
I.Balance at 1 January 2016		10,390,000	10,097,373	42,911	7,288,454	11,777,885	16,338,585	55,935,208	129,878	56,065,086	
I.Changes in equity during the year		-	-	554,365	1,816,121	3,937,577	2,912,535	9,220,598	248,879	9,469,477	
1.Total comprehensive income		-	-	554,365	-	-	9,497,433	10,051,798	7,375	10,059,173	
2.Shareholders' contributions of capital		-	-	-	-	-	-	-	250,000	250,000	
(1) Contribution by non-controlling interests		-	-	-	-	-	-	-	250,000	250,000	
3.Appropriation of profits		-	-	-	1,816,121	3,937,577	-6,584,898	-831,200	-8,496	-839,696	
(1) Appropriation for surplus reserve	5(31)	-	-	-	1,816,121	-	-1,816,121	-	-	-	
(2) Appropriation for general reserve	5(32)	-	-	-	-	3,937,577	-3,937,577	-	-	-	
(3) Distributions to shareholders	5(33)	-	-	-	-	-	-831,200	-831,200	-8,496	-839,696	
III.Balance at 31 December 2015		10,390,000	10,097,373	597,276	9,104,575	15,715,462	19,251,120	65,155,806	378,757	65,534,563	

Legal representative :



The person in charge of accounting affairs:



The head of the accounting department:




(Company stamp)

Statement of changes in shareholders' equity

(Expressed in thousands of Renminbi, unless otherwise stated)

Note	2016							Total
	Share capital	Capital reserve	Other comprehensive income		Surplus reserve	General reserve	Retained earnings	
I.Balance at 1 January 2016	10,390,000	10,097,373	597,276		9,104,575	15,699,373	19,228,372	65,116,969
II.Changes in equity during the year	1,154,450	5,974,705	-233,680		1,993,306	4,958,278	3,506,420	17,353,479
1.Total comprehensive income	-	-	-233,680		-	-	10,458,004	10,224,324
2.Shareholders' contributions of capital	1,154,450	5,974,705	-		-	-	-	7,129,155
(1) Contribution by ordinary shareholders 5(28/29)	1,154,450	5,974,705	-		-	-	-	7,129,155
3.Appropriation of profits	-	-	-		1,993,306	4,958,278	-6,951,584	-
(1) Appropriation for surplus reserve 5(31)	-	-	-		1,993,306	-	-1,993,306	-
(2) Appropriation for general reserve 5(32)	-	-	-		-	4,958,278	-4,958,278	-
III.Balance at 31 December 2016	11,544,450	16,072,078	363,596		11,097,881	20,657,651	22,734,792	82,470,448

Note	2015							Total
	Share capital	Capital reserve	Other comprehensive income		Surplus reserve	General reserve	Retained earnings	
I.Balance at 1 January 2015	10,390,000	10,097,373	42,911		7,288,454	11,761,796	16,338,220	55,918,754
II.Changes in equity during the year	-	-	554,365		1,816,121	3,937,577	2,890,152	9,198,215
1.Total comprehensive income	-	-	554,365		-	-	9,475,050	10,029,415
2.Appropriation of profits	-	-	-		1,816,121	3,937,577	-6,584,898	-831,200
(1) Appropriation for surplus reserve 5(31)	-	-	-		1,816,121	-	-1,816,121	-
(2) Appropriation for general reserve 5(32)	-	-	-		-	3,937,577	-3,937,577	-
(3) Distributions to shareholders 5(33)	-	-	-		-	-	-831,200	-831,200
III.Balance at 31 December 2015	10,390,000	10,097,373	597,276		9,104,575	15,699,373	19,228,372	65,116,969

Legal representative :



The person in charge of accounting affairs:



The head of the accounting department:



Notes to the financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

1. General information

Upon the approval from the China Banking Regulatory Commission Jiangsu Office, Bank of Jiangsu Company Limited (hereinafter referred to as the "Bank") was incorporated in December 2006 with a financial business certificate of No. B0243H232010001. The Bank obtained a business license issued by the Jiangsu Municipal Administration of Industry and Commerce on 22 January 2007. The Bank's unified social credit code is 91320000796544598E. The registered address of the Bank was No. 26 Zhonghua Road, Nanjing.

Pursuant to the resolution of the Bank's general meeting of shareholders and approval from the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") (Zheng Jian Xu Ke [2016] No. 1181), the Bank issued 1,154,450,000 ordinary shares (A-share) in its initial public offering in July 2016 and was listed on the Shanghai Stock Exchange on 2 August 2016. The Bank increased its registered capital to RMB 11.544 billion by RMB 1.154 billion in its initial public offering. The Bank's A-share stock code is 600919.

The principal activities of the Bank and its subsidiaries (hereinafter collectively referred to as the "Group") including corporate and personal financial services, settlement, treasury, investment banking, finance lease and other financial services.

2. Basis of preparation

The financial statements have been prepared on the basis of going concern.

3. Significant accounting policies and accounting estimates

(1) Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance (hereinafter referred to as the "MOF") of the People's Republic of China. These financial statements present truly and completely the consolidated financial position and financial position of the Bank as at 31 December 2016, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Bank for the year then ended.

These financial statements also comply with disclosure requirements of "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities No.15: General Requirements for Financial Reports" as revised by the CSRC in 2014.

(2) Accounting year

The accounting period is from 1 January to 31 December.

(3) Functional currency

The Bank's functional currency is Renminbi ("RMB") and these financial statements are presented in RMB. Functional currency is determined by the Bank and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled.

(4) Consolidated financial statements

(a) General principle

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Bank and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening balance of owners' equity of the subsidiary, the excess is allocated against the non-controlling interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Bank, the Bank makes necessary adjustments to the financial statements of the subsidiary based on the Bank's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in the financial statements.

(b) Changes in non-controlling interests

Where the Bank acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

(5) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, non-restricted deposits with central bank, short-term deposits and placements with banks and other financial institutions, financial assets held under resale agreements, and short-term highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

(6) Foreign currency transactions and translation of financial statements denominated in foreign currencies

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the spot exchange rates or the rates that approximate the spot exchange rates on the dates of the transactions. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, such as the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss. Non-monetary items that are measured at historical cost in foreign currencies are translated to RMB using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognised in profit or loss, except for the differences arising from the re-translation of available-for-sale financial assets, which are recognised in other comprehensive income.

(7) Financial instruments

(a) Recognition and measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

The Group classifies financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related attributable transaction costs are included in their initial costs.

Subsequent to initial recognition, financial assets and financial liabilities are subsequently measured as follows:

Financial assets and financial liabilities at fair value through profit or loss (including financial assets or financial liabilities held for trading)

A financial asset or financial liability is classified at fair value through profit or loss if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, a financial instrument managed in a pattern of short-term profit taking, a derivative, or if it is designated at fair value through profit or loss.

Financial assets and financial liabilities are designated at fair value through profit or loss upon initial recognition when:

- the financial assets or financial liabilities are managed, evaluated and reported internally on a fair value basis;
- the designation eliminates or significantly reduces the discrepancies in the recognition or measurement of relevant gains or losses arising from the different basis of measurement of the financial assets or financial liabilities;
- the financial assets or financial liabilities contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract; or
- the separation of the embedded derivatives from the financial instrument is prohibited.

Subsequent to initial recognition, financial assets and financial liabilities at fair value through profit or loss are measured at fair value, without any deduction for transactions costs that may occur on sale, and changes therein are recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets held by the Group with fixed or determinable recoverable amounts that are not quoted in an active market, other than:

- those that the Group intends to sell immediately or in the near-term, which will be classified as held for trading;
- those that the Group, upon initial recognition, designated as at fair value through profit or loss or as available-for-sale; or
- those where the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which will be classified as available-for-sale.

Loans and receivables mainly comprise deposits with central bank, deposits and placements with banks and other financial institutions, financial assets held under resale agreements, loans and advances to customers and investment securities classified as receivables. Subsequent to initial recognition, loans and receivables are stated at amortised cost using the effective interest method.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed

maturity that the Group has the positive intention and ability to hold to maturity, other than:

- those that the Group, upon initial recognition, designated as at fair value through profit or loss or as available-for-sale; or
- those that meet the definition of loans and receivables.

Subsequent to initial recognition, held-to-maturity investments are stated at amortised cost using the effective interest method.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available-for-sale and other financial assets which do not fall into any of the above categories.

Available-for-sale investments in equity instruments whose fair value cannot be measured reliably are measured at cost subsequent to initial recognition. Other available-for-sale financial assets are measured at fair value subsequent to initial recognition and changes therein are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses from monetary financial assets which are recognised directly in profit or loss. When an investment is derecognised, the gain or loss accumulated in other comprehensive income is reclassified to profit or loss. Dividend income is recognised in profit or loss when the investee approves the dividends. Interest is recognised in profit or loss using the effective interest method.

Other financial liabilities

Financial liabilities other than the financial liabilities at fair value through profit or loss are classified as other financial liabilities.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method, except for liabilities arising from financial guarantee contracts as stated in Note 3(19).

(b) Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, impairment losses will be provided. Objective evidence of impairment in the financial asset represents events that occur after the initial recognition of the financial assets and have impact on the estimated future cash flows of the asset, which can be estimated reliably.

Objective evidence that financial assets is impaired includes but is not limited to:

- (i) significant financial difficulty of the issuer or obligor;
- (ii) a breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- (iii) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (iv) the disappearance of an active market for that financial asset because of financial difficulties faced by the

issuer;

- (v) significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of an investment in an equity instrument may not be recovered by the investor;
- (vi) a significant or prolonged decline in the fair value (i.e. a decline persisting for [time]) of an investment in an equity instrument below its cost.

Loans and receivables

The Group uses two methods of assessing impairment losses: those assessed individually and those assessed on a collective basis.

Individual assessment

Loans and receivables, which are considered individually significant, are assessed individually for impairment. If there is objective evidence of impairment of loans and receivables, the amount of loss is measured as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate. The impairment losses are recognised in profit or loss.

It may not be possible to identify a single, discrete event that caused the impairment but it may be possible to identify impairment through the combined effect of several events.

Cash flows relating to short-term loans and receivables are not discounted when assessing impairment losses if the difference between the estimated future cash flows and its present value is immaterial.

The calculation of the present value of the estimated future cash flows of a collateralised loan or receivable reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral.

Collective assessment

Loans and receivables which are assessed collectively for impairment include individually assessed loans and receivables with no objective evidence of impairment on an individual basis, and homogeneous groups of loans and receivables which are not considered individually significant and not assessed individually. Loans and receivables are grouped for similar credit risk characteristics for collective assessment. The objective evidence of impairment mainly includes that, though it is unable to identify the decrease of cash flow of each individual asset, after collective assessment based on observable data, there is observable evidence indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets.

For homogeneous groups of loans and receivables that are not considered individually significant, the Group adopts a flow rate methodology to collectively assess impairment losses. This methodology utilises a statistical analysis of historical trends of probability of default and amount of consequential loss, as well as an adjustment of observable data that reflects the current economic conditions and judgement based on management's

historical experience.

Loans and receivables which are individually significant and therefore have been individually assessed but for which no objective evidence of impairment can be identified, either due to the absence of any loss events or due to an inability to measure reliably the impact of loss events on future cash flows, are grouped together in portfolios of similar credit risk characteristics for the purpose of assessing a collective impairment loss. This assessment covers those loans and receivables that were impaired at the balance sheet date but which will not be individually identified as such until sometime in the future.

The collective impairment loss is assessed after taking into account:

- historical loss experience in portfolios of similar credit risk characteristics;
- the emergence period between a loss occurring and that loss being identified; and
- the current economic and credit environments and judgement on inherent loss based on management's historical experience.

The emergence period between a loss occurring and its identification is determined by management based on the historical experience of the markets where the Group operates.

As soon as information is available that specifically identifies objective evidence of impairment on individual assets in a portfolio, those assets are removed from the portfolio of financial assets. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

The Group periodically reviews and assesses the impaired loans and receivables for any subsequent changes to the estimated recoverable amounts and the resulted changes in the provision for impairment losses.

- Loan and receivables written-off and impairment reversal

If, in a subsequent period, the amount of the impairment losses on loans and receivables decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. The reversal shall not result in a carrying amount of the financial asset that exceeds the amortised cost at the date of the reversal had the impairment not been recognised.

When the Group determines that a loan has no reasonable prospect of recovery after the Group has completed all the necessary legal or other claim proceedings, the loan is written off against its provision for impairment losses upon necessary approval. If in a subsequent period the loan written off is recovered, the amount recovered will be recognised in profit or loss through impairment losses.

- Rescheduled loans and receivables

Rescheduled loans and receivables are loans that have been restructured due to deterioration in the borrower's financial position to the extent that the borrower is unable to repay according to the original terms and where the Group has made concessions that it would not otherwise consider under normal circumstances.

Rescheduled loans and receivables are assessed individually and classified as impaired loans and advances upon restructuring. Rescheduled loans and receivables are subject to ongoing monitoring. Once a rescheduled loan or receivables meets specific conditions, it is no longer considered as impaired.

Held-to-maturity investments

Held-to-maturity investments are assessed for impairment on an individual basis and on a collective group basis.

Where impairment is assessed on an individual basis, an impairment loss in respect of held-to-maturity investment is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate. Impairment losses are recognised in profit or loss.

The assessment is made collectively where held-to-maturity investments share similar credit risk characteristics (including those not having been individually assessed as impaired), based on their historical loss experiences, and adjusted by the observable factors reflecting current economic conditions.

If, after an impairment loss has been recognised on held-to-maturity investments, there is a recovery in the value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding what the amortised cost would have been had no impairment loss been recognised in prior years.

Available-for-sale financial assets

Available-for-sale financial assets are assessed for impairment on an individual and a collective basis. When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value that had been recognised in other comprehensive income is reclassified to the profit or loss even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from shareholders' equity is the difference between the acquisition cost net of any principal repayment and amortisation and current fair value, less any impairment losses on that financial asset previously recognised in profit or loss.

If, after an impairment loss has been recognised on available-for-sale debt instruments, the fair value of the assets increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. An impairment loss recognised for an equity instrument classified as available-for-sale is not reversed through profit or loss but recognised directly in other comprehensive income. However, investments in equity instrument that are not quoted in an active market and their fair value cannot be reliably measured shall not be reversed.

When there are impairments on equity investments where the investee does not have control, joint control or significant influence, and the investments are not quoted in an active market and their fair value cannot be reliably measured, the Group will recognise the difference between their carrying values and the present

values of similar assets discounted at future cash flow based on their current market yields, which are accounted for as impairment losses in profit or loss. Such impairment losses cannot be reversed.

(c) Derecognition of financial assets and financial liabilities

Financial assets (or a part of a financial asset or group of financial assets) are derecognised when the financial assets meet one of the following conditions:

- (i) the contractual rights to the cash flows from the financial asset expire; or
- (ii) the Group transfers substantially all the risks and rewards of ownership of the financial assets or where substantially all the risks and rewards of ownership of a financial asset are neither retained nor transferred, the control over that asset is relinquished.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred;
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in shareholders' equity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but retains control, the Group continues to recognise the financial asset and relevant liability to the extent of its continuing involvement in the financial asset. The financial liability (or part of it) is derecognised only when the underlying present obligation (or part of it) specified in the contracts is discharged, cancelled or expired. An agreement between the Group and an existing lender to replace the original financial liability with a new financial liability with substantially different terms, or a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. The difference between the carrying amount of the derecognised financial liability and the consideration paid is recognised in profit or loss.

(d) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- (i) the Group currently has a legal enforceable right to set off the recognised amounts;
- (ii) the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(e) Equity instruments

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity. Consideration and transaction costs paid by the Bank for repurchasing self-issued equity

instruments are deducted from shareholders' equity.

(8) Financial assets held under resale agreements and financial assets sold under repurchase agreements

Financial assets held under resale agreements are transactions where the Group acquires financial assets which will be resold at a predetermined price at a future date under resale agreements. Financial assets sold under repurchase agreements are transactions where the Group sells financial assets which will be repurchased at a predetermined price at a future date under repurchase agreements.

The cash advanced or received is recognised as amounts held under resale or sold under repurchase agreements in the balance sheet. Assets held under resale agreements are recorded in memorandum accounts as off-balance sheet items. Assets sold under repurchase agreements continue to be recognised in the balance sheet.

The difference between the purchase and resale consideration, and that between the sale and repurchase consideration, is amortised over the period of the respective transaction using the effective interest method and is included in interest income and interest expenses respectively.

(9) Long-term equity investments

Long-term equity investments of the Bank are the long-term equity investments in the subsidiaries.

In the Bank's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Bank recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses (Note 3(13)).

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the policies described in Note 3(4).

(10) Fixed assets and construction in progress

Fixed assets represent tangible assets held by the Group for the conduct of business with useful lives over one accounting year.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see Note 3(13)). Construction in progress is stated in the balance sheet at cost less impairment loss (see Note 3(13)).

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable

expenditure for bringing the asset to working condition for its intended use.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in different patterns, thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

The carrying amount of a fixed asset is derecognised:

- When the fixed asset is holding for disposal; or
- When no future economic benefit is expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognised in profit or loss on the date of retirement or disposal.

The cost of fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life. The estimated useful lives, residual values and depreciation rates of each class of fixed assets are as follows:

Class	Estimated useful life	Estimated residual value rate	Depreciation rate
Premises and buildings	20 years	3% - 5%	4.75% - 4.85%
Electronic equipment	3 - 5 years	3% - 5%	19.00% - 31.67%
Motor vehicles	4 - 5 years	3% - 5%	19.00% - 23.75%
Other equipment	5 years	3% - 5%	19.00% - 19.40%

Useful lives, estimated residual values and depreciation methods are reviewed at least each year-end.

The cost of self-constructed fixed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to working condition for its intended use. A self-constructed fixed asset is classified as construction in progress and transferred to fixed assets when it is ready for its intended use. No deprecation is provided against construction in progress.

(11) Intangible assets

Intangible assets are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment loss (see Note 3(13)). For an intangible asset with finite useful life, its cost less estimated net residual value and accumulated impairment is amortised using straight-line method over its estimated useful life.

The respective amortisation periods for intangible assets are as follows:

Class	Amortisation period
Land use right	40 - 70 years
Software	2 - 10 years

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At the balance sheet date, the Group does not have any intangible assets with indefinite useful lives.

(12) Repossessed assets

Repossessed assets are physical assets or property rights obtained by the Group from debtors, warrantors or third parties following the enforcement of its creditor's rights. Repossessed assets is initially recognised at fair value and subsequently carried at lower of the carrying amount and the recoverable amount. If the recoverable amount of a repossessed asset is less than its carrying amount, an impairment loss should be provided for. Repossessed assets are not depreciated nor amortised. The impairment losses of initial measurement and subsequent re-measurement are charged to profit or loss.

Impairment losses on repossessed assets are accounted for in accordance with the accounting policies as set out in Note 3(13).

(13) Impairment of non-financial assets

The carrying amounts of the following assets are reviewed at the end of the balance sheet based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets and construction in progress
- intangible assets
- long-term equity investments
- repossessed assets

The Group conducted impairment tests on assets. If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated.

The recoverable amount of an asset, asset group or set of asset groups is the higher of its fair value (Note 3(14)) less costs to sell and its present value of expected future cash flows.

An asset group is composed of assets directly related to cash-generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present

value using an appropriate pre-tax discount rate.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

(14) Fair value measurement

Unless otherwise stated, the Group measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

(15) Employee benefits

(a) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(b) Post-employment benefits – defined contribution plans

The defined contribution plans which the Group participates include:

- Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participated in a defined contribution basic pension insurance plan and unemployment insurance plans in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans and unemployment insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are recognised as part of the cost of assets or charged to profit or loss as the related services are rendered by the employees.

- According to the " Trial Measures for Enterprise Annuity" (Order of the Ministry of Labor and Social Security of the People's Republic of China No.20), the Group's employees participate in the enterprise annuity plan that is approved by the Board of Directors and submitted to the labor and social security authority. The amount of the annuity contribution is calculated in accordance with the annuity plan.

The Group recognises the contribution amount during the accounting period in which the employee provide service as liabilities and recognises them in profit or loss or costs of related assets in the same period.

(c) Termination benefits

When the Group terminates the employment relationship with employees before the employment contracts expire, or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

(d) Other long-term employee benefits

The Group recognises the deferred award provided to employees based on business performance during the accounting period in which the employee provide service as liabilities and recognises them in profit or loss or costs of related assets in the same period.

(16) Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to items that are recognised directly in equity including other comprehensive income.

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or

liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or tax loss).

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax assets and current tax liabilities;
- they relate to income taxes levied by the same tax authority on either:
- the same taxable entity; or
- different taxable entities which intend either to settle the current tax assets and current tax liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

(17) Operating lease and finance lease

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

(a) Operating lease charges

Rental payments under operating leases are recognised as part of the cost of another related asset or as expenses on a straight-line basis over the lease term. Contingent rental payments are expensed as incurred.

(b) Assets leased out under operating leases

Fixed assets leased out under operating leases are depreciated in accordance with the Group's depreciation policies described in Note 3(10) and its impairment losses are accounted for in accordance with the accounting policies described in Note 3(13). Income derived from operating leases is recognised in the profit or loss using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Otherwise, the costs are charged to profit or loss immediately. Contingent rentals are recognised as income as they are earned.

(c) Assets leased out under finance leases

At the commencement of the lease term, the Group recognises the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivable, and recognises unguaranteed residual value at the same time. The difference between the aggregate of the minimum lease receipts, the initial direct costs and the unguaranteed residual value, and the aggregate of their present value is recognised as unearned finance income.

Unearned finance income is allocated to each accounting period during the lease term using the effective interest method. At the balance sheet date, finance lease receivables, net of unearned finance income, are analysed and separately presented as long-term receivables or non-current assets due within one year.

Contingent rentals are recognised as income when they are earned.

(18) Provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- when the contingency involves a single item, the best estimate is the most likely outcome.
- where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

(19) Financial guarantees

Financial guarantees are contracts that require the Group 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. Liabilities arising from financial guarantees are recognised initially at fair value and the initial fair value is amortised over the life of the guarantee. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment

under the contracts has become probable. Financial guarantees are included within other liabilities.

(20) Fiduciary activities

The Group acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

The Group enters into entrusted loan agreements with customers, whereby the customers provide funding ("entrusted funds") to the Group, and the Group grants loans to third parties ("entrusted loans") under instructions of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amount. No provision for impairment loss is made for entrusted loans.

(21) Revenue recognition

Revenue is the gross inflow of economic benefit arising in the course of the Group's ordinary activities when the inflows result in an increase in shareholder's equity, other than an increase relating to contributions from shareholders. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Group, the income and costs can be measured reliably and the following respective conditions are met:

(a) Interest income

Interest income for financial assets is recognised in profit or loss as it is incurred, based on the time for alienation of right to use capital and effective interest rates. Interest income includes the amortisation of any discount or premium or differences between the initial carrying amount of an interest-bearing asset and its amount at maturity calculated using the effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract, transaction costs and all other premiums or discounts that are an integral part of the effective interest rate.

Interest on the impaired assets is recognised using the rate of interest used to discount future cash flows ("unwinding of discount") for the purpose of measuring the related impairment losses.

(b) Fee and commission income

Fee and commission income is recognised in profit or loss when the corresponding service is provided.

Origination or commitment fees received by the Group which result in the creation or acquisition of a financial

asset are deferred and recognised as an adjustment to the effective interest rate.

(c) Dividend income

Dividend income from unlisted equity investment is recognised in profit or loss on the date when the Group's right to receive payment is established. Dividend income from a listed equity investment is recognised when the share price of the investment goes ex-dividend.

(d) Other income

Other income is recognised on an accrual basis.

(22) Expenses

(a) Interest expense

Interest expenses from financial liabilities are accrued on a time proportion basis in line with the amortised cost and the applicable effective interest rate.

(b) Other expenses

Other expenses are recognised on an accrual basis.

(23) Profit distribution

Dividends or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

(24) Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Bank is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Bank determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

(25) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating

segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of providing products and services, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

(26) Significant accounting estimates and judgements

The preparation of Financial Information requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Except for accounting estimates relating to depreciation and amortisation of fixed assets and intangible assets (See Note 3(10) and Note 3(11)) and impairment of all types of assets (See Note 5(8), (9), (11), (12), (14), (15), (17)), other significant accounting estimates are as follows:

(i) Note 5(16): Recognition of deferred tax assets; and

(ii) Note 11: Fair value measurement of financial instruments.

Significant judgements made by the Group in the application of accounting policies are as follows:

(iii) Note 6: Significant judgements and assumptions in whether having control, joint control or significant influence over other entities.

4. Taxation

The Bank and its subsidiaries' main applicable taxes and tax rates are as follows:

Tax type	Tax rate
Value-added tax ("VAT")	Output VAT is calculated as 6% of taxable revenue based on tax laws. The remaining balance of output VAT, after subtracting the deductible input VAT in the same period, is VAT payable. Some part of output VAT is calculated as 2% - 17% of product sales and taxable services revenue. VAT is calculated as 3% of taxable revenue based on the simple taxation method for Jiangsu Danyang Baode Rural Bank Ltd. ("Baode Rural Bank"), a subsidiary of the Bank.
Business tax	Business tax is calculated as 3% - 5% of taxable operating income before 1 May 2016. According to Caishui [2016] No. 36, jointly issued by MOF and the State Administration of Taxation, all taxpayers subject to business tax in China are included in the scope of the VAT pilot scheme. Effective from 1 May 2016, those taxpayers are required to pay VAT in lieu of business tax.
City maintenance and construction tax	1%-7% of business tax paid and VAT payable
Education surcharges	5% of business tax paid and VAT payable
Income tax	25% of taxable income

5. Notes to the financial statement

(1) Cash and deposits with central bank

	Note	The Group		The Bank	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
Cash on hand		1,776,683	1,784,042	1,772,767	1,780,081
Deposits with omestic central bank					
- Statutory deposit reserves	(i)	113,192,349	108,233,710	113,131,707	108,185,752
- Surplus deposit reserves	(ii)	18,671,589	9,970,264	18,671,576	9,960,585
- Foreign exchange risk reserves	(iii)	881,355	42,827	881,355	42,827
- Fiscal deposits		600,340	1,066,571	600,340	1,066,571
Sub-total		133,345,633	119,313,372	133,284,978	119,255,735
Total		135,122,316	121,097,414	135,057,745	121,035,816

(i) The Bank places statutory deposit reserves with The People's Bank Of China ("PBOC") in accordance with relevant regulations, hence it cannot be used in daily operations. As at 31 December 2016, the reserve ratio for RMB deposits of the Bank is 13.5% (31 December 2015: 15.0%), and the reserve ratio for foreign currency deposits of the Bank is 5.0% (31 December 2015: 5.0%). The reserve ratio for RMB deposits of the Bank's subsidiary, Baode Rural Bank, is 9.0% (31 December 2015: 9.5%).

(ii) The surplus deposit reserves are maintained with the PBOC for clearing purposes.

(iii) Foreign exchange risk reserves are placed with PBOC in accordance with relevant notices issued on 31 August 2015. Foreign exchange risk reserves are calculated as 20% of the contracting amount of foreign currency forward selling deals entered last month with a frozen period of one year.

(2) Deposits with banks and other financial institutions

Analysed by type and location of counterparties

	The Group		The Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Deposits in mainland China				
- Banks	75,980,744	49,802,644	76,128,999	50,110,439
Deposits outside mainland China				
- Banks	4,722,802	4,513,204	4,722,802	4,513,204
Total	80,703,546	54,315,848	80,851,801	54,623,643

As at 31 December 2016, deposits placed with banks in mainland China of the Group and the Bank included 560 million and 531 million pledged deposits. The use of these deposits is restricted (31 December 2015: nil for the Group and the Bank). RMB 0.29 million of these pledged deposits of the Group was collateral for relative liabilities (see note 5 (43) (a)).

(3) Placements with banks and other financial institutions

Analysed by type and location of counterparty

	The Group		The Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Placements in mainland China				
- Banks	2,675,621	3,289,786	2,675,621	3,889,786
- Other financial institutions	2,868,655	2,044,456	3,519,535	2,044,456
Sub-total	5,544,276	5,334,242	6,195,156	5,934,242
Placements outside mainland China				
- Banks	-	97,407	-	97,407
Total	5,544,276	5,431,649	6,195,156	6,031,649

(4) Financial assets at fair value through profit or loss

The Group and the Bank

	Note	31 December 2016	31 December 2015
Debt instruments held for trading			
Issued in Mainland China			
- Government		47,700	-
- Policy banks		29,745	61,709
- Banks and other financial institutions		4,417,347	509,408
- Other entities	(i)	186,217	143,683
Total	(ii)	4,681,009	714,800

- (i) Debt instruments held for trading issued by other entities mainly represented bonds issued by enterprises.
(ii) All above debt instruments held for trading represented bonds and certificates of deposits traded in China domestic interbank market.

(5) Derivative financial assets and liabilities

The Group and the Bank

	31 December 2016			31 December 2015		
	Notional amount	Fair Value		Notional amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
Currency derivatives	129,159,435	1,910,179	-1,437,203	16,916,361	28,286	-260
Interest rate derivatives	2,341,850	164,353	-	-	-	-
Total	131,501,285	2,074,532	-1,437,203	16,916,361	28,286	-260

The notional amount is outstanding contracted value as at balance sheet day and does not stand for the amount exposed to market risk.

(6) Financial assets held under resale agreements

(a) Analysed by type of collateral

The Group and the Bank

	31 December 2016	31 December 2015
Bonds issued by banks and other financial institutions	10,000,000	42,005,050
Commercial bills	-	33,146,743
Trust and asset management plan	-	1,030,000
Total	10,000,000	76,181,793

(b) Analysed by type and location of counterparty

The Group

	31 December 2016	31 December 2015
In mainland China		
- Banks	10,000,000	55,020,493
- Other financial institutions	-	21,161,300
Total	10,000,000	76,181,793

(7) Interests receivable

Analysed by type of financial assets which generate interests receivable

	The Group		The Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Debt instruments	4,667,443	4,186,348	4,674,698	4,186,348
Loans and advances to customers	1,542,040	1,377,725	1,538,878	1,375,289
Deposits with central bank, banks and other financial institutions	351,330	618,706	352,052	619,167
Long-term receivables	229,518	64,026	-	-
Borrowings with banks and other financial institutions	27,393	7,375	30,171	7,376
Financial assets held under resale agreements	636	9,815	636	9,815
Total	6,818,360	6,263,995	6,596,435	6,197,995

(8) Loans and advances to customers

(a) Analysed by nature

	The Group		The Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Loans and advances to corporates	432,847,905	380,058,455	431,830,106	379,134,449
Personal consumption loans				
- Property mortgages	69,573,499	51,932,260	69,573,499	51,932,260
- Personal consumption loans	36,435,083	20,846,871	36,423,683	20,846,871
- Personal business loans	17,438,226	15,185,669	17,369,494	15,125,694
- Credit cards	12,288,665	10,134,004	12,288,665	10,134,004
Sub-total	135,735,473	98,098,804	135,655,341	98,038,829
Discounted bills	80,796,307	83,626,212	80,786,319	83,626,212
Total loans and advances	649,379,685	561,783,471	648,271,766	560,799,490
Less: Provision for impairment losses				
- Individually assessed	-3,940,809	-2,104,488	-3,855,465	-2,079,552
- Collectively assessed	-12,883,985	-13,289,648	-12,850,839	-13,238,873
Total provision for impairment losses	-16,824,794	-15,394,136	-16,706,304	-15,318,425
Carrying amount	632,554,891	546,389,335	631,565,462	545,481,065

As at the balance sheet date, part of the above loans and advances to customers were pledged for repurchase agreements (Note 5 43) (1)).

(b) Analysed by type of collateral

	The Group		The Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Unsecured loans	77,567,924	35,796,137	77,557,024	35,796,137
Guaranteed loans	244,547,515	240,374,696	243,585,051	239,514,774
Loans secured by tangible assets	205,847,616	142,979,746	205,745,356	142,868,377
Loans secured by monetary assets	121,416,630	142,632,892	121,384,335	142,620,202
Total loans and advances	649,379,685	561,783,471	648,271,766	560,799,490
Less: Provision for impairment losses				
- Individually assessed	-3,940,809	-2,104,488	-3,855,465	-2,079,552
- Collectively assessed	-12,883,985	-13,289,648	-12,850,839	-13,238,873
Total provision for impairment losses	-16,824,794	-15,394,136	-16,706,304	-15,318,425
Carrying amount	632,554,891	546,389,335	631,565,462	545,481,065

(c) Analysed by economic sector

	The Group		The Bank		The Group		The Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Amount	%	Amount	%	Amount	%	Amount	%
Manufacturing	93,174,006	14.35	97,112,695	17.29	92,496,079	14.27	96,418,453	17.19
Leasing and commercial services	91,425,466	14.08	51,049,891	9.09	91,425,466	14.10	51,049,891	9.10
Wholesale and retail	74,739,821	11.51	72,167,676	12.85	74,659,629	11.51	72,165,676	12.87
Public utilities	45,885,982	7.07	35,527,343	6.32	45,856,182	7.07	35,521,343	6.33
Real estate	37,910,777	5.84	42,077,498	7.49	37,910,777	5.85	42,077,498	7.50
Construction	26,779,701	4.12	26,241,424	4.67	26,629,511	4.11	26,140,482	4.66
Transportation, storage and postal services	11,130,560	1.71	11,529,180	2.05	11,127,660	1.72	11,463,608	2.04
Electricity, thermo power, gas and water supply	8,744,670	1.35	6,574,856	1.17	8,737,370	1.35	6,567,556	1.17
Agriculture, forestry, husbandry and fishery	8,607,751	1.32	8,925,504	1.59	8,550,261	1.32	8,883,434	1.58
Scientific research and technological services;	7,489,783	1.15	3,321,185	0.59	7,489,783	1.15	3,321,185	0.59
Information transmittal, software and information technology service	6,675,356	1.03	4,982,026	0.89	6,675,356	1.03	4,977,136	0.89
Resident services, repairs and other services	4,325,383	0.67	3,829,162	0.68	4,325,383	0.67	3,828,172	0.68
Culture, sports and entertainment	3,763,172	0.58	3,514,128	0.63	3,753,172	0.58	3,514,128	0.64
Education	3,499,882	0.54	4,207,668	0.75	3,499,882	0.54	4,207,668	0.75
Hospitality and catering	3,091,226	0.48	2,103,524	0.37	3,089,226	0.48	2,103,524	0.38
Hygiene and social work	3,080,714	0.47	3,981,571	0.71	3,080,714	0.47	3,981,571	0.71
Others	2,523,655	0.39	2,913,124	0.52	2,523,655	0.39	2,913,124	0.53
Sub-total of corporate loans and advances	432,847,905	66.66	380,058,455	67.66	431,830,106	66.61	379,134,449	67.61
Personal loans	135,735,473	20.90	98,098,804	17.46	135,655,341	20.93	98,038,829	17.48
Discounted bills	80,796,307	12.44	83,626,212	14.88	80,786,319	12.46	83,626,212	14.91
Total loans and advances	649,379,685	100.00	561,783,471	100.00	648,271,766	100.00	560,799,490	100.00
Less: Provision for impairment losses								
- Individually assessed	-3,940,809		-2,104,488		-3,855,465		-2,079,552	
- Collectively assessed	-12,883,985		-13,289,648		-12,850,839		-13,238,873	
Total provision for impairment losses	-16,824,794		-15,394,136		-16,706,304		-15,318,425	
Carrying amount	632,554,891		546,389,335		631,565,462		545,481,065	

(d) Analysed by geographical sector

	The Group		The Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Jiangsu	509,168,513	469,132,204	508,060,594	468,148,223
Bohai Rim	55,941,609	28,943,223	55,941,609	28,943,223
Yangtze River Delta (excluding Jiangsu)	46,975,850	36,727,736	46,975,850	36,727,736
Pearl River Delta	37,293,713	26,980,308	37,293,713	26,980,308
Total loans and advances	649,379,685	561,783,471	648,271,766	560,799,490
Less: Provision for impairment losses				
- Individually assessed	-3,940,809	-2,104,488	-3,855,465	-2,079,552
- Collectively assessed	-12,883,985	-13,289,648	-12,850,839	-13,238,873
Total provision for impairment losses	-16,824,794	-15,394,136	-16,706,304	-15,318,425
Carrying amount	632,554,891	546,389,335	631,565,462	545,481,065

(e) Overdue loans and advances analysed by type of collateral and overdue period

The Group

	As at 31 December 2016				
	Overdue within three months (inclusive)	Overdue between three months and one year (inclusive)	Overdue between one year and three years (inclusive)	Overdue more than three years	Total
Unsecured loans	203,207	189,505	257,634	29,692	680,038
Guaranteed loans	724,887	3,676,183	3,107,611	308,745	7,817,426
Loans secured by tangible assets	614,014	1,765,772	3,057,432	616,368	6,053,586
Loans secured by monetary assets	15,102	56,548	168,477	30,894	271,021
Total	1,557,210	5,688,008	6,591,154	985,699	14,822,071

As at 31 December 2015

	Overdue within three months (inclusive)	Overdue between three months and one year (inclusive)	Overdue between one year and three years (inclusive)	Overdue more than three years	Total
Unsecured loans	211,572	117,896	120,506	8,666	458,640
Guaranteed loans	1,386,994	3,047,932	2,946,065	168,290	7,549,281
Loans secured by tangible assets	1,160,679	2,311,241	2,562,834	659,316	6,694,070
Loans secured by monetary assets	58,499	35,900	310,328	-	404,727
Total	2,817,744	5,512,969	5,939,733	836,272	15,106,718

The Bank

As at 31 December 2016

	Overdue within three months (inclusive)	Overdue between three months and one year (inclusive)	Overdue between one year and three years (inclusive)	Overdue more than three years	Total
Unsecured loans	203,207	189,505	257,634	29,692	680,038
Guaranteed loans	713,975	3,614,691	2,950,877	304,558	7,584,101
Loans secured by tangible assets	613,335	1,765,772	3,057,432	616,368	6,052,907
Loans secured by monetary assets	15,102	56,548	168,477	30,894	271,021
Total	1,545,619	5,626,516	6,434,420	981,512	14,588,067

As at 31 December 2015

	Overdue within three months (inclusive)	Overdue between three months and one year (inclusive)	Overdue between one year and three years (inclusive)	Overdue more than three years	Total
Unsecured loans	211,572	117,896	120,506	8,666	458,640
Guaranteed loans	1,384,465	2,924,082	2,881,043	168,290	7,357,880
Loans secured by tangible assets	1,160,679	2,311,241	2,554,284	659,316	6,685,520
Loans secured by monetary assets	58,499	35,900	310,328	-	404,727
Total	2,815,215	5,389,119	5,866,161	836,272	14,906,767

Overdue loans represent loans and advances to customers, of which the whole or part of the principal or interest was overdue for one day or more.

(f) Analysed by assessment method of provision for impairment losses

The Group

	As at 31 December 2016		
	Collectively accessed	Individually accessed	Total
Total loans and advances	642,700,738	6,678,947	649,379,685
Less: Provision for impairment losses	-12,883,985	-3,940,809	-16,824,794
Carrying amount	629,816,753	2,738,138	632,554,891

	As at 31 December 2015		
	Collectively accessed	Individually accessed	Total
Total loans and advances	555,987,408	5,796,063	561,783,471
Less: Provision for impairment losses	-13,289,648	-2,104,488	-15,394,136
Carrying amount	542,697,760	3,691,575	546,389,335

The Bank

	As at 31 December 2016		
	Collectively accessed	Individually accessed	Total
Total loans and advances	641,716,234	6,555,532	648,271,766
Less: Provision for impairment losses	-12,850,839	-3,855,465	-16,706,304
Carrying amount	628,865,395	2,700,067	631,565,462

	As at 31 December 2015		
	Collectively accessed	Individually accessed	Total
Total loans and advances	555,111,201	5,688,289	560,799,490
Less: Provision for impairment losses	-13,238,873	-2,079,552	-15,318,425
Carrying amount	541,872,328	3,608,737	545,481,065

(g) Movements of provision for impairment losses

The Group

	2016		
	Collectively accessed	Individually accessed	Total
As at 1 January	-13,289,648	-2,104,488	-15,394,136
Charge for the year	-699,093	-5,944,350	-6,643,443
Reversal during the year	-	178,352	178,352
Recoveries	-131	-18,276	-18,407
Unwinding of discount	-	192,905	192,905
Write-offs	1,104,887	3,755,048	4,859,935
As at 31 December	-12,883,985	-3,940,809	-16,824,794

	2015		
	Collectively accessed	Individually accessed	Total
As at 1 January	-10,809,644	-2,338,652	-13,148,296
Charge for the year	-3,014,100	-2,962,553	-5,976,653
Reversal during the year	-	661,310	661,310
Recoveries	-15,544	-	-15,544
Unwinding of discount	-	120,201	120,201
Write-offs	549,640	2,415,206	2,964,846
As at 31 December	-13,289,648	-2,104,488	-15,394,136

The Bank

	2016		
	Collectively accessed	Individually accessed	Total
As at 1 January	-13,238,873	-2,079,552	-15,318,425
Charge for the year	-716,722	-5,867,379	-6,584,101
Reversal during the year	-	178,231	178,231
Recoveries	-131	-18,155	-18,286
Unwinding of discount	-	185,951	185,951
Write-offs	1,104,887	3,745,439	4,850,326
As at 31 December	-12,850,839	-3,855,465	-16,706,304

	2015		
	Collectively accessed	Individually accessed	Total
As at 1 January	-10,762,134	-2,338,652	-13,100,786
Charge for the year	-3,010,835	-2,937,617	-5,948,452
Reversal during the year	-	661,310	661,310
Recoveries	-15,544	-	-15,544
Unwinding of discount	-	120,201	120,201
Write-offs	549,640	2,415,206	2,964,846
As at 31 December	-13,238,873	-2,079,552	-15,318,425

(h) Restructured loans and advances to customers

	The Group		The Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Restructured loans and advances to customers	1,965,254	955,716	1,913,780	932,386

(i) Fair value of collaterals

As at the balance sheet day, the fair value of collaterals held against loans and advances to corporates of the Group and the Bank that were impaired and that were overdue but not impaired were as follows:

Fair value of collaterals held against loans and advances to corporates that were impaired

As at 31 December 2016, the gross balance of loans and advances to corporates of the Group and the Bank that were impaired amounted to RMB 8,253 million and RMB 8,130 million respectively (31 December 2015: RMB 7,347 million and RMB 7,237 million respectively). The covered portion of these loans and advances of both the Group and the Bank were RMB 2,759 million (31 December 2015: The balance of both the Group and the Bank was RMB 2,886 million). Corresponding fair value of these collaterals was as follows:

The Group

	31 December 2016	31 December 2015
Land and premises	5,203,857	6,079,425
Other assets	2,041,595	784,859
Total	7,245,452	6,864,284

Fair value of collaterals held against loans and advances to corporates that were overdue but not impaired

As at 31 December 2016, , the gross amount of corporate loans and advances of the Group and the Bank, that were overdue but not impaired, was RMB 5,286 million and 5,187 million respectively (31 December 2015: RMB 6,672 million and 6,595 million respectively). The covered portion of these loans and advances of both the Group and the Bank were RMB 2,727 million (31 December 2015: RMB 3,523 million). Corresponding fair value of these collaterals was as follows:

	The Group		The Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Land and premises	6,569,685	8,363,062	6,568,910	8,363,062
Other assets	623,364	499,650	623,364	499,650
Total	7,193,049	8,862,712	7,192,274	8,862,712

The fair value of collateral was estimated by the management based on the latest available external valuations adjusted by considering the current realisation experience as well as the market situation.

(9) Available-for-sale financial assets

(a) Status of available-for-sale financial assets

		The Group		The Bank	
	Note	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Debt instruments measured by fair value (Analysed by issuer)					
In mainland China					
- Government		24,240,499	6,186,867	24,240,499	6,186,867
- Policy banks		4,018,620	4,321,126	4,018,620	4,321,126
- Banks and other financial institutions		318,218,041	191,311,709	318,008,041	191,311,709
- Other institutions	(i)	3,218,707	3,929,145	3,218,707	3,929,145
Sub-total		349,695,867	205,748,847	349,485,867	205,748,847
Equity instruments (Analysed by measurement)					
In mainland China					
- Measured at fair value	(ii)	6,965,341	-	6,965,341	-
- Measured at cost	(iii)	74,820	74,820	74,820	74,820
Outside mainland China					
- Measured at fair value	(iii)	215	215	215	215
Sub-total		7,040,376	75,035	7,040,376	75,035
Total		356,736,243	205,823,882	356,526,243	205,823,882

(b) Analyzed by listing status

Note	The Group		The Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Debt instruments				
- Unlisted	349,695,867	205,748,847	349,485,867	205,748,847
Equity instruments				
- Listed	347,076	-	347,076	-
- Unlisted (iii)	6,693,300	75,035	6,693,300	75,035
Sub-total	7,040,376	75,035	7,040,376	75,035
Total	356,736,243	205,823,882	356,526,243	205,823,882

(c) Fair value analysis

The Group

Note	31 December 2016		
	Debt instruments	Equity instruments	Total
Amortised cost / cost	349,204,658	7,058,442	356,263,100
Fair value	349,695,867	7,040,376	356,736,243
Change in fair value accumulated in comprehensive income	491,209	-6,415	484,794
Accrued impairment (iii)	-	-11,651	-11,651

Note	31 December 2015		
	Debt instruments	Equity instruments	Total
Amortised cost / cost	204,952,479	86,686	205,039,165
Fair value	205,748,847	75,035	205,823,882
Change in fair value accumulated in comprehensive income	796,368	-	796,368
Accrued impairment (iii)	-	-11,651	-11,651

The Bank

Note	31 December 2016		
	Debt instruments	Equity instruments	Total
Amortised cost / cost	348,994,658	7,058,442	356,053,100
Fair value	349,485,867	7,040,376	356,526,243
Change in fair value accumulated in comprehensive income	491,209	-6,415	484,794
Accrued impairment (iii)	-	-11,651	-11,651

Note	31 December 2015		
	Debt instruments	Equity instruments	Total
Amortised cost / cost	204,952,479	86,686	205,039,165
Fair value	205,748,847	75,035	205,823,882
Change in fair value accumulated in comprehensive income	796,368	-	796,368
Accrued impairment (iii)	-	-11,651	-11,651

- (i) Available-for-sale debt instruments issued by other institutions in mainland china mainly represented bonds issued by enterprises.
- (ii) The above available-for-sale equity instruments represented investments in money market funds and bond funds and stocks traded in China as debt-expiated assets.
- (iii) Part of available-for-sale unlisted equity instruments which do not have any quoted market prices and whose fair values cannot be measured reliably are stated at cost less any accumulated impairment losses.
- (iv) At the balance sheet date, some of the debt instruments were pledged as collateral for repurchase transactions (see note 5(43)(a) for details). No other investments were subject to material restriction on realisation.

(10) Held-to-maturity investments

Analysed by type of issuers and geographical locations

The Group and the Bank

Note	31 December 2016	31 December 2015
In mainland China:		
- Government	91,481,323	66,582,290
- Policy banks	23,533,351	24,576,003
- Banks and other financial institutions	10,391,544	11,500,715
- Other institutions (i)	10,857,308	13,474,964
Sub-total	136,263,526	116,133,972
Outside mainland China		
- Other institutions (i)	2,456,304	-
Total	138,719,830	116,133,972

- (i) Debt instruments issued by other institutions in mainland china mainly represented bonds issued by enterprises.
- (ii) At the balance sheet date, some of the debt instruments were pledged as collateral for repurchase transactions (see note 5(43)(a) for details). No other investments were subject to material restriction on realisation.

(11) Investment securities classified as receivables

Analysed by type of issuers and geographical locations

Note	The Group		The Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
In mainland China				
- Government (i)	7,848,661	4,418,562	7,848,661	4,418,562
- Commercial Banks and other financial institutions (ii)	181,666,909	134,821,759	182,507,259	134,821,759
- Other institutions (iii)	500,000	500,000	500,000	500,000
Gross amount	190,015,570	139,740,321	190,855,920	139,740,321
Less: Provision for impairment losses	-1,409,693	-473,603	-1,409,693	-473,603
Carrying amount (iv)	188,605,877	139,266,718	189,446,227	139,266,718

- (i) It mainly included certificated treasury bonds and local government bonds.
- (ii) It mainly included asset management plans set by securities companies, insurance companies and fund companies and trust management plan set by trust companies. The Group invested in related debt instruments directly or through special purpose vehicle in order to get fixed or certain income. The underlying assets invested through special purpose vehicle included agreement deposits, bonds and credit assets and so on.
- (iii) Investment securities classified as receivables issued by other institutions in China are mainly debt instruments issued for enterprises.
- (iv) None of above investment securities classified as receivables were listed.

(12) Long-term receivables

The Group

	31 December 2016	31 December 2015
Minimum finance leasing receivables	28,431,903	9,010,534
Less: Unearned finance leasing income	-3,238,645	-1,193,789
Finance leasing receivables	25,193,258	7,816,745
Less: Provision for impairment losses		
- Collectively assessed	-394,426	-86,475
Carry amount	24,798,832	7,730,270

Long-term receivables analysed by remaining terms before repayment as follows:

	31 December 2016			31 December 2015		
	Minimum finance leasing receivables	Unearned finance leasing income	Finance leasing receivables	Minimum finance leasing receivables	Unearned finance leasing income	Finance leasing receivables
Within one year	7,545,167	-1,166,167	6,379,000	2,239,968	-282,223	1,957,745
One year to two years	7,062,931	-998,694	6,064,237	2,216,103	-280,866	1,935,237
Two years to three years	6,349,194	-657,397	5,691,797	1,962,122	-263,312	1,698,810
Three years to five years	7,378,414	-408,321	6,970,093	2,592,341	-367,388	2,224,953
Above five years	96,197	-8,066	88,131	-	-	-
Total	28,431,903	-3,238,645	25,193,258	9,010,534	-1,193,789	7,816,745

No long-term receivables were subject to material overdue issue on realisation.

At the balance sheet date, some of long-term receivables were pledged as collateral for repurchase transactions (see note 5(43)(a) for details).

(13) Long-term equity investments

The Bank

	31 December 2016	31 December 2015
Investments in subsidiaries	2,033,800	1,073,800

Changes in the Group's long-term equity investments in subsidiaries are as follows:

Investee	31 December 2016			Balance of provision for impairment losses at 31 Dec
	Balance at 1 Jan	Additional investment	Balance at 31 Dec	
Baode Rural Bank	73,800	-	73,800	-
Suyin Finance Leasing Co., Ltd (hereinafter referred to as "Suyin Finance Leasing")	1,000,000	960,000	1,960,000	-
Total	1,073,800	960,000	2,033,800	-

Investee	31 December 2015			
	Balance at 1 Jan	Additional investment	Balance at 31 Dec	Balance of provision for impairment losses at 31 Dec
Baode Rural Bank	73,800	-	73,800	-
Suyin Finance Leasing Co., Ltd (hereinafter referred to as "Suyin Finance Leasing")	-	1,000,000	1,000,000	-
Total	73,800	1,000,000	1,073,800	-

See Note 6 (1) for details of the Group's subsidiaries.

(14) Fixed assets

The Group

	Premises and buildings	Construction in progress	Electronic equipment	Motor vehicles	Other equipment	Total
Cost						
As at 1 January 2016	6,068,837	473,289	694,036	150,396	693,205	8,079,763
Additions	10,345	698,004	27,868	10,553	15,865	762,635
Transfers in / (out) of construction in progress	62,940	-62,940	-	-	-	-
Disposals	-161,641	-472	-11,120	-10,857	-15,886	-199,976
As at 31 December 2016	5,980,481	1,107,881	710,784	150,092	693,184	8,642,422
Accumulated depreciation						
As at 1 January 2016	-1,713,811	-	-535,757	-112,454	-391,272	-2,753,294
Charge for the year	-288,075	-	-75,266	-15,256	-86,046	-464,643
Disposals	83,042	-	10,375	10,308	14,359	118,084
As at 31 December 2016	-1,918,844	-	-600,648	-117,402	-462,959	-3,099,853
Provision for impairment loss						
As at 1 January 2016	-4,780	-	-	-	-	-4,780
As at 31 December 2016	-4,780	-	-	-	-	-4,780
Carrying amount						
As at 1 January 2016	4,350,246	473,289	158,279	37,942	301,933	5,321,689
As at 31 December 2016	4,056,857	1,107,881	110,136	32,690	230,225	5,537,789

	Premises and buildings	Construction in progress	Electronic equipment	Motor vehicles	Other equipment	Total
Cost						
As at 1 January 2015	4,412,144	1,596,301	639,291	152,287	532,574	7,332,597
Additions	148,683	633,328	65,628	15,058	99,507	962,204
Transfers in / (out) of construction in progress	1,554,546	-1,632,319	-	-	77,773	-
Disposals	-46,536	-124,021	-10,883	-16,949	-16,649	-215,038
As at 31 December 2015	6,068,837	473,289	694,036	150,396	693,205	8,079,763
Accumulated depreciation						
As at 1 January 2015	-1,506,433	-	-437,520	-113,036	-341,667	-2,398,656
Charge for the year	-229,112	-	-108,443	-15,604	-61,117	-414,276
Disposals	21,734	-	10,206	16,186	11,512	59,638
As at 31 December 2015	-1,713,811	-	-535,757	-112,454	-391,272	-2,753,294
Provision for impairment loss						
As at 1 January 2015	-4,780	-	-	-	-	-4,780
As at 31 December 2015	-4,780	-	-	-	-	-4,780
Carrying amount						
As at 1 January 2015	2,900,931	1,596,301	201,771	39,251	190,907	4,929,161
As at 31 December 2015	4,350,246	473,289	158,279	37,942	301,933	5,321,689

As at 31 December 2016, there was no significant amounts of temporarily idle fixed assets (as at 31 December 2015: nil).

As at 31 December 2016, title deeds were not yet finalised for the Group's premises with a carrying amount of RMB 308 million (as at 31 December 2015: RMB 402 million). Management of the Group are of the opinion that the Group is entitled to legally and effectively occupy or use the above-mentioned premises.

(15) Intangible assets

The Group

	Land use right	Software	Total
Cost			
As at 1 January 2016	751,391	233,510	984,901
Additions	-	37,574	37,574
Disposals	-6,331	-	-6,331
As at 31 December 2016	745,060	271,084	1,016,144
Accumulated depreciation			
As at 1 January 2016	-113,506	-178,260	-291,766
Charge for the year	-18,385	-49,298	-67,683
Disposals	1,115	-	1,115
As at 31 December 2016	-130,776	-227,558	-358,334
Provision for impairment loss			
As at 1 January 2016	-160	-	-160
As at 31 December 2016	-160	-	-160
Carrying amount			
As at 1 January 2016	637,725	55,250	692,975
As at 31 December 2016	614,124	43,526	657,650

	Land use right	Software	Total
Cost			
As at 1 January 2016	770,070	186,419	956,489
Additions	-	47,091	47,091
Disposals	-18,679	-	-18,679
As at 31 December 2016	751,391	233,510	984,901
Accumulated depreciation			
As at 1 January 2016	-97,753	-131,425	-229,178
Charge for the year	-18,622	-46,835	-65,457
Disposals	2,869	-	2,869
As at 31 December 2016	-113,506	-178,260	-291,766
Provision for impairment loss			
As at 1 January 2016	-160	-	-160
As at 31 December 2016	-160	-	-160
Carrying amount			
As at 1 January 2016	672,157	54,994	727,151
As at 31 December 2016	637,725	55,250	692,975

(16) Deferred tax assets and liabilities

(a) Analysed by nature

The Group

Deferred tax assets

	Note	31 December 2016				Net balance
		Deductible temporary differences	Deferred tax assets	Taxable temporary differences	Deferred tax liabilities	
Provision for Impairment losses		16,836,198	4,209,050	-	-	4,209,050
Employees benefits payable		1,525,199	381,300	-	-	381,300
Fair value change		-	-	-1,128,074	-282,019	-282,019
Others	(i)	-	-	-225,730	-56,434	-56,434
Total		18,361,397	4,590,350	-1,353,804	-338,453	4,251,897

	Note	31 December 2015				Net balance
		Deductible temporary differences	Deferred tax assets	Taxable temporary differences	Deferred tax liabilities	
Provision for Impairment losses		10,309,048	2,577,262	-	-	2,577,262
Employees benefits payable		1,222,248	305,562	-	-	305,562
Fair value change		-	-	-837,076	-209,269	-209,269
Others	(i)	-	-	-248,016	-62,004	-62,004
Total		11,531,296	2,882,824	-1,085,092	-271,273	2,611,551

(i) Others mainly represented the temporary differences arising from the difference in property assessment in the restructuring of the Bank between accounting policy and taxation requirement for fixed assets, as well as the cross periods settlement of receivables and payables.

(b) Movements of deferred tax

The Group

Deferred tax assets

Note	2016			
	1 January 2016	Recognised in profit or loss	Recognised in equity	31 December 2016
Deferred tax				
- Provision for Impairment losses (i)	2,577,262	1,631,788	-	4,209,050
- Employee benefits Payables	305,562	75,738	-	381,300
- Fair value change (ii)	-209,269	-150,644	77,894	-282,019
- Others	-62,004	5,570	-	-56,434
Net balance	2,611,551	1,562,452	77,894	4,251,897

Note	2015			
	1 January 2016	Recognised in profit or loss	Recognised in equity	31 December 2016
Deferred tax				
- Provision for Impairment losses (i)	2,135,810	441,452	-	2,577,262
- Employee benefits Payables	305,659	-97	-	305,562
- Fair value change (ii)	-16,028	-8,453	-184,788	-209,269
- Others	135,644	-197,648	-	-62,004
Net balance	2,561,085	235,254	-184,788	2,611,551

(i) The Group made provision for impairment losses on financial assets. The provision for impairment losses was determined based on the expected recoverable amount of the relevant assets as at the balance sheet date. The amounts deductible for income tax purposes are calculated based on the relevant PRC tax rules at the balance sheet.

(ii) Fair value changes of financial instruments are subject to tax when realised.

(17) Other assets

The Group

Note	31 December 2016	31 December 2015
Suspense account for clearing	729,953	1,418,029
Long-term deferred expenses (i)	322,581	336,903
Prepayments (ii)	234,292	322,554
Debt-expiated assets (iii)	37,148	34,757
Others (iv)	161,424	216,916
Total	1,485,398	2,329,159

(i) Long-term deferred expenses

The Group

	2016				
	As at 1 January	Additions	Amortisation charged for the year	Other decreases	As at 31 December
Long-term deferred expenses	336,903	93,536	-107,152	-706	322,581

	2015				
	As at 1 January	Additions	Amortisation charged for the year	Other decreases	As at 31 December
Long-term deferred expenses	322,724	116,338	-102,159	-	336,903

Long-term deferred expenses mainly included lease improvement and prepaid lease expenses.

(ii) Prepayments mainly included prepaid rental expenses, prepaid decoration expenses and other prepaid system project expenses.

(iii) Debt-expiated assets mainly included premises and buildings. As at 31 December 2016, the Group and the Bank accrued RMB 615 thousand provision for impairment losses for debt-expiated assets (as at 31 December 2015: RMB 615 thousand).

(iv) Others

The Group

Note	31 December 2016	31 December 2015
Other receivables (a)	84,972	143,361
Deductible prepaid tax	40,305	4,947
Deposits in securities	36,147	68,608
Total	161,424	216,916

(a) Other receivables analysed by aging schedules

The Group

	31 December 2016	31 December 2015
Within one year (inclusive)	75,759	111,103
One year to two years (inclusive)	45,095	56,917
Two years to three years (inclusive)	26,236	91,468
Above three years	83,075	22,930
Sub-total	230,165	282,418
Less: Allowance for bad debt expenses	-145,193	-139,057
Total	84,972	143,361

(18) Provision for impairment losses

The Group

Impaired items	Note	2016				
		As at 1 January	Charges for the year	Reversal during the year	Write-off and others	As at 31 December
Loans and advances to customers	5(8)	15,394,136	6,643,443	-178,352	-5,034,433	16,824,794
Available-for-sale financial assets	5(9)	11,651	-	-	-	11,651
Investment securities classified as receivables	5(11)	473,603	1,032,697	-96,607	-	1,409,693
Long-term receivables	5(12)	86,475	307,951	-	-	394,426
Fixed assets	5(14)	4,780	-	-	-	4,780
Intangible assets	5(15)	160	-	-	-	160
Other assets	5(17)	139,672	69,540	-	-63,404	145,808
Total		16,110,477	8,053,631	-274,959	-5,097,837	18,791,312

Impaired items	Note	2015				
		As at 1 January	Charges for the year	Reversal during the year	Write-off and others	As at 31 December
Loans and advances to customers	5(8)	13,148,296	5,976,653	-661,310	-3,069,503	15,394,136
Available-for-sale financial assets	5(9)	11,651	-	-	-	11,651
Investment securities classified as receivables	5(11)	149,723	323,880	-	-	473,603
Long-term receivables	5(12)	-	86,475	-	-	86,475
Fixed assets	5(14)	4,780	-	-	-	4,780
Intangible assets	5(15)	160	-	-	-	160
Other assets	5(17)	119,733	46,960	-	-27,021	139,672
Total		13,434,343	6,433,968	-661,310	-3,096,524	16,110,477

The Bank

Impaired items	Note	2016				
		As at 1 January	Charges for the year	Reversal during the year	Write-off and others	As at 31 December
Loans and advances to customers	5(8)	15,318,425	6,584,101	-178,231	-5,017,991	16,706,304
Available-for-sale financial assets	5(9)	11,651	-	-	-	11,651
Investment securities classified as receivables	5(11)	473,603	1,032,697	-96,607	-	1,409,693
Long-term receivables	5(14)	4,780	-	-	-	4,780
Fixed assets	5(15)	160	-	-	-	160
Intangible assets	5(17)	138,755	68,608	-	-63,404	143,959
Other assets		15,947,374	7,685,406	-274,838	-5,081,395	18,276,547

Impaired items	Note	2015				
		As at 1 January	Charges for the year	Reversal during the year	Write-off and others	As at 31 December
Loans and advances to customers	5(8)	13,100,786	5,948,452	-661,310	-3,069,503	15,318,425
Available-for-sale financial assets	5(9)	11,651	-	-	-	11,651
Investment securities classified as receivables	5(11)	149,723	323,880	-	-	473,603
Long-term receivables	5(14)	4,780	-	-	-	4,780
Fixed assets	5(15)	160	-	-	-	160
Intangible assets	5(17)	119,733	46,043	-	-27,021	138,755
Other assets		13,386,833	6,318,375	-661,310	-3,096,524	15,947,374

(19) Deposits from banks and other financial institutions

Analysed by type and geographical location of counterparty

	The Group		The Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
In mainland China				
- Banks	148,020,714	84,932,477	148,055,370	85,208,833
- Other financial institutions	170,589,969	211,432,250	170,654,062	211,432,250
Total	318,610,683	296,364,727	318,709,432	296,641,083

(20) Borrowings from banks and other financial institutions

Analysed by type and geographical location of counterparty

	The Group		The Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
In mainland China				
- Banks	23,366,430	11,344,588	12,396,430	6,464,588
- Other financial institutions	3,499,120	-	-	-
Outside mainland China				
- Banks	1,817,618	-	1,817,618	-
Total	28,683,168	11,344,588	14,214,048	6,464,588

(21) Financial assets sold under repurchase agreements

(a) Analysed by type of collateral

	The Group		The Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Securities				
- Bank and other financial institution bonds	50,910,000	54,281,240	50,910,000	54,281,240
Commercial bills	4,886,339	4,668,715	4,886,339	4,668,715
Long term receivables	3,242,945	-	-	-
Total	59,039,284	58,949,955	55,796,339	58,949,955

(b) Analysed by type and geographical location of counterparty

	The Group		The Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
In mainland China				
- Banks	55,796,339	51,574,115	55,796,339	51,574,115
- Other financial institutions	3,242,945	7,375,840	-	7,375,840
Total	59,039,284	58,949,955	55,796,339	58,949,955

(22) Deposits from customers

Note	The Group		The Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Demand deposits				
- Corporate customers	310,350,892	224,415,831	310,221,607	224,339,601
- Individual customers	43,010,570	36,489,412	42,969,616	36,458,247
Sub-total	353,361,462	260,905,243	353,191,223	260,797,848
Time deposits (include call deposits)				
- Corporate customers	271,898,257	238,583,188	271,633,115	238,372,583
- Individual customers	129,812,410	116,667,678	129,569,448	116,481,259
Sub-total	401,710,667	355,250,866	401,202,563	354,853,842
Pledged deposits				
- Bank acceptances	55,250,040	76,571,971	55,214,395	76,571,971
- Guarantees	6,595,348	4,989,374	6,595,348	4,989,374
- Letters of credit	5,406,689	8,803,155	5,406,689	8,803,155
- Letters of Guarantee	5,312,238	5,469,667	5,312,238	5,469,667
- Others	5,657,110	3,460,146	5,657,110	3,460,146
Sub-total	78,221,425	99,294,313	78,185,780	99,294,313
Wealth-management fund (i)	58,440,143	39,761,157	58,440,143	39,761,157
Treasury Deposit	14,688,000	18,657,000	14,688,000	18,657,000
Outward remittance	533,316	1,323,177	533,316	1,323,177
Inward remittance	372,762	859,411	372,760	859,409
Fiscal deposits	84,711	377,304	84,653	376,897
Total	907,412,486	776,428,471	906,698,438	775,923,643

(i) As at 31 December 2016, the carrying amount of the Group's and the Bank's wealth-management fund for corporate customers was RMB 51.21 billion (31 December 2015: RMB 33.82 billion). The carrying amount for individual customers was RMB 7.23 billion (31 December 2015: RMB 5.94 billion).

(23) Employee benefits payable

The Group

	Note	31 December 2016	31 December 2015
Short-term employee benefits	(i)	2,664,245	2,767,669
Post-employment benefits			
- defined contribution plans	(ii)	87,270	101,155
Termination benefits		226,848	222,138
Other long-term employee benefits	(iii)	1,065,887	560,544
Total	(iv)	4,044,250	3,651,506

(i) Short-term employee benefits

The Group

	2016			
	As at 1 January	Accrued during the year	Payment during the year	As at 31 December
Salaries, bonuses, allowances	2,677,747	3,593,571	-3,705,006	2,566,312
Staff welfare	-	231,734	-231,696	38
Social insurance	16,708	243,768	-244,363	16,113
- Medical insurance	16,300	222,461	-224,063	14,698
- Work-related injury insurance	142	9,260	-8,349	1,053
- Maternity insurance	266	12,047	-11,951	362
Housing fund	2,795	268,424	-269,922	1,297
Labour union fee, staff and workers' education fee	70,419	106,301	-96,235	80,485
Total	2,767,669	4,443,798	-4,547,222	2,664,245

	2015			
	As at 1 January	Accrued during the year	Payment during the year	As at 31 December
Salaries, bonuses, allowances	2,293,485	3,426,960	-3,042,698	2,677,747
Staff welfare	-	137,313	-137,313	-
Social insurance	16,075	225,271	-224,638	16,708
- Medical insurance	15,963	200,678	-200,341	16,300
- Work-related injury insurance	465	13,698	-14,021	142
- Maternity insurance	-353	10,895	-10,276	266
Housing fund	622	298,191	-296,018	2,795
Labour union fee, staff and workers' education fee	60,827	92,420	-82,828	70,419
Total	2,371,009	4,180,155	-3,783,495	2,767,669

(ii) Post-employment benefits – defined contribution plans

The Group

	2016			
	As at 1 January	Accrued during the year	Payment during the year	As at 31 December
Basic pension insurance	24,945	398,298	-413,030	10,213
Unemployment insurance	391	21,678	-20,807	1,262
Annuity and supplemental pension insurance	75,819	185,068	-185,092	75,795
Total	101,155	605,044	-618,929	87,270

	2016			
	As at 1 January	Accrued during the year	Payment during the year	As at 31 December
Basic pension insurance	18,450	362,514	-356,019	24,945
Unemployment insurance	1,373	26,384	-27,366	391
Annuity and supplemental pension insurance	59,408	168,946	-152,535	75,819
Total	79,231	557,844	-535,920	101,155

(iii) Other long-term employee benefits

Other long-term employee benefits included deferred payment of employee salaries measured at amortised cost after being discounted.

(iv) There were no arrears balance among the Group's employee benefits payable.

(24) Taxes payable

	The Group		The Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Income tax payable	1,744,092	650,537	1,654,014	566,668
Value-added tax and surcharges payable	746,030	447	745,487	-
Business tax and surcharges payable	-	457,607	-	456,948
Others	88,439	61,991	87,045	61,725
Total	2,578,561	1,170,582	2,486,546	1,085,341

(25) Interests payable

Analysed by types of financial liabilities which generate interests payable

	The Group		The Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Deposits from customers	11,910,512	10,374,167	11,899,847	10,362,135
Deposits from banks and other financial institutions	2,455,350	2,851,314	2,455,530	2,809,118
Debt securities issued	476,897	475,594	476,897	475,594
Borrowings from banks and other financial institutions	293,782	5,177	36,695	5,177
Borrowings from central bank	202,818	52,713	202,793	52,713
Financial assets sold under repurchase agreements	83,691	42,448	58,643	42,448
Total	15,423,050	13,801,413	15,130,405	13,747,185

(26) Debt securities issued

The Group and the Bank

Note	2016				
	1 January	Issued for the year	Repaid for the year	Amortisation of discounts or premiums	31 December
Inter-bank certificates of deposits issued (i)	27,649,489	199,540,000	-118,120,000	-1,326,054	107,743,435
Subordinated debts issued (ii)	15,000,000	-	-	-	15,000,000
Other financial debts securities issued (iii)	9,000,000	-	-	-	9,000,000
Total	51,649,489	199,540,000	-118,120,000	-1,326,054	131,743,435

Note	2015				
	1 January	Issued for the year	Repaid for the year	Amortisation of discounts or premiums	31 December
Inter-bank certificates of deposits issued (i)	4,978,793	61,770,000	-38,770,000	-329,304	27,649,489
Subordinated debts issued (ii)	15,000,000	-	-	-	15,000,000
Other financial debts securities issued (iii)	9,000,000	-	-	-	9,000,000
Total	28,978,793	61,770,000	-38,770,000	-329,304	51,649,489

(i) As at 31 December 2016, the Group and the Bank held 102 unmature inter-bank certificates of deposits that were issued in the inter-bank market. The maximum term is 367 days. The interest rate ranges from 2.53% to 4.84% (As at 31 December 2015, the Group and the Bank held 35 inter-bank certificates of deposits that were issued publicly in the inter-bank market but yet to mature. The maximum term is 367 days. The interest rate ranges from 2.82% to 3.28%).

(ii) As at the balance sheet date, tier 2 capital bonds issued by the Group and the Bank are as follows:

	Note	31 December 2016	31 December 2015
Subordinated fixed rate bonds maturing in September 2024	(a)	12,000,000	12,000,000
Subordinated fixed rate bonds maturing in September 2026	(b)	3,000,000	3,000,000
Total		15,000,000	15,000,000

(a) The Bank issued 10-years fixed interest rate bonds on 24 September 2014. The coupon interest rate per annum is 6.18% and the interest is settled once a year. After obtaining approval from regulators, the Group has the right to redeem all of the bonds at face value on 24 September 2019.

(b) The Bank issued 15-years fixed interest rate bonds on 9 September 2011. The coupon interest rate per annum is 6.48% and the interest is settled once a year. After obtaining approval from regulators, the Group has the right to redeem all of the bonds at face value on 9 September 2021.

(iii) As at the balance sheet date, other financial bonds issued by the Group and the Bank are shown as follows:

	Note	31 December 2016	31 December 2015
Specific financial bonds for small and micro business maturing in July 2017	(a)	1,500,000	1,500,000
Specific financial bonds for small and micro business maturing in July 2019	(b)	7,500,000	7,500,000
Total		9,000,000	9,000,000

(a) The Bank issued 3-years fixed interest rate specific financial bonds for small and micro business on 24 July 2014. The coupon interest rate per annum is 5.30% and the interest is settled once a year.

(b) The Bank issued 5-years fixed interest rate specific financial bonds for small and micro business on 24 July 2014. The coupon interest rate per annum is 5.44% and the interest is settled once a year.

(27) Other liabilities

The Group

	31 December 2016	31 December 2015
Suspense account for clearing	3,371,689	2,134,724
Deposit for finance leasing	1,792,936	871,180
Deferred Income	1,224,687	599,731
Dividend payable	52,952	69,757
Others	641,096	462,390
Total	7,083,360	4,137,782

(28) Share capital

The Bank

	1 January 2016	New Issued	31 December 2016
Share capital	10,390,000	1,154,450	11,544,450

As explained in Note 1, according to the resolution of the Bank's general meeting of shareholders and the approval from CSRC by Zheng Jian Xu Ke [2016] No.1181, the Bank issued 1,154,450,000 ordinary shares (A-share) in its initial public offering in July 2016 and was listed on the Shanghai Stock Exchange on 2 August 2016. The Bank increased its registered capital to RMB 11.544 billion by RMB 1.154 billion in its initial public offering.

(29) Capital reserve

The Group

	2016		
	As at 1 January 2016	Additions during the year (Notes:i / ii)	As at 31 December 2016
Share premium	10,097,373	5,977,905	16,075,278
	2015		
	As at 1 January 2015	Additions during the year	As at 31 December 2015
Share premium	10,097,373	-	10,097,373

The Bank

	2016		
	As at 1 January 2016	Additions during the year (Notes:i / ii)	As at 31 December 2016
Share premium	10,097,373	5,977,905	16,075,278
	2015		
	As at 1 January 2015	Additions during the year	As at 31 December 2015
Share premium	10,097,373	-	10,097,373

(i) As explained in Note 5 (28), the Bank issued 1,154,450,000 ordinary shares for IPO in July 2016 at the price of RMB 6.27 yuan per share. After deducting the relative fee, the net capital raised was RMB 7.129 billion yuan, including the share premium of RMB 5.975 billion yuan.

(ii) In 2016, the Bank and non-controlling interest shareholders increased their capital in Suyin Finance Leasing. The difference between the proportion interests of the Suyin Finance Leasing's net assets being acquired and the amount of the consideration paid, 3.2 million, is adjusted to the capital reserve.

(30) Other comprehensive income

The Group and the Bank

	2016					
	Balance at the beginning of the year attributable to shareholders of the Bank	Before-tax amount	Less: transfer to profit or loss that previously recognised	Less: income tax expense	Net-of-tax amount attributable to shareholders of the Bank	Net-of-tax amount attributable to non-controlling interests
Items that may be reclassified to profit or loss						
- Gain or loss of changes in fair value						
of available-for-sale financial assets	597,276	-285,673	-25,901	77,894	-233,680	-
						363,596

	2015						Balance at the end of the year attributable to shareholders of the Bank
	Balance at the beginning of the year attributable to shareholders of the Bank	Before-tax amount	Less: transfer to profit or loss that previously recognised	Less: income tax expense	Net-of-tax amount attributable to shareholders of the Bank	Net-of-tax amount attributable to non-controlling interests	
Items that may be reclassified to profit or loss							
- Gain or loss of changes in fair value							
of available-for-sale financial assets	42,911	770,933	-31,780	-184,788	554,365	-	597,276

(31) Surplus reserve

The Group and the Bank

	Statutory surplus reserve	Discretionary surplus reserve	Total
As at 1 January 2016	4,913,472	4,191,103	9,104,575
Appropriation	1,045,801	947,505	1,993,306
As at 31 December 2016	5,959,273	5,138,608	11,097,881
As at 1 January 2015	3,965,967	3,322,487	7,288,454
Appropriation	947,505	868,616	1,816,121
As at 31 December 2015	4,913,472	4,191,103	9,104,575

In accordance with the Company Law of the People's Republic of China and the Bank's Articles of Association, the Bank is required to appropriate 10% of its net profit to the statutory surplus reserve until the balance reaches 50% of its registered capital. Subject to the approval of shareholders' meeting, statutory and discretionary surplus reserves may be used to net off with accumulated losses, if any, and may be converted into capital, provided that the balance of statutory surplus reserve after such capitalisation is not less than 25% of the registered capital.

After the appropriation of statutory surplus reserve, discretionary surplus reserve may be appropriated from the net profit subject to the approval of shareholders' meeting. Subject to the approval of shareholders' meeting, discretionary surplus reserves may be used to net off with accumulated losses, if any, and may be converted into capital.

(32) General reserve

	The Group		The Bank	
	2016	2015	2016	2015
As at 1 January	15,715,462	11,777,885	15,699,373	11,761,796
Appropriation	4,989,813	3,937,577	4,958,278	3,937,577
As at 31 December	20,705,275	15,715,462	20,657,651	15,699,373

According to the Notice on Administrative Measures on Accrual of Provisions by Financial Enterprises (Cai Jin [2012] No.20) issued by the MOF on 30 March 2012, a financial enterprise shall appropriate from net profits an amount of not less than 1.5% of its risk-bearing assets at the year end as general reserve.

General reserve of the Group also includes other general reserves accrued by the Bank's subsidiaries in accordance with the laws and regulations applicable to their business industry or region.

(33) Appropriation of profits

(a) In accordance with the resolution of the general meeting of shareholders of the Bank on 22 February 2016, the shareholders approved the following profit appropriations for the year ended 31 December 2015:

- 10% of the profit after tax for the statutory surplus reserve of year 2015;
- 10% of the profit after tax for the discretionary surplus reserve of year 2015;
- RMB 3.938 billion yuan for the general reserve; and
- No dividend distribution

(b) In accordance with the resolution of the shareholders' meeting of the Bank on 29 April 2015, the shareholders approved the following profit appropriations for the year ended 31 December 2014:

- 10% of the profit after tax for the statutory surplus reserve of year 2014;
- 10% of the profit after tax for the discretionary surplus reserve of year 2014;
- RMB 3.335 billion yuan for the general reserve; and
- RMB 0.08 yuan per shares (before tax), with the aggregate amount of RMB 831 million as cash dividend to the shareholders on the register as at 31 December 2014

(34) Net interest income

Note	The Group		The Bank	
	2016	2015	2016	2015
Loans and advances to customers	29,711,626	32,680,477	29,644,761	32,595,779
- Corporate loans and advances	21,632,087	24,214,096	21,569,972	24,135,265
- Individual loans and advances	5,107,906	4,740,172	5,103,412	4,734,305
- Discounted bills	2,971,633	3,726,209	2,971,377	3,726,209
Investment in debt instruments	23,925,025	16,906,024	23,943,659	16,901,677
Deposits with banks and other financial institutions	2,643,586	4,159,950	2,653,671	4,163,988
Deposits with central bank	1,891,819	1,945,384	1,890,892	1,943,807
Long-term receivable	1,075,394	182,160	-	-
Financial assets held under resale agreements	541,967	2,700,328	541,967	2,700,328
Placements with banks and other financial institutions	185,804	213,352	205,815	230,515
Interest income (i)	59,975,221	58,787,675	58,880,765	58,536,094
Deposits from customers	-17,111,032	-16,793,134	-17,098,631	-16,782,836
- Corporate customers	-12,957,562	-12,805,226	-12,951,659	-12,800,298
- Individual customers	-4,153,470	-3,987,908	-4,146,972	-3,982,538
Deposits from banks and other financial institutions	-11,153,368	-13,603,500	-11,156,303	-13,500,094
Debt securities issued	-3,254,440	-1,422,197	-3,254,440	-1,422,197
Financial assets sold under repurchase agreements	-1,540,958	-1,427,270	-1,461,750	-1,427,270
Placements from banks and other financial institutions	-874,033	-362,459	-397,442	-379,622
Borrowings from central bank	-497,115	-303,535	-496,894	-302,438
Others	-299,187	-904,178	-299,187	-904,178
Interest expense (i)	-34,730,133	-34,816,273	-34,164,647	-34,718,635
Net interest income	25,245,088	23,971,402	24,716,118	23,817,459

(i) Interest income arising from impaired financial assets is listed as follows:

	The Group		The Bank	
	2016	2015	2016	2015
Interest income arising from impaired loans and advances to customers	192,905	120,201	185,951	120,201

(35) Net fee and commission income

	The Group		The Bank	
	2016	2015	2016	2015
Agency service fees	3,545,429	1,965,957	3,545,233	1,965,560
Bank card fees	912,778	565,819	912,764	565,785
Custodian and other fiduciary service fees	505,784	452,977	505,784	452,977
Credit commitment fees	433,654	527,385	433,635	527,385
Settlement and clearing fees	214,180	283,831	214,135	255,141
Advisory service fees	71,056	137,183	71,536	137,183
Others	257,550	92,942	63,531	92,855
Fee and commission income	5,940,431	4,026,094	5,746,618	3,996,886
Settlement and clearing charges	-54,797	-60,115	-54,783	-60,095
Bank card charges	-34,394	-34,984	-34,394	-34,984
Others	-29,445	-31,596	-24,342	-31,596
Fee and commission expense	-118,636	-126,695	-113,519	-126,675
Net fee and commission income	5,821,795	3,899,399	5,633,099	3,870,211

(36) Investment income

	The Group		The Bank	
	2016	2015	2016	2015
Net gains during the period in which financial instruments are held				
- Dividend income from cooperate shares	6,580	1,320	6,580	1,320
- Dividend income from funds	23,297	-	23,297	-
Net (losses) / gains from disposal of financial instruments				
- Financial assets at fair value through profit or loss	-31,875	160,390	-31,875	160,390
- Available-for-sale financial assets	25,901	31,780	25,901	31,780
Income from long-term equity investment measured at cost	-	-	-	5,904
Others	-1,073	2,054	-1,073	2,054
Total	22,830	195,544	22,830	201,448

(37) Net gains / (losses) from changes in fair value

The Group and the Bank

	2016	2015
Derivatives	609,303	-11,476
Financial assets at fair value through profit or loss	-6,426	5,786
Total	602,577	-5,690

(38) General and administrative expenses

	The Group		The Bank	
	2016	2015	2016	2015
Staff costs				
- Salaries and bonuses	4,257,903	3,649,559	4,202,235	3,623,420
- Social insurance and supplemental pension insurance	848,812	783,115	844,990	780,632
- Other welfare	653,441	635,432	647,824	632,595
Sub-total	5,760,156	5,068,106	5,695,049	5,036,647
Premises and equipment expenses				
- Depreciation and amortisation	639,478	581,892	634,651	576,711
- Rental and property management expenses	493,906	455,904	489,255	453,577
- Utility charges	85,852	84,772	85,439	84,461
- Others	369,745	407,675	361,821	405,513
Sub-total	1,588,981	1,530,243	1,571,166	1,520,262
Other general and administrative expenses	1,812,008	1,638,508	1,794,002	1,625,018
Total	9,161,145	8,236,857	9,060,217	8,181,927

(39) Impairment losses

	The Group		The Bank	
	2016	2015	2016	2015
Loans and advances to customers	6,465,091	5,315,343	6,405,870	5,287,142
Investment securities classified as receivables	936,090	323,880	936,090	323,880
Long-term receivable	307,951	86,475	-	-
Other assets	69,540	46,960	68,608	46,043
Total	7,778,672	5,772,658	7,410,568	5,657,065

(40) Income tax expense

(a) Income tax expense

	The Group		The Bank	
	2016	2015	2016	2015
Current tax	4,340,065	3,063,076	4,266,519	2,975,592
Deferred tax	-1,562,452	-235,254	-1,554,654	-161,571
Adjustments for tax filling	109,441	-250,562	122,148	-250,562
Total	2,887,054	2,577,260	2,834,013	2,563,459

(b) Reconciliations between income tax expense and accounting profit:

	Note	The Group		The Bank	
		2016	2015	2016	2015
Profit before tax		13,523,982	12,082,068	13,292,017	12,038,509
Expected income tax at statutory tax rate of 25%		3,380,996	3,020,517	3,323,004	3,009,627
Tax effect of non-taxable income (i)		-983,718	-531,396	-983,718	-529,872
Tax effect of non-deductible expenses (ii)		36,796	29,595	31,422	25,160
Adjustments for tax filling and prior years		452,980	58,544	463,305	58,544
Income tax expense		2,887,054	2,577,260	2,834,013	2,563,459

(i) Non-taxable income mainly represent interest income from PRC and local government bonds.

(ii) Non-deductible expenses mainly represent non-deductible entertainment expenses and donations.

(41) Earnings per share

The earnings per share is calculated as net profit attributable to shareholders of the Bank divided by weighted average issued ordinary shares.

The Group

	Note	2016	2015
Net Profit attributable to shareholders of the Bank		10,610,579	9,497,433
Weighted average issued ordinary shares (in thousands) (i)		10,871,021	10,390,000
Basic and diluted earnings per share (in RMB Yuan)		0.98	0.91

(i) The calculation of weighted average of issued ordinary shares as follows:

The Group

	2016	2015
Number of issued ordinary shares at the beginning of the year	10,390,000	10,390,000
Increase due to initial public offering	481,021	-
Weighted average issued ordinary shares at year end	10,871,021	10,390,000

(42) Note to the statement of cash flow

(a) Reconciliation of net profit to cash flows from operating activities:

	The Group		The Bank	
	2016	2015	2016	2015
Net Profit	10,636,928	9,504,808	10,458,004	9,475,050
Add / (minus) :				
Impairment losses	7,778,672	5,772,658	7,410,568	5,657,065
Unwinding of discount	-192,905	-120,201	-185,951	-120,201
Depreciation and mortisation	639,478	581,892	634,651	576,711
Net (gains) / losses from disposal of fixed assets, intangible assets and other long-term assets	-96,861	35,592	-96,873	-32,138
Net (gains) / losses from changes in fair value	-602,577	5,690	-602,577	5,690
Net foreign exchange gains	409,805	100,303	409,805	100,303
Investment income	-22,830	-195,544	-22,830	-201,448
Interest income from investment in debt instruments	-23,925,025	-16,906,024	-23,943,659	-16,901,677
Interest expenses on debt securities issued	3,254,440	1,422,197	3,254,440	1,422,197
Decrease in deferred tax assets	-1,562,452	-235,254	-1,554,654	-161,571
Increase in operating receivables	-120,819,382	-71,757,153	-103,488,948	-63,756,258
Increase in operating payables	207,120,015	220,359,308	192,974,324	214,104,096
Net cash flow from operating activities	82,617,306	148,568,272	85,246,300	150,167,819

(b) Changes in cash and cash equivalents:

	The Group		The Bank	
	2016	2015	2016	2015
Cash and cash equivalents at the end of the year	95,436,965	132,585,785	95,610,291	132,848,501
Less: Cash and cash equivalents at the beginning of the year	-132,585,785	-149,092,337	-132,848,501	-148,991,296
Net decrease in cash and cash equivalents	-37,148,820	-16,506,552	-37,238,210	-16,142,795

(c) Cash and cash equivalents:

	The Group		The Bank	
	2016	2015	2016	2015
Cash on hand	1,776,683	1,784,042	1,772,767	1,780,081
Unrestricted deposits with central bank	18,671,589	9,970,264	18,671,576	9,960,585
Unrestricted deposits with banks and other financial institutions	63,107,752	43,921,881	63,285,007	44,198,237
Placements with banks and other financial institutions	1,880,941	2,548,112	1,880,941	2,548,112
Financial assets held under resale agreements	10,000,000	74,361,486	10,000,000	74,361,486
Cash and cash equivalents at the end of the year	95,436,965	132,585,785	95,610,291	132,848,501

(43) Pledged assets

(a) Assets pledged as security

Carrying value of pledged assets in balance sheet is as follows:

	The Group		The Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Borrowings from central bank	38,000,000	7,300,000	38,000,000	7,300,000
Financial assets sold under repurchase agreements	59,039,284	58,949,955	55,796,339	58,949,955
Deposits from customers	14,688,000	18,657,000	14,688,000	18,657,000
Other liabilities	58,000	-	-	-
Total	111,785,284	84,906,955	108,484,339	84,906,955

Transactions above are conducted under customary terms of relevant businesses.

(i) Carrying value of pledged assets analysed by asset type

	The Group		The Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Securities				
- Government bonds	85,879,207	45,734,738	85,879,207	45,734,738
- Bank and other financial institution bonds	23,845,101	28,022,944	23,845,101	28,022,944
- Corporate bonds	7,859,302	10,600,332	7,859,302	10,600,332
- medium-term notes	-	1,488,857	-	1,488,857
Sub-total	117,583,610	85,846,871	117,583,610	85,846,871
Commercial bills	4,897,922	4,679,152	4,897,922	4,679,152
Long-term receivable	3,172,641	-	-	-
Deposits with banks and other financial institutions	29,000	-	-	-
Total	125,683,173	90,526,023	122,481,532	90,526,023

(ii) Carrying value of pledged assets analysed by classification in balance sheet

	The Group		The Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Deposits with banks and other financial institutions	29,000	-	-	-
Loans and advances to customers	4,897,922	4,679,152	4,897,922	4,679,152
Available-for-sale financial assets	23,510,512	13,091,531	23,510,512	13,091,531
Held-to-maturity investments	94,073,098	72,755,340	94,073,098	72,755,340
Long-term receivables	3,172,641	-	-	-
Total	125,683,173	90,526,023	122,481,532	90,526,023

(b) Collaterals accepted as securities for assets

The Group conducts resale agreements and bonds lending under customary terms of placements, and holds collaterals for these transactions. As at the end of each of the Relevant Periods, the Group did not hold any resale agreement or bonds lending that collaterals were permitted to sell or re-pledge in the absence of the counterparty's default on the agreements.

(44) Transfer of financial assets

In normal course of business, the Group transfers the recognised financial assets to third parties in some transactions. These financial assets are derecognised in whole or in part if they meet the criteria for derecognition. When the Group retains substantial risk and return of the transferred assets, transfer of these financial assets does not meet the criteria for derecognition and the Group still recognises these assets in the balance sheet.

Continuing involvement in transferred financial assets that are fully derecognised

The Group sells credit assets to a special purpose trust, which will then issue asset-backed securities to investors. The Group holds a portion of the credit asset-backed securities in such business, and thus retains its continuing involvement in the transferred credit assets. As at 31 December 2016, the Group retained a certain level of continuing involvement in securitised credit assets by holding part of the securities. The carrying amount of the securitised credit assets was RMB 9,828 million at the date of transfer (31 December 2015: RMB 5,234 million). The carrying amount and other related information of the assets that the Group continued to recognise can be referred into Note 6.2(c).

6. Interests in other entities

(1) Interests in subsidiaries and structured entities that are included in the consolidated financial statements:

Structure of the Group

Main subsidiaries directly held through establishment:

Name	The Bank's shareholding percentage (Note i)		The Bank's voting rights percentage (Note i)		Registered capital		Place of operation and registration and date of establishment	Primary business
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015		
Baode Rural Bank (Note ii)	41%	41%	41%	41%	180,000	180,000	Jiangsu, 10 June 2010	Commercial banking
Suyin Finance Leasing (Note iii)	60%	80%	60%	80%	3,000,000	1,250,000	Jiangsu, 13 May 2015	Lease business

- The Bank's shareholding percentage and voting rights percentage are either direct or indirect percentage at the balance sheet date when the Bank has gained direct or indirect control over its subsidiaries through establishment.
- The Group believes that it exercises control over Baode Rural Bank based on its judgement on the investment and operation policies of Baode Rural Bank, and thus includes it in the consolidated financial statements.
- In 2016, the Bank invested additional RMB 960 million in Suyin Finance Leasing and additional investments from other non-controlling interests totalled RMB 1.14 billion. Suyin Finance Leasing's registered capital increased from RMB 1.25 billion to RMB 3 billion. The Bank's shareholding percentage and voting rights percentage decreased from 80% to 60%.

Management of the Group assesses whether the Group controls the investees and structured entities according to the elements of control described in Note 3(4).

The Group's involvement with the investee's operation is mainly from its shareholding in the investee and voting rights. The Group mainly assesses the purpose and design of the investee, relevant activities and decision-making processes, the Group's voting right percentage and its ability to affect the variable returns through its power over the investee when assessing whether the Group has control over the investees. If the Group believes that it has control over the investee, then it will include it in its consolidated financial statements.

The Group managed or invested in several structured entities, including Wealth management products, asset management plan and trust plan. The Group mainly assesses its overall economic interests (including the expected return from direct shareholding and management fee) in the structured entities and its decision-making rights covered through its involvement in the decisions on the establishment of the structured entities.

and relevant contract arrangements. If the Group has power over the structured activities and exposure to variable returns and the ability to use that power to affect its returns from the structured entities through investment contracts, then the Group believes that it has control over the structured entities and include it in the consolidated financial statements. If the Group neither has the substantive power over the structured entities nor enjoys material overall economic interests and thus acted as an agent rather than a principal, the Group does not need to include these structured entities in the consolidated financial statements. Please see Note 6(2) for information about the structured entities in which the Group has interests or acts as principal but are not included in the consolidated financial statements.

(2) Interests in structured entities not included in the consolidated financial statements

(a) Background of structured entities not included in the consolidated financial statements:

The Group's structured entities not included in the consolidated financial statements include: wealth management products, asset management plan, trust plan, investment fund and asset-backed securities, as well as unsecured wealth management products and asset-backed securities established by the Group. These structured entities are designed to manage investors' assets by offering them investment products to raise funds. The Group's interests in these structured entities not included in the consolidated financial statements mainly include direct investment and management fee received for managing these structured entities.

The Group did not include the above structured entities in the consolidated financial statements after taking relevant agreements and the Group's investments in the structured entities into account in accordance with the definition of "control" in Note 3(4) and principals described in Note 6(1).

As at 31 December 2016, relevant assets and liabilities as well as their carrying amount / maximum loss exposure of the Group's interests in these structured entities not included in the consolidated financial statements through direct investment are as follows:

	31 December 2016			
	Available-for-sale financial assets	Held-to maturity investments	Investment securities classified as receivables	Total
Wealth management products	294,177,428	-	-	294,177,428
Asset management plan	11,870,522	-	120,096,374	131,966,896
Trust plan	9,289,906	-	59,490,535	68,780,441
Investment fund	6,618,265	-	-	6,618,265
Asset-backed securities	46,952	2,562,394	-	2,609,346
Total	322,003,073	2,562,394	179,586,909	504,152,376

	31 December 2015			
	Available-for-sale financial assets	Held-to maturity investments	Investment securities classified as receivables	Total
Wealth management products	143,848,290	-	-	143,848,290
Asset management plan	40,572,460	-	130,099,665	170,672,125
Trust plan	-	-	1,642,330	1,642,330
Asset-backed securities	32,100	2,365,850	-	2,397,950
Total	184,452,850	2,365,850	131,741,995	318,560,695

The maximum loss exposure of the wealth management products and the investment fund is the fair value at the reporting date. The maximum loss exposure of asset management plan, trust plan and asset-backed securities is the fair value or amortised cost at the reporting date in accordance with their classification in the balance sheet.

(b) Interests in structured entities established by third parties:

The Group holds interests in structured entities established by third parties through direct investment. As at 31 December 2016 and 31 December 2015, relevant assets and liabilities as well as their carrying amount / maximum loss exposure of the Group's interests in these structured entities established by third parties through direct investment are as follows:

	31 December 2016			
	Available-for-sale financial assets	Held-to maturity investments	Investment securities classified as receivables	Total
Wealth management products	294,177,428	-	-	294,177,428
Asset management plan	11,870,522	-	120,096,374	131,966,896
Trust plan	9,289,906	-	59,490,535	68,780,441
Investment fund	6,618,265	-	-	6,618,265
Asset-backed securities	-	2,319,275	-	2,319,275
Total	321,956,121	2,319,275	179,586,909	503,862,305

	31 December 2015			
	Available-for-sale financial assets	Held-to maturity investments	Investment securities classified as receivables	Total
Wealth management products	143,848,290	-	-	143,848,290
Asset management plan	40,572,460	-	130,099,665	170,672,125
Trust plan	-	-	1,642,330	1,642,330
Asset-backed securities	-	2,211,410	-	2,211,410
Total	184,420,750	2,211,410	131,741,995	318,374,155

The maximum loss exposure of the wealth management products and the investment fund is the fair value at the reporting date. The maximum loss exposure of the asset management plan and the trust plan is the fair value or amortised cost at the reporting date in accordance with their classification in the balance sheet. The maximum loss exposure of the asset-backed securities is its amortised cost at the reporting date.

(c) Interests in structured entities not included in the financial statements (the Group as promoter):

Determination of the Group as promoter of a structured entity is based on the fact that the Group has played a key role in the process of setting up the structured entity or jointly setting up the entity with other parties, and that the structured entity represents an extension of the Group's main activities and maintains close business relationship with the Group after its setup.

According to the above criteria, structured entities not included in the financial statements (the Group as promoter) include the Group's unsecured wealth management products and investment fund. As at 31 December 2016, the carrying amount of the Group's management fees receivable in the consolidated balance sheet was RMB 101 million (31 December 2015: RMB 77million).

As at 31 December 2016 and 31 December 2015, relevant assets and liabilities as well as their carrying amount / maximum loss exposure of the Group's interests in these structured entities established by the Group through direct investment are as follows:

	31 December 2016		
	Available-for-sale financial assets	Held-to-maturity investments	Total
Asset-backed securities	46,952	243,119	290,071

	31 December 2015		
	Available-for-sale financial assets	Held-to-maturity investments	Total
Asset-backed securities	32,100	154,440	186,540

The maximum loss exposure of the asset-backed securities is the fair value or amortised cost at the reporting date.

As at 31 December 2016, balance of the unsecured wealth management products and asset-backed securities that were established by the Group but not included in the Group's the consolidated financial statements was RMB 275.7 billion and 3.3 billion respectively (31 December 2015: RMB 166.9 billion and RMB 3.7 billion).

(d) Structured entities which the Group no longer held interests in and were not included in the consolidated financial statements as at 31 December 2016:

The Group's fee and commission income from such unsecured wealth management products was RMB 1.329 billion (2015: RMB 969 million) in 2016.

The Group's unsecured wealth management products issued after 1 January 2016 and matured before 31 December 2016 totaled RMB 312.2 billion (unsecured wealth management products issued after 1 January 2015 and matured before 31 December 2015 totaled RMB 204.4 billion).

7. Segment reporting

The Group has 4 reporting segment: corporate banking, retail banking, treasury business and others. Each reportable segment is a separate business unit which offers different products and services, and is managed separately because they require different technology and marketing strategies.

Corporate banking

This segment provides financial products and services to corporations, government agencies and financial institutions. The range of products and services includes corporate loans, trade financing, finance leasing, deposit products, agency services, wealth management services, financial consulting and advisory services, remittance and settlement services, custody and guarantee services, etc.

Retail banking

This segment provides financial products and services to individual customers. The range of products and services includes personal loans, deposit products, personal wealth management services, remittance services, securities agency and credit card services, etc.

Treasury business

This segment covers inter-bank placement and taking transactions, repurchase transactions, investment in debt instruments, derivatives, foreign currency trading and investments. It also covers the Group's overall liquidity position management, including the issuance of debts securities.

Others

This segment represents other miscellaneous activities, none of which constitutes a separately reportable segment.

The accounting policies applied in preparing the segment report are consistent with those for the consolidated financial statements.

Internal charges and transfer prices are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense earned from third parties are referred to as "external net interest income/expense". Net interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "inter-segment interest income/expense".

Segment income, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment income, expenses, assets, and liabilities are determined before intra-group balances and intra- group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred during the Relevant Periods to acquire fixed assets, intangible assets and other long-term assets.

Segment results, assets and liabilities:

The Group

	2016				
	Corporate banking	Personal banking	Treasury business	Others	Total
External net interest income	13,345,572	1,323,250	10,576,266	-	25,245,088
Inter-segment net interest income / (expense)	3,499,325	1,532,097	-5,031,422	-	-
Net interest income	16,844,897	2,855,347	5,544,844	-	25,245,088
Fee and commission income	4,145,392	1,468,168	326,871	-	5,940,431
Fee and commission expense	-52,977	-46,689	-18,970	-	-118,636
Net fee and commission	4,092,415	1,421,479	307,901	-	5,821,795
Net investment gains	-	-	22,830	-	22,830
Net gains from changes in fair value	-	-	602,577	-	602,577
Net foreign exchange gains/(losses)	115,502	554	-472,075	-	-356,019
Other operating incomes	4,117	-	-	18,657	22,774
Operating income	21,056,931	4,277,380	6,006,077	18,657	31,359,045
Business taxes and surcharges	-635,832	-129,556	-182,053	-565	-948,006
General and administrative expenses	-7,068,405	-1,377,839	-714,901	-	-9,161,145
Impairment losses	-6,510,477	-332,105	-936,090	-	-7,778,672
Other operating expenses	-	-	-	-2,434	-2,434
Operating expenses	-14,214,714	-1,839,500	-1,833,044	-2,999	-17,890,257
Operating profit	6,842,217	2,437,880	4,173,033	15,658	13,468,788
Add: Non-operating income	-	-	-	144,188	144,188
Less: Non-operating expenses	-	-	-	-88,994	-88,994
Profit before tax	6,842,217	2,437,880	4,173,033	70,852	13,523,982
Segment assets	595,157,504	161,876,723	841,254,023	4,196	1,598,292,446
Segment liabilities	730,169,320	186,794,247	597,059,888	62,025	1,514,085,480
Other segment information:					
Credit commitments	200,530,013	3,756,004	-	-	204,286,017
Depreciation and amortisation	-346,238	-274,940	-18,300	-	-639,478
Capital expenditure	480,437	386,876	26,432	-	893,745

	2015				
	Corporate banking	Personal banking	Treasury business	Others	Total
External net interest income	16,589,499	557,647	6,824,256	-	23,971,402
Inter-segment net interest income / (expense)	-312,061	2,920,451	-2,608,390	-	-
Net interest income	16,277,438	3,478,098	4,215,866	-	23,971,402
Fee and commission income	2,955,657	679,332	391,105	-	4,026,094
Fee and commission expense	-45,918	-51,379	-29,398	-	-126,695
Net fee and commission	2,909,739	627,953	361,707	-	3,899,399
Net investment gains	-	-	195,544	-	195,544
Net gains from changes in fair value	-	-	-5,690	-	-5,690
Net foreign exchange gains/(losses)	138,365	1,050	-210,969	-	-71,554
Other operating incomes	57,969	-	-	-	57,969
Operating income	19,383,511	4,107,101	4,556,458	-	28,047,070
Business taxes and surcharges	-1,573,561	-259,525	-157,853	-	-1,990,939
General and administrative expenses	-5,853,176	-1,806,650	-577,031	-	-8,236,857
Impairment losses	-5,281,847	-166,932	-323,879	-	-5,772,658
Other operating expenses	-1,724	-	-	-	-1,724
Operating expenses	-12,710,308	-2,233,107	-1,058,763	-	-16,002,178
Operating profit	6,673,203	1,873,994	3,497,695	-	12,044,892
Add: Non-operating income	6,429	-	-	79,237	85,666
Less: Non-operating expenses	-	-	-	-48,490	-48,490
Profit before tax	6,679,632	1,873,994	3,497,695	30,747	12,082,068
Segment assets	516,863,826	114,875,283	658,594,227	-	1,290,333,336
Segment liabilities	604,628,549	232,969,783	387,200,441	-	1,224,798,773
Other segment information:					
Credit commitments	202,815,447	4,155,335	-	-	206,970,782
Depreciation and amortisation	-347,391	-225,263	-9,238	-	-581,892
Capital expenditure	599,793	388,308	16,055	-	1,004,156

8. Commitments and contingent liabilities

(1) Credit commitments

The Group's credit commitments take the form of undrawn loan facilities which are approved and contracted, unutilised credit card limits, financial guarantees, letters of credit, finance lease commitment and issued bank acceptances but not yet matured.

The contractual amounts of loans and credit card commitments represent the cash outflows should the contracts be fully drawn upon. The contractual amounts of guarantees and letters of credit represent the maximum potential loss that would be recognised if counterparties failed to completely perform as contracted. Acceptances represent undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

As credit commitments expire without being drawn upon, the total of the contractual amounts set out in the following table do not represent the expected future cash outflows. In addition to the loan commitments and credit card limit, the Group assesses the contingent losses from other credit commitment excluding the loan commitments and credit card limit on a regular basis and recognises estimated liabilities when necessary.

The Group

	31 December 2016	31 December 2015
Credit card commitments	3,756,004	4,155,335
Loan commitments	14,028,669	6,195,950
- original contractual maturity less than 1 year	185,000	6,195,950
- original contractual maturity more than 1 year (inclusive)	13,843,669	-
Sub-total	17,784,673	10,351,285
Bank acceptances	154,262,387	154,435,502
Guarantees	16,774,743	16,133,893
Letters of credit	14,864,214	26,050,102
Finance lease commitments	600,000	-
Sub-total	186,501,344	196,619,497
Total	204,286,017	206,970,782

(2) Credit risk weighted amount

The Group

	31 December 2016	31 December 2015
Credit risk weighted amount of credit commitments	52,265,590	56,724,616

The credit risk weighted amount of credit commitments was calculated according to the requirements set out in the Administrative Measures on Capitals of Commercial Banks (for Trial Implementation) issued by CBRC.

(3) Operating lease commitments

As at balance sheet date, the Group's future minimum lease payments under non-cancellable operating leases for properties and other assets were as follows:

	31 December 2016	31 December 2015
Within 1 year (inclusive)	399,335	394,476
After 1 year but within 2 years (inclusive)	369,241	369,888
After 2 years but within 3 years (inclusive)	321,577	343,853
After 3 years but within 5 years (inclusive)	484,425	559,312
Above 5 years	424,213	572,956
Total	1,998,791	2,240,485

(4) Capital commitments

As at the balance sheet date, the Group's authorised capital commitments were as follows:

	31 December 2016	31 December 2015
Contracted for but not paid	528,327	599,031
Authorised but not contracted for	11,188	20,270

(5) Underwriting and redemption commitments

As an underwriting agent of PRC government bonds, the Group has the responsibility to buy back those bonds it previously sold should the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. Accrued interests payable to the bond holders are calculated in accordance with relevant rules of the MOF and the PBOC. The redemption price may be different from the fair value of similar instruments traded in the markets at the redemption date. The redemption commitments below represent the coupon value of PRC government bonds underwritten and sold by the Group and the Bank but not yet matured at the balance sheet date:

	31 December 2016	31 December 2015
Redemption commitments	14,662,714	13,204,669

The Group and the Bank did not have outstanding underwriting and redemption commitments at the balance sheet date.

(6) Unresolved litigations and disputes

As at 31 December 2016, there were 39 litigations whereby the Group acted as defendants in the unresolved litigations. The total related amount of litigations and disputes whereby the Group acted as defendants was RMB 698 million (31 December 2015: RMB 54 million). The Group has made provision of RMB 60.49 million

(31 December 2015: RMB 2.06 million) for estimated liabilities based on facts and circumstances. The Group's management believed that the final result and execution of these litigations will not have material impact on the Group's financial positions or operating results.

9. Entrusted lending business

The Group provides entrusted lending business services to government agencies, corporations and individuals. All entrusted loans are funded by entrusted funds from these entities and individuals. The Group does not take any credit risk in relation to these transactions. The Group acts as an agent to hold and manage these assets and liabilities at the direction of the entrustor and receives fee income for the services provided. The entrust assets are not assets of the Group and are not recognised in the balance sheets. The relevant surplus funding is accounted for as deposits from customers.

The Group

	31 December 2016	31 December 2015
Entrusted loans	149,618,462	203,345,513
Entrusted funds	149,618,462	203,345,513

10. Risk management of financial instruments

The Group mainly has exposure to the following risks from financial instruments:

- credit risk
- market risk
- liquidity risk
- operational risk

This note presents information about the Group's exposure to each of the above risks and its changes during the year, as well as the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

Risk management framework

The Group's objectives when managing risk are to meet the requirements of external regulators, debtors and other stakeholders in order to optimise shareholder's value by Maintaining risk exposures within acceptable limits.

The Group established a centralised matrix management organisational structure, and developed policies and processes to identify, measure, monitor and control all kinds of risks. The Group also provided relevant technology and tools support.

The Board is ultimately responsible for the establishment and oversight of the Group's risk management

framework. The Board has established the Risk Management Committee, which is primarily responsible for reviewing and amending the risk strategies and risk management policies, supervising and evaluating the results and effectiveness of their execution. The vice governor who take charge of the risk control as well as the Chief Risk Officer and the Internal Control and Risk Management Committee of the senior management are responsible of execution of the risk management policies and the Risk Management Department is responsible for the coordination of the risk management.

At the Branch level, the Internal Control and Risk Management Committee, the Director of Risk Management and Risk Compliance Department are responsible for the overall risk management. Director of Risk Management at the Branch report to the Risk Management Department of the Head Office and the head of the Branch. The risk management teams delegated by the Group to each business line are daily risk management and report to the Risk Management Department. The Internal Audit Department will review the implementation of risk management policies and the effectiveness of internal control on a regular and irregular basis.

The Group implement risk management by appointing the board of directors of the subsidiaries or members of the Risk Management Committee.

(1) Credit risk

Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its obligation or commitment to the Group. It arises primarily from the Group's credit businesses and treasury businesses such as investment in debt securities.

Credit business

To identify, assess, monitor and manage credit risk, the Group has established a reporting structure, credit policies and procedures catering for effective credit risk management and implemented systematic control procedures. The Group continues to optimise its credit approval process, reinforce its credit risk management through its processes, and clarify functions and responsibilities of the credit approval cycle. The Risk Management Department is responsible for overall risk management and developing credit policies, management systems based on law and regulations, monetary policies and the Group's operational strategies on a regular basis along with other departments to continue to implement risk management of credit business.

The Group's credit risk management policies include credit investigation, credit approval and post-loan management. For credit investigation, the Group conducted customer credit risk ratings and credit business liabilities rating and completed a credit report; for credit approval, the credit business need to be approved by approver with authorities; for post-loan management, the Group conducted a continuous monitoring of the granted loans and early warning on any negative events that will have an impact on the borrower's ability for repayment on a timely basis and take appropriate action to prevent and control risk.

The Group developed a series of policies to mitigate credit risk, including requiring customers to provide collateral, deposits and corporate or personal guarantees. The Group's acceptable specific collaterals include: buildings and other attached facilities, land use right, machines and equipment, construction in progress, vehicles, inventories, certificate of deposits, equity, bonds, funds, bills, receivables, warehouse receipts, and

rights to receive returns etc. In order to control credit risk, the Group will require the borrowers to provide additional collaterals or guarantors once there's evidence indicating the impairment of individual credit assets.

The Group optimise the credit risk structure by setting exposure limits on individual borrowers, group, industries and countries.

The Group adopts a loan risk classification approach to manage its loan portfolio risk. The Group dynamically adjust the loan risk classification to ensure the current loan risk classification mechanism is accord with the regulations of CBRC at least once a quarter. Loans are generally classified as normal, special mention, substandard, doubtful and loss according to their levels of risk. Substandard, doubtful and loss loans are considered to be impaired loans. In general, loans are impaired when one or more events demonstrate that there is objective evidence that losses will be incurred. The allowances for impairment loss on impaired loans and advances are assessed collectively or individually as appropriate.

The core definitions of the five-tier grading of credit assets are set out below:

Normal: Borrowers can honour the terms of their loans. There is no reason to doubt their ability to repay principal and interest in full on a timely basis.

Special mention: Borrowers are currently able to service their loans and interest, although repayment may be adversely affected by specific factors.

Substandard: Borrowers' ability to service their loans is in question and they cannot rely entirely on normal business revenues to repay principal and interest. Losses may ensue even when collateral or guarantees are invoked.

Doubtful: Borrowers cannot repay principal and interest in full and significant losses will need to be recognised even when collateral or guarantees are invoked.

Loss: Principal and interest of loans cannot be recovered or only a small portion of them can be recovered after taking all possible measures or resorting to all necessary legal procedures.

Treasury business

The Group's treasury operations involve investments in PRC government bonds, other government bonds, financial institution bonds, corporate bonds, inter-bank money market transactions and bank notes transfer discount, etc. The credit risk management for treasury operations is primarily conducted by the Financial Markets Department and Inter-bank Department in accordance with the credit risk management policies, procedures and systems.

The Group conducts credit risk management in respect of the treasury operations primarily through the management of credit limits for counterparties. The Group assigns a total credit limit for domestic and foreign financial institutions and sets sub-limits for various business lines. In addition, the Financial Markets Department and Inter-bank Department works closely with other departments to form an integrated risk monitoring system for treasury operations.

(a) Maximum exposure

The maximum exposure to credit risk is represented by the net carrying amount of each type of financial assets as at the end of the Relevant Periods, including derivative financial instruments. The maximum exposure to credit risk in respect of these off-balance sheet items as at balance sheet date is disclosed in Note 8.

(b) Financial assets analysed by credit quality are summarised as follows:

The Group

	31 December 2016				
	Deposits / placements with banks and other financial institutions	Financial assets held under resale agreements	Loans and advances	Investments (i)	Others (ii)
Impaired					
Individually assessed gross amount	-	-	6,678,947	-	-
Provision for impairment losses	-	-	-3,940,809	-	-
Net value	-	-	2,738,138	-	-
Collectively assessed gross amount	-	-	2,638,964	-	-
Provision for impairment losses	-	-	-2,157,946	-	-
Net value	-	-	481,018	-	-
Overdue but not impaired					
Less than 3 months (inclusive)	-	-	1,516,225	-	-
More than 3 months but less than 6 months (inclusive)	-	-	1,485,349	-	-
Over 6 months	-	-	2,663,109	688,910	-
Overdue but not impaired	-	-	5,664,683	688,910	-
Provision for impairment losses	-	-	-1,069,905	-120,008	-
Net value	-	-	4,594,778	568,902	-
Neither overdue nor impaired gross amount	86,247,822	10,000,000	634,397,091	682,423,366	35,082,415
Provision for impairment losses	-	-	-9,656,134	-1,289,685	-539,619
Net value	86,247,822	10,000,000	624,740,957	681,133,681	34,542,796
Carrying amount	86,247,822	10,000,000	632,554,891	681,702,583	34,542,796

31 December 2015					
	Deposits / placements with banks and other financial institutions	Financial assets held under resale agreements	Loans and advances	Investments (i)	Others (ii)
Impaired					
Individually assessed gross amount	-	-	5,796,063	600,000	62,500
Provision for impairment losses	-	-	-2,104,488	-96,607	-62,500
Net value	-	-	3,691,575	503,393	-
Collectively assessed gross amount	-	-	2,218,848	-	-
Provision for impairment losses	-	-	-1,744,545	-	-
Net value	-	-	474,303	-	-
Overdue but not impaired					
Less than 3 months (inclusive)	-	-	2,787,525	-	-
More than 3 months but less than 6 months (inclusive)	-	-	1,368,759	-	-
Over 6 months	-	-	2,963,525	-	-
Overdue but not impaired	-	-	7,119,809	-	-
Provision for impairment losses	-	-	-1,283,361	-	-
Net value	-	-	5,836,448	-	-
Neither overdue nor impaired gross amount	59,747,497	76,181,793	546,648,751	461,737,940	16,138,134
Provision for impairment losses	-	-	-10,261,742	-376,996	-163,032
Net value	59,747,497	76,181,793	536,387,009	461,360,944	15,975,102
Carrying amount	59,747,497	76,181,793	546,389,335	461,864,337	15,975,102

(i) Investments comprise financial assets at fair value through profit or loss, debt instruments investment of available-for-sale financial assets, held-to-maturity investments and investment securities classified as receivables.

(ii) Others comprise financial assets such as derivative financial assets, interest receivable, long-term receivables and other receivables.

(c) Credit ratings of receivables from inter-banks

Receivables from inter-banks include deposits and placements with banks and other financial institutions, and financial assets held under resale agreements for which counterparties are banks and other financial institutions. Receivables from inter-banks neither overdue nor impaired are rated with reference to major rating agencies recognised by the PBOC.

The Group

	31 December 2016	31 December 2015
Neither overdue nor impaired		
- grade A to AAA	85,516,395	93,466,499
- unrated	10,731,427	42,462,791
Carrying amount	96,247,822	135,929,290

(d) Credit ratings of investment in debt instruments

The Group adopts a credit rating approach to manage the credit risk of the debt instruments portfolio. Debt instruments are rated with reference to major rating agencies generally recognised by the PBOC. The carrying amounts of debt instruments investments analysed by the rating agency designations as at the balance sheet date are as follows:

The Group

	31 December 2016	31 December 2015
Impaired		
- unrated	-	600,000
Impaired gross amount	-	600,000
Provision for impairment losses	-	-96,607
Net value	-	503,393
Overdue but not impaired		
- unrated	688,910	-
Overdue but not impaired gross amount	688,910	-
Provision for impairment losses	-120,008	-
Net value	568,902	-
Neither overdue nor impaired		
- AAA	175,641,200	39,306,095
- AA- to AA+	7,168,329	8,414,380
- unrated	499,613,837	414,017,465
Neither overdue nor impaired gross amount	682,423,366	461,737,940
Provision for impairment losses	-1,289,685	-376,996
Net value	681,133,681	461,360,944
Carrying amount	681,702,583	461,864,337

(2) 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 interest rates, foreign exchange rates and other prices. The Group's market risk mainly derives from assets and liabilities operating in the market and interest rate risk and foreign exchange rate risk of its products.

The market risk management of the Group oversees the whole process of identifying, measuring, monitoring and controlling market risk. The Group established the market risk management system under the demand of CBRC. The Board and the Risk Management Committee are responsible for leading the management of market risk and approving the risk management strategy, procedure, quantity criteria, risk quota and etc. The senior management and its Internal Control and Risk Management Committee are responsible for formulating, regularly reviewing and monitoring the policies, procedures and detailed rules of market risk management and the overall evaluation of the Group's market risk management.

The Group is primarily exposed to structural interest rate risk arising from interest generating commercial banking assets and interest bearing commercial banking liabilities and market value fluctuation in transactions. Interest rate risk is inherent in many of its businesses and largely arises from mismatches between the re-pricing dates of assets and liabilities. The Group manages this risk through measures such as the interest rate gap analysis, sensitivity analysis, etc.

The Group's foreign exchange risks mainly arise from the currency structure mismatch of finance assets and liabilities of foreign currency and foreign currency exposure from the foreign exchange derivatives. The Group's major businesses are denominated in RMB, and the foreign currency exposure is not significant. The Group manages the foreign currency risk mainly by closely monitoring the limit of the currency exposures.

The Group separately monitors the market risk of its trading portfolios and non-trading portfolios. The Group identifies, measures and manages the market risk by using various risk monitoring tools including the gap analysis, position analysis, sensitivity analysis, scenarios analysis and stress test. The Group has established a market risk limit system with business limits, loss limits and market risk limits to monitors the application of these risk limits.

(a) Interest rate risk

Interest rate risk is the likelihood of a loss that may arise from adverse movements in the market interest rate. The Group's interest rate risks arise mainly from mismatches of assets and liabilities and market value fluctuation in transactions.

The Group mainly manages interest rate risks through structuring and adjusting its asset portfolios. The Group monitors interest rate gap analysis and risk exposure analysis to measure static re-pricing profile of the assets and liabilities on a regular basis.

The Group organises meetings of the Asset and Liabilities Management Committee and adjust the structure of assets and liabilities based on market interest rate trends to manage interest rate exposure.

(i) Analysis of re-pricing date structure

The following tables indicate the assets and liabilities as at the balance sheet date by the expected next repricing dates or by maturity dates, depending on which is earlier:

The Group

	31 December 2016					
	Non-interest bearing	Within 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Total
Financial assets						
Cash and deposits with central bank	3,258,378	131,863,938	-	-	-	135,122,316
Deposits and placements with banks and other financial institutions	-	68,695,673	17,020,545	531,604	-	86,247,822
Financial assets held under resale agreements	-	10,000,000	-	-	-	10,000,000
Loans and advances to customers (Note a)	-	313,864,853	272,319,298	46,370,740	-	632,554,891
Investments (Note b)	7,040,376	114,230,768	286,295,853	178,773,994	102,401,968	688,742,959
Long-term receivables	-	8,339,222	79,955	16,375,767	3,888	24,798,832
Other financial assets	9,743,964	-	-	-	-	9,743,964
Total financial assets	20,042,718	646,994,454	575,715,651	242,052,105	102,405,856	1,587,210,784
Financial liabilities						
Borrowings from central bank	-	4,000,000	34,030,000	-	-	38,030,000
Deposits and placements with banks and other financial institutions	-	112,955,534	232,832,288	1,506,029	-	347,293,851
Financial assets sold under repurchase agreements	-	55,586,384	1,074,509	2,378,391	-	59,039,284
Deposits from customers	-	592,802,634	165,711,603	148,898,249	-	907,412,486
Debt securities issued	-	25,132,610	84,110,825	7,500,000	15,000,000	131,743,435
Other financial liabilities	22,592,843	-	-	-	-	22,592,843
Total financial liabilities	22,592,843	790,477,162	517,759,225	160,282,669	15,000,000	1,506,111,899
Gap between assets and liabilities	-2,550,125	-143,482,708	57,956,426	81,769,436	87,405,856	81,098,885

	31 December 2015					
	Non-interest bearing	Within 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Total
Financial assets						
Cash and deposits with central bank	3,590,511	117,506,903	-	-	-	121,097,414
Deposits and placements with banks and other financial institutions	-	46,746,349	12,469,582	531,566	-	59,747,497
Financial assets held under resale agreements	-	74,361,486	1,470,307	350,000	-	76,181,793
Loans and advances to customers (Note a)	-	33,712,501	488,522,800	23,688,717	465,317	546,389,335
Investments (Note b)	75,035	44,164,351	119,485,799	84,958,670	213,255,517	461,939,372
Long-term receivables	-	-	1,936,087	5,794,183	-	7,730,270
Other financial assets	17,247,655	-	-	-	-	17,247,655
Total financial assets	20,913,201	316,491,590	623,884,575	115,323,136	213,720,834	1,290,333,336
Financial liabilities						
Borrowings from central bank	-	2,400,000	4,900,000	-	-	7,300,000
Deposits and placements with banks and other financial institutions	-	39,841,995	250,703,670	17,163,650	-	307,709,315
Financial assets sold under repurchase agreements	-	53,447,906	5,502,049	-	-	58,949,955
Deposits from customers	-	304,245,712	362,194,942	82,660,756	27,327,061	776,428,471
Debt securities issued	-	11,219,505	16,429,984	9,000,000	15,000,000	51,649,489
Other financial liabilities	22,761,543	-	-	-	-	22,761,543
Total financial liabilities	22,761,543	411,155,118	639,730,645	108,824,406	42,327,061	1,224,798,773
Gap between assets and liabilities	-1,848,342	-94,663,528	-15,846,070	6,498,730	171,393,773	65,534,563

a. For loans and advances to customers, the category "Within three months" includes overdue amounts (net of provision for impairment losses) of RMB 7.696 billion as at 31 December 2016 (31 December 2015: RMB 8.646 billion). Overdue loans are loans and advances to customers, of which the principal or interest was overdue for one day or more.

b. Investments comprise financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments and investment securities classified as receivables. Investments within 3 months include overdue amounts (net of provision for impairment losses) of RMB 569 million as at 31 December 2016 (31 December 2015: RMB 503 million). Overdue amounts are investments, of which the principal or interest was overdue for one day or more.

(ii) Sensitivity analysis of interest rate

The Group uses sensitivity analysis to measure the potential effect of changes in interest rates on the Group's net interest income and equity. The following table sets forth the effect on the Group's net interest income and equity from possible interest rate fluctuations with an assumption that all other variables held constant. The effect on net profit refers to the effect of certain interest rate changes on the net profit generated by financial assets and liabilities that are held at the end of the year and are expected to reprice the interest rate within one year. The effect on the equity refers to the effect of fair value changes arising from revaluation of fixed rate available for sale financial assets held at year end as a result of changes in interest rates.

The Group

Sensitivity of net interest income		
	31 December 2016	31 December 2015
Change in interest rate (basis points)		
+200	2,821,955	-929,490
-200	-2,857,756	929,490
Sensitivity of equity		
	31 December 2016	31 December 2015
Change in interest rate (basis points)		
+200	-2,063,255	-7,784,803
-200	2,352,204	7,784,803

This sensitivity analysis is based on a static interest rate risk profile of the assets and liabilities. The analysis measures only the impact of changes in interest rates within a year, as reflected by effect on annualised net interest income and equity from the repricing of the Group's assets and liabilities within a year. The analysis is based on the following assumptions:

- changes in business after balance sheet date is not taken into account, the analysis is based on the static gap at the balance sheet date;
- all assets and liabilities that reprice or are due within one year will reprice or are due at the beginning of the respective periods;
- the interest rates of deposits with central bank and demand deposits from customers remain unchanged;
- there is a parallel shift in the yield curve due to change in interest rates;
- there are no other changes to the assets or liabilities portfolio; and
- other variables (including foreign exchange rates) remain unchanged; and
- impact from interest rate movement on customers' activities, market prices and off-balance sheet items are not considered.

Based on the above assumptions, the actual changes of the Group's net interest income and equity may be different from the results of this sensitivity analysis due to fluctuations in interest rate.

(b) Foreign currency risk

Foreign currency risk is the likelihood of a loss that may arise from adverse movements in the market currency rate. The Group's business transactions are mainly denominated in RMB. Some transactions involve US dollars, Japanese Yen or Euros, as well as a few other currencies. The Group's exchange rate risk comprises risk arising from foreign currency exposures originated from daily treasury businesses and loans and advances to customers, deposits from customers held by the Group and transactions of currency derivative instruments which are not denominated in RMB. The Group's foreign currency risk mainly arises from mismatch of assets and liabilities denominated in foreign currency and currency derivative instruments.

The Group manages the exchange rate risk mainly by imposing limits on the transactions. Moreover, the Group manages its exchange rate risk through transactions and balances and matching foreign currency financial assets with liabilities in the same currency, and manages its foreign currency assets and liabilities portfolio and structured position using derivative instruments. The Group also conducted sensitivity analysis on foreign currency risk on a regular basis.

(i) Foreign currency risk exposure

The Group's exchange rate exposures at the balance sheet date are as follows:

The Group

	31 December 2016			
	RMB	USD (RMB equivalent)	Others (RMB equivalent)	Total
Financial assets				
Cash and deposits with central bank	132,126,085	2,975,804	20,427	135,122,316
Deposits and placements with banks and other financial institutions	75,719,606	9,317,548	1,210,668	86,247,822
Financial assets held under resale agreements	10,000,000	-	-	10,000,000
Loans and advances to customers	619,566,363	10,671,481	2,317,047	632,554,891
Investments (Note a)	684,904,467	3,838,492	-	688,742,959
Long-term receivables	24,798,832	-	-	24,798,832
Other financial assets	7,592,455	2,142,483	9,026	9,743,964
Total financial assets	1,554,707,808	28,945,808	3,557,168	1,587,210,784
Financial liabilities				
Borrowings from central bank	38,030,000	-	-	38,030,000
Deposits and placements with banks and other financial institutions	336,438,513	9,545,495	1,309,843	347,293,851
Financial assets sold under repurchase agreements	59,039,284	-	-	59,039,284

	31 December 2016			
	RMB	USD (RMB equivalent)	Others (RMB equivalent)	Total
Deposits from customers	879,506,381	26,636,184	1,269,921	907,412,486
Debt securities issued	131,743,435	-	-	131,743,435
Other financial liabilities	20,312,551	1,297,812	982,480	22,592,843
Total financial liabilities	1,465,070,164	37,479,491	3,562,244	1,506,111,899
Net position	89,637,644	-8,533,683	-5,076	81,098,885
Credit commitments	184,860,011	16,132,174	3,293,832	204,286,017
Derivative financial instruments(Note b)	-8,974,877	10,358,297	-924,609	458,811

	31 December 2015			
	RMB	USD (RMB equivalent)	Others (RMB equivalent)	Total
Financial assets	119,348,239	1,730,438	18,737	121,097,414
Cash and deposits with central bank	50,346,411	8,519,182	881,904	59,747,497
Deposits and placements with banks and other financial institutions	76,181,793	-	-	76,181,793
Financial assets held under resale agreements	539,551,742	6,729,961	107,632	546,389,335
Loans and advances to customers	461,939,157	215	-	461,939,372
Investments (Note a)				
Long-term receivables	7,730,270	-	-	7,730,270
Other financial assets	16,549,760	608,809	89,086	17,247,655
Total financial assets	1,271,647,372	17,588,605	1,097,359	1,290,333,336
Financial liabilities				
Borrowings from central bank	7,300,000	-	-	7,300,000
Deposits and placements with banks and other financial institutions	306,535,779	1,173,536	-	307,709,315
Financial assets sold under repurchase agreements	58,949,955	-	-	58,949,955
Deposits from customers	757,113,866	18,358,582	956,023	776,428,471
Debt securities issued	51,649,489	-	-	51,649,489
Other financial liabilities	22,100,253	529,079	132,211	22,761,543
Total financial liabilities	1,203,649,342	20,061,197	1,088,234	1,224,798,773
Net position	67,998,030	-2,472,592	9,125	65,534,563
Credit commitments	192,059,332	13,694,347	1,217,103	206,970,782
Derivative financial instruments (Note b)	-3,702,363	2,849,621	892,585	39,843

a. Investments comprise financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments and investment securities classified as receivables.

b. The derivative financial instruments reflect the net value of the derivative financial instrument contracts.

(ii) Sensitivity analysis of foreign currency risk

The Group uses sensitivity analysis to measure the potential effect of changes in foreign currency exchange rates on the Group's net profit and equity. The following table sets forth the effect on the Group's net profit and equity from possible foreign exchange rate fluctuations with an assumption that all other variables held constant.

The Group

	Sensitivity of net profit and equity	
	31 December 2016	31 December 2015
Change in foreign currency exchange rate		
Appreciation against RMB by 5%	33,560	20,684
Depreciation against RMB by 5%	-33,560	-20,684

The sensitivity analysis is based on the following assumptions:

- changes in business after balance sheet date is not taken into account, the analysis is based on the static gap at the balance sheet date;
- the foreign currency sensitivity is the gain or loss recognised as a result of a 500-basis point fluctuation in foreign currency exchange rates against RMB at the end of the Relevant Periods (middle price);
- the fluctuation of exchange rates by 500 basis points is based on the assumption of exchange rates movement over the next 12 months;
- due to the immaterial proportion of the Group's total assets and liabilities denominated in foreign currencies other than US dollars, when calculating the effect on net profit, other foreign currencies are converted into US dollars for this sensitivity analysis purpose;
- when calculating the foreign exchange exposures, exposures from foreign currency spot, forward and swap transactions are included;
- other variables (including interest rates) remain unchanged; and
- impact from foreign exchange rate change on customers' activities and market prices are not considered.

The above sensitivity analysis is based on the static structure of the assets and liabilities in respect of foreign exchange risk. It has not taken into account the potential efforts from the Group and the Bank to mitigate the negative effects on profits from foreign currency positions.

Based on the above assumptions, the actual changes in the Group's net profit and equity may be different from the results of sensitivity analysis due to the fluctuations of foreign exchange rate.

(3)Liquidity risk

Liquidity risk is the risk that the commercial banks fail to meet the demands associated with its payables due, new loans and reasonable financing activities, or encounter difficulties in meeting these demands with reasonable costs.

The Group established the liquidity risk management system composed of the Board of Directors and its Risk Management Committee, Senior Management and its Assets and Liabilities Management Committee. The Group's Risk Management Department is leading the management of liquidity risk, and the Planning and Finance Department implements the specific management work. The Group calculated the liquidity risk based on its estimates of liquidity indicators and liquidity gap and performed periodic liquidity stress tests to identify indicators which may lead to any liquidity risk at the earliest stage. The Group established risk limit management and early warning systems and specific emergency plan, and emergency team to address the liquidity risk. The Group also sets up liquidity risk reporting mechanism by reporting the monitoring of liquidity risk per month and conducting stress tests on a quarterly basis.

The Group's fund for assets are mainly from deposits from customers, which include deposits from corporate and individual customer as well as other banks. These deposits continue to increase in recent years with diversified categories and maturity, which are diversified and stable source of funds.

(a) Maturity analysis

The following tables provide an analysis of the financial assets and liabilities of the Group based on the remaining term before repayment at each balance sheet date:

The Group

	31 December 2016							
	Indefinite	Overdue /repayable on demand	Within 1 month	Between 1 month and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Total
Financial assets								
Cash and deposits with central bank	114,674,044	20,448,272	-	-	-	-	-	135,122,316
Deposits and placements with banks and other financial institutions	-	8,221,444	41,885,983	18,588,246	17,020,545	531,604	-	86,247,822
Financial assets held under resale agreements	-	-	10,000,000	-	-	-	-	10,000,000
Loans and advances to customers	-	9,192,925	49,453,933	79,801,239	303,274,788	128,784,038	62,047,968	632,554,891
Investments (Note i)	7,040,376	568,902	46,688,420	66,983,446	287,414,713	177,523,054	102,524,048	688,742,959
Long-term receivables	-	-	595,643	1,219,065	4,464,100	18,433,517	86,507	24,798,832
Others financial assets	-	418,120	1,536,305	2,749,639	4,337,748	518,727	183,425	9,743,964
Total financial assets	121,714,420	38,849,663	150,160,284	169,341,635	616,511,894	325,790,940	164,841,948	1,587,210,784
Financial liabilities								
Borrowings from central bank	-	-	2,000,000	2,000,000	34,030,000	-	-	38,030,000
Deposits and placements with banks and other financial institutions	-	7,225,099	39,156,241	66,574,194	232,832,288	1,506,029	-	347,293,851
Financial assets sold under repurchase agreements	-	-	52,121,354	3,465,030	1,074,509	2,378,391	-	59,039,284
Deposits from customers	-	412,759,094	108,171,300	71,872,240	165,711,603	148,898,249	-	907,412,486
Debt securities issued	-	-	2,787,813	22,344,797	84,110,825	7,500,000	15,000,000	131,743,435
Other financial liabilities	-	3,879,794	3,519,403	3,120,142	6,751,223	5,295,561	26,720	22,592,843
Total financial liabilities	-	423,863,987	207,756,111	169,376,403	524,510,448	165,578,230	15,026,720	1,506,111,899
Net position	121,714,420	(385,014,324)	(57,595,827)	(34,768)	92,001,446	160,212,710	149,815,228	81,098,885
Notional amount of derivative financial instruments	-	-	28,905,095	37,889,949	61,276,807	3,429,434	-	131,501,285

31 December 2015

	Indefinite	Overdue /repayable on demand	Within 1 month	Between 1 month and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Total
Financial assets								
Cash and deposits with central bank	108,276,537	12,820,877	-	-	-	-	-	121,097,414
Deposits and placements with banks and other financial institutions	-	12,369,839	11,366,718	22,733,436	12,745,938	531,566	-	59,747,497
Financial assets held under resale agreements	-	-	24,787,162	49,574,324	1,470,307	350,000	-	76,181,793
Loans and advances to customers	-	13,150,014	8,749,179	17,498,358	340,978,411	93,343,088	88,064,421	561,783,471
Investments (Note i)	-	600,000	14,596,486	28,967,865	119,959,402	84,958,670	213,342,203	462,424,626
Long-term receivables	-	-	-	-	1,957,745	5,859,000	-	7,816,745
Others financial assets	-	-	2,604,909	5,209,818	192,146	94,799	192,878	8,294,550
Total financial assets	108,276,537	38,940,730	62,104,454	123,983,801	477,303,949	185,137,123	301,599,502	1,297,346,096
Financial liabilities								
Borrowings from central bank	-	-	-	2,400,000	4,900,000	-	-	7,300,000
Deposits and placements with banks and other financial institutions	-	4,000,807	11,947,063	23,894,125	250,703,670	17,163,650	-	307,709,315
Financial assets sold under repurchase agreements	-	-	17,815,969	35,631,937	5,502,049	-	-	58,949,955
Deposits from customers	-	265,919,675	12,775,346	25,550,691	362,194,942	82,660,756	27,327,061	776,428,471
Debt securities issued	-	-	7,791,371	3,428,134	16,429,984	9,000,000	15,000,000	51,649,489
Other financial liabilities	-	-	2,044,088	4,088,175	6,911,406	6,302,226	477,595	19,823,490
Total financial liabilities	-	269,920,482	52,373,837	94,993,062	646,642,051	115,126,632	42,804,656	1,221,860,720
Net position	108,276,537	(230,979,752)	9,730,617	28,990,739	(169,338,102)	70,010,491	258,794,846	75,485,376
Notional amount of derivative financial instruments	-	-	2,451,718	3,437,270	11,027,373	-	-	16,916,361

(i) Investments comprise financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments and investment securities classified as receivables.

(b) Contractual undiscounted cash flow analysis

The following tables provide an analysis of the contractual undiscounted cash flow of the financial liabilities of the Group at each balance sheet date. The Group's actual cash flows on these instruments may vary significantly from this analysis.

The Group

	31 December 2016								
	Carrying amount	Undiscounted cash flow	Indefinite	Overdue /repayable on demand	Within 1 month	Between 1 month and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years
Non-derivative financial liabilities									
Borrowings from central bank	38,030,000	38,984,257	-	-	2,066,083	2,045,067	34,873,107	-	-
Deposits and placements from banks and other financial institutions	347,293,851	354,244,242	-	7,324,631	39,645,759	67,678,735	237,819,516	1,775,601	-
Financial assets sold under repurchase agreements	59,039,284	59,579,408	-	-	52,208,885	3,510,774	1,209,990	2,649,759	-
Deposits from customers	907,412,486	919,254,352	-	418,145,660	109,582,951	72,810,183	167,874,164	150,841,394	-
Debt securities issued	131,743,435	142,600,300	-	-	2,790,000	22,490,000	87,063,500	12,060,000	18,196,800
Other financial liabilities	5,732,590	5,732,590	-	3,879,794	-	59,860	47,763	1,718,453	26,720
Total non-derivative liabilities	1,489,251,646	1,520,395,149	-	429,350,085	206,293,678	168,594,619	528,888,040	169,045,207	18,223,520
Derivative financial instruments									
Derivative financial instruments settled on gross basis of which									
- Total inflow		130,541,553	-	-	29,015,980	61,853,352	1,136,448	38,535,773	-
- Total outflow		-130,082,742	-	-	-29,001,583	-61,779,494	-1,101,197	-38,200,468	-
Derivative financial instruments settled on net basis		178,328	-	-	-	37	59,504	118,787	-
Total derivative financial instruments		637,139	-	-	14,397	73,895	94,755	454,092	-
Credit commitments		204,286,017	-	4,439,736	32,430,342	37,384,703	106,673,429	13,975,472	9,382,335
	31 December 2015								
	Carrying amount	Undiscounted cash flow	Indefinite	Overdue /repayable on demand	Within 1 month	Between 1 month and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years
Non-derivative financial liabilities									
Borrowings from central bank	7,300,000	7,420,825	-	-	-	2,440,200	4,980,625	-	-
Deposits and placements from banks and other financial institutions	307,709,315	310,694,973	-	4,039,315	12,038,976	24,077,952	253,209,879	17,328,851	-
Financial assets sold under repurchase agreements	58,949,955	58,992,403	-	-	17,828,798	35,657,594	5,506,011	-	-
Deposits from customers	776,428,471	786,802,638	-	269,472,733	12,946,042	25,892,084	367,034,371	83,765,219	27,692,189
Debt securities issued	51,649,489	62,603,800	-	-	7,800,000	3,450,000	18,173,500	14,047,500	19,132,800
Other financial liabilities	19,823,490	19,823,490	-	-	2,044,088	4,088,175	6,911,406	6,302,226	477,595
Total non-derivative liabilities	1,221,860,720	1,246,338,129	-	273,512,048	52,657,904	95,606,005	655,815,792	121,443,796	47,302,584
Derivative financial instruments									
Derivative financial instruments settled on gross basis of which									
- Total inflow		6,999,651	-	-	727,107	1,454,215	4,818,329	-	-
- Total outflow		-6,959,808	-	-	-726,992	-1,453,985	-4,778,831	-	-
Derivative financial instruments settled on net basis		39,843	-	-	115	230	39,498	-	-
Credit commitments		206,970,782	-	12,974,949	31,086,724	52,507,827	105,779,140	2,339,266	2,282,876

(4)Operational risk

The Group established an operational risk governance structure composed of the Board of Directors and its Risk Management Committee, Senior Management and its Internal Control and Risk Management Committee. The Risk Management Department is responsible managing the Group's operational risk.

The Group identifies, assesses, monitors and controls operational risks by setting up a risk management team with full-time and part-time professionals, adopting a top-down reporting approach and establishing a feedback system on risk events. The operational risk management system includes the following areas:

- enhance risk prevention and improve management system;
- applied three major tools of operational risk to streamline business and management processes. The Group conducts Control Self-Assessment (RCSA) on operational risk, and use Governance, Risk and Compliance system (GRC) to monitor key risk indicators and identify defects;
- adopts early warning monitoring platform to ensure the effectiveness of operational risk monitoring ;
- and clarifies functions and responsibilities
- implement the quality guidance book online and conduct internal training, risk assessment, internal inspection and employee behaviour investigation;
- identify risks and implement supervision on rectification. The Group implement specific self-examination and comprehensive examination and rolling inspection on each business line to identify risks. The Group also establishes supervision mechanism to develop rectification plan for the identified problems; and
- Implement staff shift and mandatory leave policy.

11.Fair value of financial instruments

(1) Fair value measurement

(a) Fair value hierarchy

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting period, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring basis. As at 31 December 2016, the Group's assets and liabilities which are measured at fair value on a recurring basis were not significant. The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses financial instruments, measured at fair value at the balance sheet day by the level in the fair value hierarchy into which the fair value measurement is categorised:

The Group

	31 December 2016			
	Level 1 fair value measuremen	Level 1 fair value measuremen	Level 1 fair value measuremen	Total
Recurring fair value measurement				
Assets				
Trading financial assets at fair value through profit or loss				
- Investment in debt instruments	-	4,681,009	-	4,681,009
Derivative financial assets	-	1,910,179	164,353	2,074,532
Available-for-sale financial assets				
- Investment in debt instruments	-	34,358,011	315,337,856	349,695,867
- Investment in equity instruments	6,965,341	-	-	6,965,341
Total assets measured at fair value on a recurring basis	6,965,341	40,949,199	315,502,209	363,416,749
Liabilities				
Derivative financial liabilities	-	1,437,203	-	1,437,203
Total liabilities measured at fair value on a recurring basis	-	1,437,203	-	1,437,203

	31 December 2015			
	Level 1 fair value measuremen	Level 1 fair value measuremen	Level 1 fair value measuremen	Total
Recurring fair value measurement				
Assets				
Trading financial assets at fair value through profit or loss				
- Investment in debt instruments	-	714,800	-	714,800
Derivative financial assets	-	28,286	-	28,286
Available-for-sale financial assets				
- Investment in debt instruments	-	21,328,097	184,420,750	205,748,847
Total assets measured at fair value on a recurring basis	-	22,071,183	184,420,750	206,491,933
Liabilities				
Derivative financial liabilities	-	260	-	260
Total liabilities measured at fair value on a recurring basis	-	260	-	260

(b)Level 1 fair value measurement

If there is a reliable active market quote (such as an authorised stock exchange or active open-end fund manager), the closing price of the last trading day prior to the balance sheet date is used as fair value.

(c)Level 2 fair value measurement

The fair value of the investment in bonds and certificate of deposits included in financial assets at fair value through profit or loss and available-for-sale financial assets as well as the short position in bonds included in the financial liabilities at fair value through profit or loss is determined based on the quotes provided by the valuation system of securities clearing institutions. Observable inputs that reflect market conditions are used by quotation institutions when preparing the quotation.

The fair value of foreign exchange forwards and swaps, currency interest rate swaps, interest rate swaps, and commodity forward and swap included in the derivative financial instruments is determined by discounting the expected receivable and payable of future contracts and calculating the net present value of the contracts. The discount rate used is the market rate curve of respective currency. System quotations provided by exchanges are used for exchange rates and commodity prices. Observable inputs that reflect market conditions are used by quotation institutions when preparing the quotation.

(d)Level 3 fair value measurement

The Group has developed relevant procedures to determine the appropriate valuation techniques and inputs for level 3 fair value measurement on a recurring basis, and regularly reviews the appropriateness of the relevant procedures and determination of the fair value.

Quantitative information of level 3 fair value measurement is as follows:

	Fair value at 31 December 2016	Valuations technique	Unobservable inputs	Range (weighted average)
Wealth management products	294,177,428	Discounted cash flow method	Risk-adjusted discount rate	[2.85%, 5.10%]
Asset management plan	11,870,522	Discounted cash flow method	Risk-adjusted discount rate	[2.70%, 3.97%]
Trust plan	9,289,906	Discounted cash flow method	Risk-adjusted discount rate	[4.20%, 6.00%]
Interest rate swap	164,353	Discounted cash flow method	Risk-adjusted discount rate	[4.95%, 5.50%]

	Fair value at 31 December 2015	Valuations technique	Unobservable inputs	Range (weighted average)
Wealth management products	143,848,290	Discounted cash flow method	Risk-adjusted discount rate	[3.00%, 6.20%]
Asset management plan	40,572,460	Discounted cash flow method	Risk-adjusted discount rate	[2.50%, 7.02%]

Valuation of the Group's wealth management products, asset management plan, trust plan and Interest rate swap uses a technique that employs unobservable market data, and the valuation model used is discounted cash flow model. The unobservable assumptions used by the model includes risk-adjusted discount rate.

As at 31 December 2016 and 2015, the impact of replacing existing unobservable assumptions with other reasonable assumptions on the fair value measurement result is not significant.

The above assumptions and methods provide a consistent basis for the Group to calculate the fair value of its assets and liabilities. Other entities, however, may use different assumptions and methods, and therefore the fair value disclosed by other financial institutions may not be entirely comparable.

Reconciliation of the opening and closing balance for assets of level 3 fair value on a recurring basis is as follows:

The Group

	2016		2015	
	Item	Amount	Item	Amount
Realised gains and losses recognised in profit or loss during the year	Interest income	9,547,836	Interest income	6,049,121
Unrealised gains and losses recognised in profit or loss during the year	Gain or loss on changes in fair value	164,353	N/A	-
Total		9,712,189		6,049,121

Details of the above gains or losses charged to profit or loss recognised by the Group in 2015 and 2016 are as follows:

	2016		2015	
	Item	Amount	Item	Amount
Realised gains and losses recognised in profit or loss during the year	Interest income	9,547,836	Interest income	6,049,121
Unrealised gains and losses recognised in profit or loss during the year	Gain or loss on changes in fair value	164,353	N/A	-
Total		9,712,189		6,049,121

Analysis of level 3 fair value measurement items on a recurring basis and sensitivity of unobservable inputs is as follows:

The fair value of the Group's wealth management products, asset management plan, trust plan and interest rate swap is determined by discounting the expected cash flow related to the above assets by using the risk-adjusted discount rate. The discount rate used has been adjusted to the counterparties' credit risks. Fair value measurement and risk-adjusted discount rate are negatively correlated.

(2) Change of items measured at fair value between different levels

During the reporting period, the Group's assets and liabilities measured at fair value have not been changed between different levels.

(3) Change of valuation techniques and the reasons

During the reporting period, valuation techniques used by the Group for fair value measurement were not changed.

	2016		2015	
	Item	Amount	Item	Amount
Realised gains and losses recognised in profit or loss during the year	Interest income	9,547,836	Interest income	6,049,121
Unrealised gains and losses recognised in profit or loss during the year	Gain or loss on changes in fair value	164,353	N/A	-
Total		9,712,189		6,049,121

(4) Fair value of financial assets and liabilities not measured at fair value

In addition to the following items, there was no significant difference between the carrying amount and the fair value of the Group's other financial assets and liabilities as at 31 December 2016 and 31 December 2015.

	31 December 2016			
	Level 2	Level 3	Fair value	Carrying amount
Financial assets				
Held-to-maturity investments	141,478,038	-	141,478,038	138,719,830
Investment securities classified as receivables	8,183,653	180,514,557	188,698,210	188,605,877
Total	149,661,691	180,514,557	330,176,248	327,325,707
Financial liabilities				
Debt securities issued	132,761,051	-	132,761,051	131,743,435

	31 December 2015			
	Level 2	Level 3	Fair value	Carrying amount
Financial assets				
Held-to-maturity investments	121,071,957	-	121,071,957	116,133,972
Investment securities classified as receivables	4,718,549	134,610,608	139,329,157	139,266,718
Total	125,790,506	134,610,608	260,401,114	255,400,690
Financial liabilities				
Debt securities issued	53,493,970	-	53,493,970	51,649,489

For the above financial assets and liabilities not measured at fair value, the Group used the following methods to determine their fair value:

- Fair value of held-to-maturity financial assets, bond investment under investment securities classified as receivables, and financial liabilities of debt securities issued is based on the quotes provided by the valuation system of securities clearing institutions. Observable inputs that reflect market conditions are used by quotation institutions when preparing the quotation.
- There is no quotation for investment securities classified as receivables except bond investment on the active market. As a result, the Group estimates the fair value of these investment securities classified as receivables by applying the discounted cash flow method. The discount rate used is the yield curve adjusted to the credit risk of the investment securities classified as receivables at the end of reporting period.

12. Related party relationships and transactions

(1) Changes in the shareholding percentage of the Group's substantial shareholders in the reporting period

Company name	Shareholding percentage	
	31 December 2016	31 December 2015
Jiangsu International Trust Corporation Limited ("Jiangsu International Trust")	7.73%	8.76%
Jiangsu Phoenix Publishing & Media Group Corporation Limited ("Phoenix Media")	7.56%	8.57%
Huatai Securities Co., Ltd ("Huatai Securities")	5.54%	6.16%
Wuxi Construction & Development Investment Co., Ltd ("Wuxi Construction")	4.73%	5.36%

As stated in Note 1, the Bank issued 1,154,450,000 common stocks (A-share) at its initial public offering in July 2016 and invested additional RMB 1.154 billion in registered capital. The shareholding percentage of Jiangsu International Trust, Phoenix Media, Huatai Securities and Wuxi Construction decreased.

(2) Transactions with related parties

The significant transaction amounts with related parties and significant balances of transactions with related parties and significant off-balance items as at the balance sheet date:

	31 December 2016							Percentage of associated transaction amount / balances
	Jiangsu International Trust and its subsidiaries	Phoenix Media and its subsidiaries	Huatai Securities and its subsidiaries	Wuxi Construction and its subsidiaries	Company of the key management personnel (Note i) (excluding the above shareholders)	Others	Total	
Significant transactions amount in 2016:								
Interest income	2,092,672	-	298,457	40,971	682,211	441	3,114,752	5.19%
Interest expense	-250	-2,554	-3,832	-27,627	-172,993	-96	-207,352	0.60%
Fee and commission income	-	-	-	-	302	-	302	0.01%
Net gains on changes of fair value	-	-	-	-	2,823	-	2,823	0.47%
General and administrative expenses	-	-	-4,437	-	-	-	-4,437	0.05%
Issuance expenses paid	-	-	-17,130	-	-	-	-17,130	Not applicable
The balances of transactions with related parties as at 31 December 2016:								
Deposits with banks and other financial institutions	-	-	-	-	1,000,000	-	1,000,000	1.24%
Financial assets at fair value through profit or loss	-	-	-	-	979,804	-	979,804	20.93%
Interests receivable	466,665	-	177,337	1,568	97,792	48	743,410	10.90%
Loans and advances to customers	-	-	-	1,143,746	3,410,150	20,237	4,574,133	0.70%
Available-for-sale financial assets	1,170,598	-	3,240,000	-	1,723,765	-	6,134,363	1.72%
Held-to-maturity investments	-	-	-	-	100,000	-	100,000	0.07%
Investment securities classified as receivables	36,941,341	-	13,776,080	-	4,995,731	-	55,713,152	29.32%
Deposits from banks and other financial institutions	-27,449	-	-353,516	-	-10,569,705	-	-10,950,670	3.44%
Deposits from customers	-	-281,734	-65,101	-358,823	-1,817,070	-7,529	-2,530,257	0.28%
Interests payable	0	-75	-482	-236	-96,134	-20	-96,947	0.63%
Significant off-balance sheet items as at 31 December 2016:								
Loan commitments	-	-	-	300,000	-	-	300,000	2.14%
Credit card commitments	-	-	-	-	-	2,242	2,242	0.06%
Bank acceptance0	-	-	-	-	487,007	-	487,007	0.32%
Entrusted funds	-	-	4,230,000	-	3,711,500	250	7,941,750	5.31%
Credit line	-	-	-	1,443,746	3,897,157	22,479	5,363,382	Not applicable

31 December 2015

	Jiangsu International Trust and its subsidiaries	Phoenix Media and its subsidiaries	Huatai Securities and its subsidiaries	Wuxi Construction and its subsidiaries	Company of the key management personnel (Note i) (excluding the above shareholders)	Others	Total	Percentage of associated transaction amount / balances
Significant transactions amount in 2015:								
Interest income	615,744	-	54,507	78,570	114,195	907	863,923	1.47%
Interest expense	-98	-	-370	-27,626	-18,849	-109	-47,052	0.14%
Fee and commission income	3,487	-	-	-	4,905	-	8,392	0.21%
General and administrative expenses	-	-	-2,773	-	-	-	-2,773	0.03%
The balances of transactions with related parties as at 31 December 2016:								
Deposits with banks and other financial institutions	-	-	-	-	1,020,000	-	1,020,000	1.88%
Loans and advances to customers	-	-	-	1,053,157	481,774	19,901	1,554,832	0.28%
Available-for-sale financial assets	375,000	-	-	-	-	-	375,000	0.18%
Held-to-maturity investments	-	-	-	-	600,000	-	600,000	0.52%
Investment securities classified as receivables	33,790,058	-	500,000	-	2,634,300	-	36,924,358	26.42%
Deposits from banks and other financial institutions	-224,119	-	-62,333	-	-2,429,596	-	-2,716,048	0.92%
Deposits from customers	-	-	-	-1,761,096	-866,005	-3,453	-2,630,554	0.34%
Significant off-balance sheet items as at 31 December 2015:								
Loan commitments	-	-	-	18,823	-	-	18,823	0.30%
Credit card commitments	-	-	-	-	-	3,892	3,892	0.09%
Bank acceptance	-	-	-	-	25,000	-	25,000	0.02%
Credit line	-	-	-	1,071,980	481,774	23,793	1,577,547	Not applicable

(i) Companies of key management personnel include enterprises that are controlled or jointly controlled by key management personnel of the Group and close family members of such individuals or enterprises where key management personnel served as directors and senior management.

(3) Transactions with its key management personnel

Remuneration of key management personnel:

	2016	2015
Payment for remuneration of key management personnel	13,587	26,594

Key management personnel refers to those personnel who have the authority and responsibilities for planning, directing or controlling the Group's activities directly or indirectly, including the board of directors, supervisors and senior management. According to the regulations of relevant authorities, the final remuneration for these key management personnel for the year ended 31 December 2016 needs to be confirmed by relevant authorities. But the Group expected that the estimated remuneration will not have significant impact on the Group and the Bank's financial statements for the year ended 31 December 2016.

(4) Transactions with subsidiaries

Significant transactions amounts with subsidiaries during the reporting period are set out as follows:

	2016	2015
Interest income	29,892	25,767
Interest expense	-3,745	-2,985
Fee and commission income	480	-
Investment gains	-	5,904
Other operating incomes	2,883	-

Significant balances with subsidiaries during the reporting period:

	31 December 2016	31 December 2015
Deposits with banks and other financial institutions	180,000	400,000
Placements with banks and other financial institutions	650,880	600,000
Interests receivable	3,410	1,806
Deposits from banks and other financial institutions	-98,750	-276,356
Interests payable	-176	-77

As stated in Note 3(4), all intra-group transactions and balances are written off when the financial statements is consolidated.

(5) Transactions with annuity plan

In addition to contributions to the Group's annuity fund, no related party transactions have been made during the reporting period.

13. Capital management

The Group's capital management includes capital adequacy ratio management, capital financing management and economic capital management, of which the primary focus is on capital adequacy ratio management. The Group calculates the capital adequacy ratio in accordance with guidelines issued by the CBRC. The capital of the Group is divided into core tier one capital, other tier one capital and tier two capital.

Commercial banks shall conform to Administrative Measures on Capital of Commercial Banks (For Trial Implementation) issued by the CBRC. For non-systematically-important banks, the adequacy ratio of core tier one capital shall not be less than 7.50%; the adequacy ratio of tier one capital shall not be less than 8.50%; and the capital adequacy ratio shall not be less than 10.50%, as at 31 December 2018.

Capital adequacy ratio management is the core of the capital management of the Group. The capital adequacy ratio reflects the soundness of the Group's operations and risk resisting capabilities. The main objective in capital adequacy ratio management is to set an optimal capital adequacy ratio that meets the regulatory requirements by benchmarking against the capital adequacy ratio level of leading global banks with reference to the Group's business environment and conditions. The Group considers its strategic development plans, business expansion plans and risk variable trends when conducting scenario analysis and stress testing and executing other measures to forecast, plan and manage its capital adequacy ratio.

Capital allocation

The Group determines the allocation of its capital to businesses or activities with the objective of maximising the return on risk-adjusted capital. The Group's policies in respect of capital management and allocation are reviewed regularly by the board of directors.

The amount of capital allocated to each business or activity is primarily determined based on regulatory requirements. However, in certain cases, regulatory requirements may not accurately address the varying degree of risks associated with different activities. In such cases, capital may be adjusted to an appropriate level to reflect the risk profiles. The Planning and Finance Department is responsible for the entire capital allocation process.

The adequacy ratio of core tier one capital, the adequacy ratio of tier one capital and the capital adequacy ratio calculated in accordance with Administrative Measures on Capital of Commercial Banks (For Trial Implementation) and other related laws and regulations are as follows:

The Group

	31 December 2016	31 December 2015
Adequacy ratio of core tier one capital	9.01%	8.59%
Adequacy ratio of tier one capital	9.02%	8.60%
Capital adequacy ratio	11.51%	11.54%
Constituent parts of capital		
Core tier one capital:		
Share capital	11,544,450	10,390,000
Capital reserve which may be included	16,438,874	10,694,649
Surplus reserve	11,097,881	9,104,575
General risk reserve	20,705,275	15,715,462
Retained earnings	22,878,580	19,251,120
The portion of minority shareholders' capital which may be included	900,812	253,907
Total core tier one capital	83,565,872	65,409,713
Adjustments:		
- other intangible assets excluding right to use land(deferred tax liabilities deducted)	-43,526	-55,249
Net core tier one capital	83,522,346	65,354,464
Other tier one capital (Note (i))	78,440	13,401
Net tier one capital	83,600,786	65,367,865
Tier two capital:		
- Tier two capital instruments and their premium	15,000,000	15,000,000
- Extra loan impairment provision	7,901,309	7,378,998
- The portion of minority shareholders' capital which may be included	178,774	35,353
Net capital	106,680,869	87,782,216
Total risk weighted assets	927,193,262	760,506,090

(i) As at 31 December 2016 and 31 December 2015, other tier one capital is the portion of minority shareholders' capital which may be included.

14.Subsequent events after the balance sheet date

The profit appropriation plan for the year ended 31 December 2016 was approved by the Bank's board of directors on 17 March 2017 and submitted for approval at the shareholders' meeting.

15.Comparative figures

Certain comparative figures have been reclassified to meet the presentation requirement for the year.

Bank of Jiangsu Company Limited

Supplemental information to the financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

1.Non-recurring gain or loss

The Group's non-recurring gain or loss is as follows in accordance with the disclosure requirement of "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities No.1: Non-recurring Gain or Loss" as revised by the China Securities Regulatory Commission ("CSRC") in 2008.

	Note	2016	2015
Gains on disposal of non-current assets		96,861	33,490
Occasional tax refund and exemption		820	8,318
Government grants		29,767	18,668
Other losses meeting the definition of non-recurring gain or loss		-72,254	-23,300
Net non-recurring gain	(i)	55,194	37,176
Tax impact on the above items		-16,902	-11,096
Total		38,292	26,080
Including:			
Non-recurring gain or loss attributable to shareholders of the Bank		38,274	21,526
Non-recurring gain or loss attributable to non-controlling interests		18	4,554

(i) The above non-recurring gain or loss is accounted as non-operating income and non-operating expenses.

The income from the assets invested or managed by custodian, the reversal of individually-assessed provision for impairment losses of loans, the income from holding and disposal of the financial assets at fair value through profit or loss and available-for-sale financial assets and custody service fee from rendering custody service are treated as the income from recurring businesses of the bank instead of non-recurring businesses.

2.Return on equity and earnings per share

The Group's return on equity ("ROE") and earnings per share ("EPS") are as follows in accordance with the disclosure requirement of "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities No.9: Return on Equity and Earnings per Share" as revised by the CSRC in 2010 and relevant accounting standards.

	Weighted average ROE (%)		Basic and diluted EPS	
	2016	2015	2016	2015
Consolidated net profit attributable to shareholders of the Bank	14.47	15.72	0.98	0.91
Consolidated net profit attributable to shareholders of the Bank, deducted by non-recurring gain or loss	14.42	15.69	0.97	0.91