



# 2017

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 from the Chairman

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The year 2017 was the tenth year of the merger and reorganization of the Bank of Jiangsu. During the year, we adhered to the overall work tone of seeking improvement in stability, took the structural reform of the service supply side as the main line, deepened the drive for innovation, strengthened value creation, accelerated the development of "three poles", continuously enhanced our core competitiveness, and strived to build a "characteristic, intelligent, comprehensive and international" good listed bank. During the report period, we achieved simultaneous growth in scale, quality and efficiency, and further enhanced our ability to create value.

We kept in mind our bounden duty to serve the real economy, increased the intensity of issuing real loans, supported the innovation and development of advanced manufacturing and science and technology based enterprises, and served the transformation and upgrading of traditional enterprises; and intensified efforts to support the weaknesses in small and micro, three-agriculture and precise poverty alleviation and other social and economic

development, practiced the inclusive financial mission; adhered to taking the customers as the center, gave full play to our own advantages, increased the intensity in innovation and change, improved the level of comprehensive services, and helped to realize the beautiful dreams and create the beauty of finance with faster, simpler and more dynamic financial services.

We were committed to building "the best bank enjoying the internet big data gene", and strengthening the strategic position of financial science and technology applications. With the basic platform building, data value creation, customer scenario service, smart marketing landing as the orientation, we accelerated the pace to propel the conversion of kinetic energy for development and promoted the application of new technologies in various fields of business, accelerated the transformation of traditional business with new technologies, and further promoted the advantages of featured business.

The past year was a crucial year for rectifying financial

chaos, and preventing and resolving financial risks. We have profoundly grasped the supervisory intentions, put initiative risk prevention and resolution at a more prominent position, strictly controlled the risk threshold and strictly adhered to the bottom line of risks; further optimized the risk control system, improved the risk control mechanism, applied the "traditional + big data" new risk control technology, made risk management comprehensive and effective, and improved the asset quality steadily.

During the report period, the Bank of Jiangsu completed the re-election of the board of directors, added a consumer rights and interests protection work committee, continuously improved the institutional system, and increasingly improved its corporate governance system and mechanism. The securities were included in the important indexes of MSCI, SSE 50, CSI 300 and other capital markets, and became Shanghai-Hong Kong stock connected underlying securities. It successfully completed the issuance of preferred stocks and won the honorary title of "Best City Commercial Bank" by the China Banking Association. These are the results of

the care and support of mass shareholders, customers, and all sectors of society, results of guidance and assistance from administrative departments and regulatory authorities at all levels, and the results of joint efforts of all people of the Bank of Jiangsu. I would like to express my sincere thanks to everyone!

In 2018, we will thoroughly implement the spirit of the 19th National Congress of the CPC and the National Conference on Financial Work, take Xi Jinping's socialist ideology with Chinese characteristics in the new era as guide, persist in the overall work tone of seeking improvement in stability, adhere to the concept of new development, and closely follow the changes in main social contradictions, and effectively improve the quality of our own development in accordance with the requirements of high-quality development, and help the new practice of "two gatherings and one high" throughout the province and the construction of "strong and prosperous, beautiful and high" new Jiangsu to pay back shareholders and all sectors of the community with excellent performance.

Chairman of the Bank of Jiangsu: XIA Ping



## Address from the President

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2017 was the first full year after the listing of the Bank of Jiangsu. The management closely focused on the development strategy and objectives proposed by the board of directors, actively grasped the opportunities in the economic transformation and upgrading, further consolidated the development foundation, and improved the quality and efficiency of operation. The Bank showed a good momentum of steady development.

The operating performance grew steadily. We actively adapted to changes in the situation, adjusted our business strategies in a timely manner, and strived to promote the steady development of various businesses. At the end of the report period, the total assets of the Group were RMB 1.77 trillion, a year-on-year increase of 10.78%; various deposits were RMB 1,007.8 billion, a year-on-year increase of 11.07%; and all loans were RMB 747.3 billion, a year-on-year increase of 15.08%. During the report period, it achieved operating revenue of RMB 33839 million, a year-on-year increase of 7.58%; achieved net profits of RMB 12016 million, a year-on-year increase of 12.96%; and

achieved net profits attributed to shareholders of listed company of RMB 11875 million, a year-on-year increase of 11.92%; and achieved basic earnings per share of RMB 1.03.

Characteristic advantages were highlighted continuously. We focused on the application of financial technology, accelerated innovation, and created features. The pure online and full-automatic “e Rong” online loan platform formed in series and continued to grow. The number of direct sale banking customers increased exponentially, and the application fields of frontier technologies such as blockchain, internet of things, and artificial intelligence were expanded, and small and micro-finance, the business efficiency of science and technology finance, green finance, three agricultural finance, consumer finance, and cross-border finance continued to increase, and the characteristic advantages were further consolidated.

Risk prevention and control were fully enhanced. With strict supervision and rectification of financial chaos as an opportunity, we took serious measures for the risk



management and control in key areas and key links, and each goal was effectively implemented; continuously improved the comprehensive risk management system, continued to strengthen the prevention and control of credit risk, established and improved long-term mechanism for internal control case prevention, strictly regulated innovative business management, and strived to enhance the core risk management and control capabilities. At the end of the report period, the Group's non-performing loan ratio was 1.41%, a decrease of 0.02% compared with that of the beginning of the year, and both the balance of overdue interest loans and overdue interest rate fell. The ratio of loans overdue for more than 90 days and ratio of non-performing loans fell to less than 1 and asset quality tended to a good prospect continuously.

The management capability continued to increase. We continuously improved the institutional system and organizational structure, and further strengthened the group management; unified value evaluation standards, implemented differential assessment, and the internal

resources allocation were more reasonable and efficient. We promoted the transformation of smart outlets and built a full-functional, retail-typed, and feature-based outlet system; focused on learning and training, improved the quality of personnel, and further strengthened the team building. We actively seized market opportunities, successfully issued preferred stock and raised funds of RMB 20 billion. At the end of the report period, the capital adequacy ratio increased to 12.62%.

In 2018, "strict supervision and de-leveraging" will be the direction, and "tight balancing" will become the new normal state. With achievement of high-quality development as the objective, the management will conscientiously implement the national fundamental policies, fully implement the decisions and deployment of Jiangsu Provincial Party Committee and Provincial Government. Under the correct leadership of the board of directors, we will strengthen confidence, take solid steps, accelerate the transformation and development, improve the development quality, and strive to build a "characteristic, intelligent, comprehensive and international" good listed bank.

President of the Bank of Jiangsu: JI Ming



## Important Notice

I. The Board of Directors, Board of Supervisors as well as directors, supervisors and senior management personnel of the Company ensure authenticity, accuracy and completeness of contents of the annual report, and warrant that there are no false representations, misleading statements or important omission, and severally and jointly take legal responsibility.

II. Directors absent

Post of director absent	Name of director absent	Reason for absence	Name of entrusted person
Director	SHEN Bin	Official duty	SHAN Xiang
Independent director	YANG Tingdong	Official duty	YU Chen

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, president and person in charge of accountancy, and LUO Feng, person in charge general manager of financial planning department, state: warranting authenticity, accuracy and completeness of financial report contained in the annual report.

V. Profit distribution pre-arranged plan of report period or pre-arranged plan for share capital increase from accumulation fund deliberated by the Board of Directors

The Company intends to distribute annual dividends of 2017 to all registered shareholders on the basis of total capital stock of 11,544.45 million shares on the equity right registration date of implementing profit distribution with specific information as follows: cash dividend of RMB 1.80 (tax-inclusive) per 10 shares, total distributed cash dividends reached RMB 2,078.00 million. The above said pre-arranged plan remains to be approved by shareholders' meeting.

VI. Risk statement on forward-looking statements

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. The case in which controlling shareholders and related parties occupied capital in a non-operational manner existed or not

No.

VIII. The case in which external guarantee was provided in violation of stipulated decision-making process existed or not

No.

IX. Major risk warning

The Company did not have foreseeable major risks. Refer to the relevant contents of "Various risks and situation of risk management within the report period" in Section V "Business Information and Data of Commercial Bank" for the risk management of the Company.

## Major awards obtained by the Company within the report period

Name of award	Awarding institution
Best Green Finance Award for Social Responsibility of China's Banking Sector of 2016	China Banking Association
Best Trade Finance City Business Award	China Banking Association
Best Trading Partner Bank Award	China Banking Association
China's Best Regional Private Bank Award	China Banking Association
"Best Comprehensive Financial Capacity Award" and other 5 awards	China Banking Association
Best Social Responsibility Award for Chinese Listed Company of 2017	21st Century Business Herald
Most Innovative Bank of the Year	Financial News
Best Financial Technology City Business	The Chinese Banker
Junding Award for Investment Bank Among City Commercial Bank in China Region of 2017	Securities Times
"Jinlicai" Excellence Award in Annual City Commercial Bank Wealth Management	Shanghai Securities News
"Golden Tripod Award" Annual Best Wealth Management Bank	National Business Daily
Most Innovative Bank	www.eastmoney.com
New Three Board Best Service Bank	China Business Network
Direct sales bank was honourably rated as "one of the Top 10 Annual Sales Bank"	Sina Finance
"Shui e Rong" personal consumer loan product honourably won the award of "China's Best Consumer Credit Product"	The Asian Banker
"Chuanchuanying" marketing cloud platform honourably won the "Best Innovation Award in China's Financial Industry of 2017"	International Data Corporation (IDC) China







Company Information and Major Financial Data

## Company Information and Major Financial Data

### I. Company information

Stock abbreviation	Bank of Jiangsu	Stock code	600919
Listing exchange of stock	Shanghai Stock Exchange	Type of stock	A share
Stock abbreviation	Suyinyou 1	Stock code	360026
Listing exchange of stock	Shanghai Stock Exchange	Type of stock	Preferred share
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		
Registered address	No. 26, Zhonghua Road, Nanjing City		
Post code of registered capital	210001		
Office address	No. 26, Zhonghua Road, Nanjing City		
Post code of office address	210001		
Legal representative	XIA Ping		
Website	<a href="http://www.jsbchina.cn">http://www.jsbchina.cn</a>		
E-mail	<a href="mailto:dshbgs@jsbchina.cn">dshbgs@jsbchina.cn</a>		

### II. Contact person and contact information

	Secretary of the Board	Representative of securities business
Name	WU Dianjun	YANG Yi
Contact address	No. 26, Zhonghua Road, Nanjing City, Jiangsu Province, China	No. 26, Zhonghua Road, Nanjing City, Jiangsu Province, China
Tel.	(86)25-52890919	(86)25-52890919
Fax	(86)25-58588273	(86)25-58588273
E-mail	<a href="mailto:dshbgs@jsbchina.cn">dshbgs@jsbchina.cn</a>	<a href="mailto:dshbgs@jsbchina.cn">dshbgs@jsbchina.cn</a>

### III. Information disclosure and preparation place

Name of selected information disclosure media	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Website address for publishing annual report appointed by China Securities Regulatory Commission	Website of Shanghai Stock Exchange ( <a href="http://www.sse.com.cn">www.sse.com.cn</a> )
Preparation place of annual report	Board Office of the Company

## IV. Other related information

Accounting firm (within the territory) engaged by the Company	Designation	KPMG (Special General Partnership)
	Office address	Floor 8, KPMG Tower, Oriental Plaza, No. 1, East Chang'an Street, Beijing
	Name of signatory accountant	SHI Haiyun, WANG Yang
Sponsor institution performing continuous supervision duty within the report period	Designation	BOCI Securities Co., Ltd.
	Office address	Floor 39, No. 200, Yincheng Middle Road, Pudong New Area, Shanghai
	Name of signatory sponsor representative	LIU Guoqiang, CHEN Wei
	Period of continuous supervision	August 2, 2016 to December 31, 2018
	Designation	Huatai United Securities Co., Ltd.
	Office address	Floor 6, Tower A, No. 22, Fengsheng Alleyway, Xicheng District, Beijing
	Name of signatory sponsor representative	CHEN Shi, SUN Zexia
	Period of continuous supervision	January 20, 2017 to December 31, 2018

## V. Major accounting data and financial indicators in recent three years

## (I) Major accounting data

Unit: RMB 1,000 Currency: RMB				
Major accounting data	Year 2017	Year 2016	Increase/ decrease compared between the period and the same period of previous year (%)	Year 2015
Operating income	33,839,211	31,455,906	7.58	28,047,070
Net profit assigned to shareholders of listed company	11,874,997	10,610,579	11.92	9,497,433
Net profit assigned to shareholders of listed company with deduction of non-recurring profit and loss	11,791,947	10,572,305	11.54	9,475,907
Net amount of cash flow generated by business activities	-105,138,467	82,617,306	-227.26	148,568,272
	December 31, 2017	December 31, 2016	Increase/ decrease compared between the end of the period and the end of the same period of previous year (%)	December 31, 2015
Net asset assigned to shareholders of listed company	111,144,904	82,665,060	34.45	65,155,806
Total assets	1,770,550,986	1,598,292,446	10.78	1,290,333,336

## (II) Major financial indicators

Major financial indicators	Year 2017	Year 2016	Increase/ decrease compared between the period and the same period of previous year (%)	Year 2015
Basic earnings per share (Yuan/ share)	1.03	0.98	5.10	0.91
Diluted earnings per share (Yuan/ share)	1.03	0.98	5.10	0.91
Basic earnings per share with deduction of non-recurring profit and loss (Yuan/ share)	1.02	0.97	5.15	0.91
Weighted average return on equity (%)	13.72%	14.47%	Decreased by 0.75%	15.72%
Weighted average return on equity with deduction of non-recurring profit and loss (%)	13.62%	14.42%	Decreased by 0.8%	15.69%

## VI. Differences in accounting data under domestic and overseas accounting standards

□ Applicable √ Not applicable

## VII. Major financial data of several quarters of 2017

Unit: RMB 1,000 Currency: RMB

Main financial data	The 1 <sup>st</sup> quarter (January – March)	The 2 <sup>nd</sup> quarter (April – June)	The 3 <sup>rd</sup> quarter (July – September)	The 4 <sup>th</sup> quarter (October – December)
Operating income	8,534,521	8,485,821	8,557,855	8,261,014
Net profit attributed to shareholders of listed company	2,988,088	3,188,698	3,008,970	2,689,241
Net profit attributed to shareholders of listed company with deduction of non-recurring profit and loss	2,962,783	3,173,380	3,000,354	2,655,430
Net amount of cash flow generated by business activities	-28,624,986	-16,350,578	-67,269,720	7,106,817



## VIII. Non-recurring profit and loss items and amount

Unit: RMB 1,000 Currency: RMB

Non-recurring profit and loss items	Year 2017	Year 2016	Year 2015
Profits and losses on the disposal of non-current assets	83,398	96,861	33,490
Examination and approval beyond authority, or non-formal approval documents, or sporadic tax returns and reduction and exemption	1,079	820	8,318
Government subsidies recorded into the current profit and loss, excluding the government subsidies that are closed related to the normal operating business of the Company, conform to the national policies and regulations, and are enjoyed as per specified quota and quantity according to certain standards	35,263	29,767	18,668
Other profit and loss items that meet the definition of non-recurring profit and loss	-4,912	-72,254	-23,300
Amount of minority shareholders' equity affected	-871	-18	-4,554
Amount of income tax affected	-30,907	-16,902	-11,096
Total	83,050	38,274	21,526

## IX. Items measured at fair value

Unit: RMB 1,000 Currency: RMB

Item	Beginning balance	Ending balance	Changes in current period
Financial assets measured at their fair value with their variation recorded into the profits and losses of the current period	4,681,009	8,427,521	3,746,512
Available-for-sale financial assets	356,736,243	241,920,949	-114,815,294
Derivative financial assets	2,074,532	4,419,745	2,345,213
Derivative financial liabilities	1,437,203	4,435,653	2,998,450
Total	364,928,987	259,203,868	-105,725,119

## X. Supplementary financial indicators

### (I) Information of composition of capital in the end of report period

Unit: RMB 1,000 Currency: RMB

Item	Group	The bank
1. Net amount of total capital	136,163,411	132,408,440
1.1 Core tier one capital	92,154,095	90,757,594
1.2 Deduction amount of core tier one capital	55,200	2,076,342
1.3 Net amount of core tier one capital	92,098,895	88,681,252
1.4 Other tier one capital	20,109,433	19,977,830
1.5 Deduction amount of other tier one capital	0	0
1.6 Net amount of tier one capital	112,208,328	108,659,082
1.7 Tier two capital	23,955,083	23,749,358
1.8 Deduction amount of tier two capital	0	0
2. Credit risk-weighted assets	1,009,730,667	979,745,711
3. Market risk-weighted assets	10,759,966	10,759,966
4. Operational risk-weighted assets	58,275,940	56,785,903
5. Total risk-weighted assets	1,078,766,573	1,047,291,580
6. Core tier one capital adequacy ratio (%)	8.54	8.47
7. Tier one capital adequacy ratio (%)	10.40	10.38
8. Capital adequacy ratio (%)	12.62	12.64

### (II) Lever ratio

Unit: %

Item	December 31, 2017	December 31, 2016
Group	5.82	4.68
The bank	5.72	4.56

### (III) Liquidity coverage ratio

Unit: RMB 1,000 Currency: RMB

	Item	December 31, 2017
Group	Liquidity coverage ratio (%)	113.52
	Qualified and high-quality current assets	151,564,234
	Ending value of net cash outflow amount in future 30 days	133,511,505
	Liquidity coverage ratio (%)	125.07
The bank	Qualified and high-quality current assets	151,558,650
	Ending value of net cash outflow amount in future 30 days	121,177,186

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

Unit: RMB 1,000 Currency: RMB

Item	Year 2017		
	Average balance	Interest income/ expenditure	Average interest rate (%)
<b>Assets</b>			
Issue of loans and advance <sup>1</sup>	723,444,638	35,072,992	4.85
Investment <sup>2</sup>	754,208,898	33,185,091	4.40
Deposit of funds of Central Bank	130,060,045	1,989,609	1.53
Other interest-bearing assets	148,655,389	5,645,789	3.80
Including: deposit of call loans to banks <sup>3</sup>	116,718,322	4,689,035	4.02
Purchase of resold financial assets	31,937,067	956,754	3.00
Total interest-bearing assets	1,756,368,970	75,893,481	4.32
Other assets	24,081,424		
Total assets	1,780,450,394		
<b>Liabilities</b>			
Deposit taking	988,353,670	20,147,679	2.04
Issued debt securities	233,366,904	10,016,289	4.29
Borrowings from Central Bank	53,229,096	1,654,082	3.11
Other interest-bearing liabilities	394,579,677	16,260,779	4.12
Including: deposit from interbank <sup>4</sup>	330,535,172	14,194,807	4.29
Financial assets sold for repurchase	64,044,505	2,041,089	3.19
Total interest-bearing liabilities	1,669,529,347	48,078,829	2.88
Other liabilities	32,321,304		
Total liabilities	1,701,850,651		
Net interest income		27,814,652	
Net interest spread			1.44
Net interest margin			1.58

Note: 1.Loans issued and advances shall include long-term receivables;

2.Investment includes financial assets measured at their fair value with their variation recorded into the profits and losses, available-for-sale financial assets, held-to-maturity investment and investment in accounts receivable;

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

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

5.The average balance of interest-bearing assets and interest-bearing liabilities is daily average balance, and the average balance of non-interest-bearing assets and non-interest-bearing liabilities is the average of year beginning balance and year end balance.

## (V) Changes of information of shareholders' equity

Unit: RMB 1,000 Currency: RMB

Item	Opening balance	Increase/ decrease of the period	Ending amount
Capital stock	11,544,450	0	11,544,450
Other equity instrument	0	19,977,830	19,977,830
Capital reserve	16,075,278	0	16,075,278
Other comprehensive income	363,596	-1,318,071	-954,475
Surplus public accumulation	11,097,881	1,045,801	12,143,682
General risk preparation	20,705,275	2,264,259	22,969,534
Undistributed profit	22,878,580	6,510,025	29,388,605
Total owners' equity attributed to parent company	82,665,060	28,479,844	111,144,904
Minority shareholders' equity	1,541,906	140,973	1,682,879
Total shareholders' equity	84,206,966	28,620,817	112,827,783



Summary of Corporate Business

# Summary of Corporate Business

## 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 and Nantong Commercial Bank with approval by the Reply to Propagation of the Bank of Jiangsu Co., Ltd. (Y.J.F. [2006] No. 379) of China Banking Regulatory Commission and the Reply to Opening of the Bank of Jiangsu Co., Ltd. (S.Y.F. [2006] No. 423) of China Banking Regulatory Commission, Jiangsu Office. China Banking Regulatory Commission, Jiangsu Office approved and issued the Financial Permit (organization code: D10123010H0001) to the Bank on January 9, 2007. China Banking Regulatory Commission, Jiangsu Office renewed the Financial Permit (organization code: B0243H232010001) to the Bank on May 24, 2007. Jiangsu Administration for Industry and 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 RMB 7,850,000,000 (present unified social credit code is: 91320000796544598E). 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 RMB 8,400,000,000 from RMB 7,850,000,000. 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 RMB 8,400,000,000 to RMB 9,100,000,000. 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 RMB 9,100,000,000 to RMB 10,390,000,000. The Bank firstly made the initial public offerings of 1,154,450,000 RMB common shares via Shanghai Stock Exchange in August 2016, with the completion of initial public offerings, the registered capital was changed to RMB 11,544,450,000 from RMB 10,390,000,000.

## 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. (Operating activities can be carried out only after the approval is obtained from the relevant department for the items required to be approved in accordance with the law.)

## III. Core competition advantage

By taking the construction of a "characteristic, intelligent, comprehensive and international" good listed bank as the objective, the Bank insisted on the transformation policy of "characteristic development, endogenous growth and innovation driving" with clear strategic thinking and obvious core competitive advantages.



(I) The main business is concentrated in Jiangsu, which enjoys developed economy and rich financial resources with huge development potential. Jiangsu has prosperous economy and abundant financial resources. The Bank is the largest legal person bank in Jiangsu Province, and its business is rooted in Jiangsu. The organizations have achieved full coverage of the county areas and laid a solid customer base.

(II) The flexible and efficient institutional mechanism has been established with strong financial service capabilities. With its customers as the center, the Bank has established and improved the institutional mechanisms for rapid response to the market, and its overall strength has been continuously enhanced. The business qualifications are relatively complete, and it can meet various business needs of customers.

(III) Clear market positioning and distinctive business features. The Bank has been adhering to the market orientation of serving small and medium-sized enterprises, serving the local economy, and serving the urban and rural residents. It has formed characteristics in fields of small and micro finance, science and technology finance, cross-border finance, and green finance, and has relatively strong competitiveness.

(IV) Complying with the development trend of the Internet big data, accelerating the application of financial science and technology. The Bank is committed to building "the best bank enjoying the internet big data gene" and has successfully applied financial technology to the fields of marketing management, product development, customer service, and implemented application of frontier technologies such as blockchain, Internet of Things, and artificial intelligence in various business fields.

(5) Deepening institutional and institutional reforms and making risk management comprehensive and effective. The Bank continued to deepen the reform of the risk management system and accelerated the construction of the risk management system. The application of risk control technology for big data has become increasingly mature, and risk management has been fully effective.

(6) The talent team with high quality and professional goals, governing the enterprises and boosting the Bank has been preliminarily formed. The Bank's management enjoys rich experience in financial management. Through strengthening learning and training, it has created a good atmosphere and the professional talent team has been continuously optimized.

## IV. Industry situation

In 2017, the global economy continued to recover, China's macro economy maintained steady and rapid growth, the People's Bank of China implemented a stable and neutral monetary policy, and regulatory agencies placed more emphasis on prevention and control of financial risks, and deleveraging of assets and liabilities were strengthened. Under the general background of stable currency, strict supervision, and controlled leverage, the Chinese banking industry had further deepened the service-supply-side structural reform as the main line, kept a foothold on serving the real economy, continuously optimized the credit structure, and continued to increase the financial support for small and micro, three agriculture, green and other key areas such as green, the growth rate of profitability was steadily raised, asset quality was improved, and the development trend was steady towards to a good prospect.

According to statistics of China Banking Regulatory Commission, as of the end of 2017, banking financial institutions had asset balance of RMB 252 trillion, with a year-on-year increase of 8.7%; various loans of RMB 129 trillion, with a year-on-year increase of 12.4%, and various deposits of RMB 157 trillion, with a year-on-year increase of 7.8%. Commercial bank had return on assets of 0.92%, return of equity of 12.65%, non-performing loan ratio of 1.74%, provision coverage of 181.42% and capital adequacy ratio of 13.65%. Specific information of total assets, total liabilities and owners' equity of China's banking financial institutions from the end of 2015 to the end of 2017 is as follows:

Unit: RMB 1 trillion

Item	December 31, 2017	December 31, 2016	December 31, 2015
Total assets	252.40	232.25	199.35
Total liabilities	232.87	214.82	184.14
Owners' equity	19.53	17.43	15.21

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 2015 is as follows:

Unit: RMB 1 trillion

Item	December 31, 2017	December 31, 2016	December 31, 2015
Large-scale commercial banks <sup>note 1</sup>	92.81	86.60	78.16
Joint-stock commercial banks <sup>note 2</sup>	44.96	43.47	36.99
City commercial banks	31.72	28.24	22.68
Other banking financial institutions <sup>note 3</sup>	82.91	73.94	61.51
Total of banking financial institutions	252.40	232.25	199.35

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 institutions (including non-bank financial institutions governed by China Banking Regulatory Commission, including financial assets management companies, finance companies of enterprise groups, consumer finance companies, trust companies, financial leasing companies, money broking companies, auto financing companies, village banks, finance companies and rural fund cooperation societies).

As of the end of 2017, total assets, total liabilities and owners' equity of city commercial banks respectively reached RMB 31.72 trillion, RMB 29.53 trillion and RMB 2.19 trillion. From the end of 2015 to the end of 2017, ratio of city commercial banks in banking financial institutions increased gradually. Specific information is as follows:

Item	December 31, 2017	December 31, 2016	December 31, 2015
Ratio of total assets in banking financial institutions	12.57%	12.16%	11.38%
Ratio of total liabilities in banking financial institutions	12.86%	12.29%	11.48%
Ratio of owners' equity in banking financial institutions	11.20%	10.52%	10.18%

Data sources: website of China Banking Regulatory Commission

## V. Company business

See the relevant contents of Section IV "Discussion of and Analysis on Business Condition" in this report for the details of company business within the report period.





Discussion of and Analysis on Business Condition

# Discussion of and Analysis on Business Condition

## I. Discussion of and analysis on business condition

In 2017, through earnestly studying and carrying out the spirit of the 19<sup>th</sup> National Congress of the CPC, the Bank of Jiangsu implemented the spirit of the National Conference on Financial Work and decisions and deployment of the provincial party committee and the provincial government, actively adapted to the complicated and volatile economic and financial situation and increasingly strict and stringent regulatory requirements, adjusted business strategies in a timely manner, vigorously promoted innovation and change, comprehensively strengthened risk prevention and control, and present a steady and good development trend. Within the report period, the Group achieved operating revenue of RMB 33,839 million, increased by 7.58% on a year-on-year basis; achieved net profits of RMB 12,016 million, increased by 12.96% on a year-on-year basis. At the end of the report period, the Group had the total assets of RMB 1.77 trillion, increased by 10.78% on a year-on-year basis; total liabilities of RMB 1.66 trillion, increased by 9.49% on a year-on-year basis; various deposits of RMB 1,007.8 billion, increased by 11.07% on a year-on-year basis; various loans of RMB 747.3 billion, increased by 15.08% on a year-on-year basis; and weighted average return on equity of 13.72%. The non-performing loan ratio was 1.41%, decreased by 0.02% on a year-on-year basis; provision coverage of non-performing loan was 184.25%, increased by 3.69% on a year-on-year basis; both the overdue interest rate and the balance fell. During the report period, the Bank's operation and management showed the following characteristics:

Operating benefits were stably increased by adhere to seizing the momentum and optimizing the strategy. We shall intensify our efforts in areas with high returns and big potential, and continuously optimize our asset structure. The ratio of credit assets was increased by 1.53% compared to that of the beginning of the period, and retail loans was increased by more than RMB 50 billion compared to that of the beginning of the period. The asset management business continued to transform and the balance of non-principal-guaranteed financial products exceeded RMB 10 billion. The scale of custody business recorded RMB 1.87 trillion. Bond underwriting reached RMB 57 billion, increased by 40% on a year-on-year basis. The scale of financial leasing business exceeded RMB 30 billion, increased by 21% on a year-on-year basis. In the light of the idea of controlling incremental and expanding flows, the circulation scale of bank internal assets amounted to RMB 10.3 billion. The implementation of the treasury reform was promoted and capital utilization efficiency was improved significantly.

Brand effect was shown continuously by adhering to creating characteristics and nurturing advantages. Microfinance continued to meet the requirements of "three no lower than", and the share of science and technology finance maintained the first in the province. The scale of green finance was increased by RMB 20.2 billion compared with that in the beginning of the year. In terms of three-agriculture finance, the working mechanism of "three unites and three lists" was established, and new products such as "agricultural materials purchase loans" and "risk sharing loan" were introduced. The balance of agriculture-related loans was increased by RMB 18.3 billion compared with that in the beginning of the year. The scale of consumer financial loan was increased by RMB 21.1 billion compared with that in the beginning of the period, a year-on-year increase of 44.5%. The cross-border financial settlement amounted to USD 124 billion, the total assets of the Free Trade Zone were RMB 14.4 billion, the debts exceeded RMB 10 billion, and 13 projects under the initiative of "the Belt and Road Initiative" were implemented, with the total credit conferred exceeding RMB 30 billion.

Kinetic energy of develop continued to have conversion by adhering to focusing on key points and breakthroughs in innovation. The Company accelerated the transformation of traditional businesses with new technologies, upgraded management methods, and constantly explored new growth points. "Dian e Rong" smoothly went on line, and the number of cooperative banks in "Shui e Rong" outside the province expanded to 10 banks, "Jin e Rong", "Gou e Rong", "Hui e Rong" and "Cross-Border e click" enjoyed increase in all around way. The number of direct sale banking customers and business scale continued to increase; "car life", "Chuanchuanying" and payment service and other platforms went on line. Smart engine project went online, precise marketing advanced steadily. In the aspect of blockchain, the "Suyin chain" was created and the bill discounting business application was implemented. In the aspect of Internet of Things, movable property pledge financing service was launched on the whole line; in the aspect of artificial intelligence, intelligent investment consulting platform within an integration of investment and financing went online, voice recognition system was newly launched,

and the image recognition and other technologies were actively researched. IT architecture had a rapid Internet based transformation and the system performance was greatly improved.

The effectiveness of risk management continued to increase by adhering to improving quality and strengthening internal control. By taking strict supervision and rectification of financial chaos as an opportunity, we took serious measures for the risk management and control in key areas and key links, and each goal was effectively implemented. The Group's non-performing ratio, overdue interest rate and balances decreased compared to those of the beginning of the period and asset quality continued to improve. The Bank continuously improved its liquidity risk governance structure, and improved various business and subsidiary liquidity risk management systems. Through newly increase of credit risk early warning signals, early warning model in the event, and internal control lists, the Company actively made research and development of anti-fraud strategies and continued to improve its risk control system through technical means. We continuously strengthened the internal control and case prevention, kept compliance operation all along, and eliminated risky events and cases.

Overall management quality was improved by adhering to putting tiny and little business into practice and laying a solid foundation. We continuously improved the institutional system and organization structure, conducted information disclosure in compliance with regulations, continued to improve corporate governance, and continuously strengthened capital management; further strengthened the operation and management of subsidiaries, paid attention to structural optimization, characteristic creation, and risk prevention, and ensured synchronous improvement in business scale and operating efficiency. We set up Consumer Rights and Interests Protection Department (Tier 1 Department) and Investment Review Department and other five second-tier departments; promoted back office to become front office, and transformed all information technology departments of branches into financial technology departments; carried out the construction of smart outlets, 75% of individual non-cash business could be processed over the smart counter; completed the setting of the full-featured corporate business departments and the retail business department of sub-branches, and achieved phased results in the transformation of outlets.

Party building was promoted in longitudinal depth by adhering to comprehensively strengthening Party self-discipline, and governing behaviors with strict rules. Through in-depth study and implementation of Xi Jinping's socialist ideology with Chinese characteristics in the new era to strengthen "four consciousnesses" and firm "four confidences", we resolutely upheld the authority and centralized leadership of the Party Central Committee with Comrade Xi Jinping as the core. By adhering to the party's leadership and strengthening the party's construction, we gave full play to the party committee's role in "controlling direction, managing the overall situation, and ensuring implementation", guide strict treatment of behaviors by strengthening Party self-discipline, and consolidated the development of upright political ecology.

## II. Main business within the report period

### (I) Corporate business

The Company focused on high-quality service real economy, continued to increase its efforts in launching public loans, and accurately supported the advanced manufacturing industry; adopted the equator principle to initially set up green finance product system in four sectors including "basic credit, green funds, carbon finance, and specialized financing". Transaction Banking Department was established to promote transaction banking services such as supply chain finance, cash management, and electronic banking. The corporate deposits witnessed steady increase and the ratio of current deposits was raised. As of the report period, the balance of corporate loans of the Company was RMB 485.4 billion, increased by 12.4% on a year-on-year basis. The balance of manufacturing industry exceed RMB one hundred billion, and advanced manufacturing industry loans accounted for 26.5% in the manufacturing industry loans, increased by 5.7% on a year-on-year basis. The balance of green credit was RMB 66.97 billion, increased by RMB 20.23 billion during the report period; green credit loans accounted for 13.8% in corporate loans, increased by 3% on a year-on-year basis. The number of corporate credit holders, corporate effective accounts, and listed company customers was respectively increased by 20.5%, 20.7%, and 25.7%.

## (II) Small and micro business

The Company conscientiously implemented the state supported work deployment of small and micro business, and promoted the high-quality development of small and micro business by relying on internet big data technology. At the end of the report period, the Company had 27,671 loan customers of small and micro enterprises, with loan balance of RMB 311 billion, and a new increase of RMB 43.5 billion in the report period, achieved "three no lower than" and accumulatively issued the 157,000 loans of "Shui e Rong" with the amount of RMB 23 billion. The scale of "e Rong" network loan product continued to expand. The Bank actively explored the "three agriculture" mode of commercialized financial services. The balance of agriculture-related loans was RMB 146.3 billion, with a new increase of RMB 18.3 billion during the report period. We fully supported the growth of scientific and technological innovation enterprises, boosted the transformation and upgrading of local economies, granted credit to 5,509 customers of scientific and technological enterprises and talents, with the loan balance of RMB 61.9 billion.

## (III) International business

The Company further promoted its cross-border investment and financing business, and strived to create products such as domestic-guaranteed foreign loans and domestic-guaranteed foreign debts, and formed online and offline integrated "Rongzhihui" product brand. We practically implemented the foreign exchange management policy, continued to do a good job in managing risk in foreign exchange, and had steady increase in the benefits of international business. During the report period, the Company's international settlement volume was USD 124 billion, increased by 20% on a year-on-year basis. As of the end of the report period, the total assets of the free trade zone were RMB 14.4 billion, increased by 27% on a year-on-year basis. Closely following "the Belt and Road" national initiative, we served the enterprises to "go out", with the amount of credit conferred on enterprises under "the Belt and Road" initiative of RMB 34.6 billion.

## (IV) Retail business

By taking "smart retail" as the objective, the Company actively promoted retail transformation and development, and promoted the application of financial technology in retail business. Through the application of emerging technologies such as big data, cloud computing and artificial intelligence, the Company implemented a smart engine project internally and introduced an intelligent investment and consulting system with integration of investment and financing, i.e., Alpha intelligent investment, to realize withdrawal by swiping face at the self-service device and deposit and withdrawal with QR code, make innovation in foreign exchange "overseas remittance" business, and improve the online product system of personal foreign exchange financial services. As of the end of the report period, the Company's personal deposits and wealth management holdings exceeded RMB 200 billion, personal loan balance exceeded RMB 180 billion, consumer loan credit conferring customers exceeded 500,000 accounts, and the scale of wealth and private customer assets exceeded RMB 100 billion.

## (V) Network finance business

The Company strived to build "the best bank enjoying the internet big data gene" and focused on the three main lines of "platforms, scenarios, and live customers" to continuously improve customer quality and achieve value creation. During the report period, the Company gave play to its advantages in online financial marketing to deepen strategic cooperation with large and medium-sized Internet companies such as JD Finance, Suning Group and Lakala; vigorously shaped the scenario construction, the bank's first self-built "car life" service platform, formed 3 categories of government affair inquiries, online services, nearby services and 17 characteristic functions to create one-stop integrated car owner services; innovatively launched a variety of network financial products, launched "Chuanchuanying" sharing marketing platform, built up a farmer benefiting platform, and practiced the concept of benefiting the people; deepened the application of financial science and technology, implemented the movable property pledge business on Internet of Things, completed the construction of blockchain platform of Suyin chain; adhered to the risk bottom line, and accelerated Internet anti-fraud deployment to ensure the safe and steady operation of the network finance.



## (VI) Consumer finance and credit card business

The Company actively practiced the mission of inclusive finance, and dug deep into the vertical field in consumer finance and credit card business, and continuously improved the quality and efficiency of services, and witnessed the stable increase in the operating benefits by centering on scenarized product innovation. During the report period, the Company deepened online loan cooperation with Ant Financial Services, JD Finance and other platforms, launched the "Che e Rong" online loan product by integrating with car scenarios, deeply integrated the credit card business with APP to optimize experience, and issued the "Youth Trustworthy Honorary Certificate" characteristic credit card product. As of the end of the report period, the Company witnessed the balance of consumer finance and credit card business of RMB 18,628 million, increased by 34.72% on a year-on-year basis; accumulatively issued credit cards of 1,424,300 cards, increase by 15.15% during the report period. During the report period, revenue from consumer finance and credit card business was RMB 1.75 billion, increased by 72.41% on a year-on-year basis; the transaction amount of credit card installments amounted to RMB 14,978 million, increased by 54.65% on a year-on-year basis. The overall asset quality steadily tended to be good in stability and risks were controllable.

## (VII) Investment bank business

The Company actively adapted to changes in the situation, centered on the diversified financial demands of enterprises, steadily built a comprehensive financial service mode, enjoyed steadily development in the investment banking asset management business, and helped the transformation and upgrading of the real economy. During the report period, the Company acquired the qualifications of principal underwriter of Category A in non-financial corporate debt financing instruments, completed the first non-performing asset securitization project among city commercial banks, and participated in the initiating multiple industrial investment funds and merger and acquisition funds. The Company won "Junding Award for Investment Bank Among City Commercial Bank" granted by Securities Times for consecutive four years for its investment banking business, and won "Best Comprehensive Financial Capacity Award" granted by China Banking Association, the "first place in comprehensive capacity for asset management among city commercial banks" based on PY Standard and several honorable awards for its financial business. Within the report period, the business revenue in investment banking assets management reached RMB 5,763 million, increased by 57.03% on a year-on-year basis, various assets of 299,595 million was launched, increased by 76.03% on a year-on-year basis.

## (VIII) Financial market business

The Company kept abreast of market changes, adjusted trading strategies in a timely manner, and made steady development of various businesses in the financial market. During the report period, the Company actively seized market opportunities, successfully issued financial bonds of RMB 10 billion, completed the issue of preferred stocks, and raised funds of RMB 20 billion. Through the use of interest rate swaps in combination with currency and bond assets, the dual purposes of preventing risks and increasing profits were achieved. With foreign currency risk exposure management as a controlling point, we rationally regulated and controlled foreign currency positions, and further strengthened the application of foreign exchange trading, sight and future foreign exchange settlement, foreign exchange swap and other products. Within the report period, foreign exchange transactions exceeded USD 210 billion.

## (IX) Financial interbank business

The Company actively adapted to changes in the situation, firmly established the bottom line thinking and compliance awareness, actively adjusted the interbank business structure, and improved various systems and business processes. Relying on the Company's big data platform, it established and improved the early-warning function of the interbank customer and interbank business system to effectively prevent risks. During the report period, the Company's financial interbank business was carried out by mainly centering on interbank cooperation and contacts, direct and transferred note discounting and tripartite custody, and the business witnessed steady development.

## (X) Operation support

The Company continued to promote the online and centralized operation and management, improved the intelligent service level and strengthened the management and control of operational risks to provide strong support for business development. During the report period, the Company realized funds concentration of RMB reserve deposits in the whole bank, and centralized and online processing of interbank and note business throughout the bank. It promoted account management, counter operation, self-service equipment and treasury operation and management, and intelligent customer service management, and built an intelligent training platform; strengthened operational compliance management and reinforced supervision and control intensity. The Bank enhanced payment and settlement and account management, accelerated the development of operational systems and optimization of processes, improved the service capabilities of the interbank and bill business, and continuously improved the efficiency of operation and management.

## (XI) Information technology

The Company continued to propel building its own capacity in IT, adhered to autonomous and controllable IT, attached importance to the application of financial technology, promoted the transformation of IT architecture, established a long-term data governance mechanism, and continuously improved IT ability to guide business development. During the report period, the Company continued to expand its application field of financial technology, focused on the application of technologies such as artificial intelligence, blockchain and internet of things, and actively applied them in marketing, risk control, and operation and other business scenarios. Machine study, biometric features recognition and speech recognition platforms went online, blockchain was applied to notes discounting business, and movable property pledge financing service on the whole line by applying sensing technology was introduced.

## (XII) Human resource management

The Company strived to create a strong entrepreneurial team, firmly established work concept that the talent is the first resource, and constantly improved the personnel mechanism of introduction and cultivation of talents; closely centered on the Company's strategic deployment, and constantly optimized the allocation of human resources; focused on value creation, value driving, and vigorously reinforce the construction of incentive and restraint mechanism. During the report period, the Company continued to optimize the structure of leading cadre team, committed itself to the selection and training of young cadres, continuously devoted greater effort to the introduction of high-end talents, and further constructed the young talent team into a young, high-end and internationalized team.

### III. Analysis on income and cost

#### (I) Main items of profit statement

Within the report period, the group realized operating income of RMB 33,839 million and net profit assigned to shareholders of parent company of RMB 11,875 million, increasing by 7.58% and 11.92% respectively compared with that of same period of previous year. Main items of profit statement of the group within the report period are listed below:

Unit: RMB 1,000 Currency: RMB

Item	Year 2017	Year 2016	Increase/ decrease	Increase/ decrease on a year-on-year basis (%)
I. Operating income	33,839,211	31,455,906	2,383,305	7.58
Including: net interest income	27,814,652	25,245,088	2,569,564	10.18
Net income of handling charge and commission	5,779,024	5,821,795	-42,771	-0.73
II. Operating expenses	20,044,735	17,890,257	2,154,478	12.04
Including: operation and administrative expense	9,746,399	9,161,145	585,254	6.39
III. Operating profit	13,794,476	13,565,649	228,827	1.69
IV. Total profits	13,789,564	13,523,982	265,582	1.96
V. Net profit	12,015,970	10,636,928	1,379,042	12.96
Including: Net profit attributed to shareholders of parent company	11,874,997	10,610,579	1,264,418	11.92

## (II) Items having change range of over 30% in profit statement and reasons for changes

Unit: RMB 1,000 Currency: RMB

Item	Year 2017	Year 2016	Increase/ decrease range (%)	Main reason
Interest expenditure	48,078,829	34,730,133	38.44	Increase in interest expenditure caused by business development
Handling charges and commission	297,947	118,636	151.14	Increase in handling charge and commission caused by business development
Income from investment	228,547	22,830	901.08	Increase in income from investment caused by fund business development
Profit or loss on the changes in fair value	-706,392	602,577	-217.23	Influence of change in fair value of derivative instruments
Profit or loss on exchange	587,121	-356,019	Negative in the corresponding period	Influence of change in currency derivative business
Other income	36,342	-	No data in the corresponding period	According to the stipulations of C.K.[2017] Document No. 30, not retrospectively comparing figures for newly increase of the item
Taxes and surcharges	371,553	948,006	-60.81	Influence of replacing business tax with value-added tax
Other operating cost	3,294	2,434	35.33	Increase in other operating cost
Non-operating income	31,805	45,693	-30.39	Government subsidies related to daily activities are present separately in other income, not retrospectively comparing figures
Non-operating expenditure	36,717	87,360	-57.97	Decrease in non-operating expenditure
Income tax expense	1,773,594	2,887,054	-38.57	Decrease in income tax expense
Minority interest income	140,973	26,349	435.02	Increase in profits of subsidiaries



### (III) Net interest income

Within the report period, the group achieved net interest income of RMB 27,815 million, increasing by 10.18% 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:

Unit: RMB 1,000 Currency: RMB

Item	Year 2017		Year 2016	
	Amount	Ratio (%)	Amount	Ratio (%)
Interest income				
Issued loans and advance	33,401,777	44.01	29,711,626	49.54
-Enterprise loans	23,445,512	30.89	21,632,087	36.07
-Personal loans	7,710,237	10.16	5,107,906	8.52
-Notes discounted	2,246,028	2.96	2,971,633	4.95
Investment in debt instruments	33,185,091	43.73	23,925,025	39.89
Deposit of funds of other banks and other financial institutions	4,515,086	5.95	2,643,586	4.41
Deposit of funds of Central Bank	1,989,609	2.62	1,891,819	3.15
Long-term receivables	1,671,215	2.20	1,075,394	1.79
Purchase of resold financial assets	956,754	1.26	541,967	0.90
Lending funds	173,949	0.23	185,804	0.31
Subtotal of income	75,893,481	100.00	59,975,221	100.00
Interest expenditure				
Deposit taking	20,147,679	41.91	17,111,032	49.27
-Corporate customers	14,720,962	30.62	12,957,562	37.31
-Individual customers	5,426,717	11.29	4,153,470	11.96
Deposit of funds of other banks and other financial institutions	13,015,125	27.07	11,153,368	32.11
Issued debt securities	10,016,289	20.83	3,254,440	9.37
Financial assets sold for repurchase	2,041,089	4.25	1,540,958	4.44
Loans from central bank	1,654,082	3.44	497,115	1.43
Loans from other banks and other financial institutions	1,179,682	2.45	874,033	2.52
Others	24,883	0.05	299,187	0.86
Subtotal of expense	48,078,829	100.00	34,730,133	100.00
Net interest income	27,814,652	-	25,245,088	-

#### (IV) Net income of handling charges and commissions

The group continuously promoted strategy transformation, strictly implemented various service charge policy and management regulations and further optimized income structure. Within the report period, the group achieved net income of handling fees and commissions of RMB 5,779 million. The composition and increase of net income of handling charges and commissions of the group within the report period are stated in the table below:

Unit: RMB 1,000 Currency: RMB

Item	Year 2017	Year 2016
Income from agency service charge	3,365,347	3,545,429
Income from bank card handling charge	1,195,243	912,778
Income from commission for custody and other entrusted businesses	599,667	505,784
Income from handling charge and commission for credit commitment	471,072	433,654
Income from settling and clearing handling charge	94,736	214,180
Income from advice and consulting fees	6,165	71,056
Others	344,741	257,550
Income of handling charge and commission	6,076,971	5,940,431
Settlement and clearing commission payment	100,662	54,797
Bank card commission payment	43,012	34,394
Others	154,273	29,445
Expenditure of handling charge and commission	297,947	118,636
Net income of handling charge and commission	5,779,024	5,821,795

#### (V) Operating and administrative expenses

Within the report period, the group had operating and administrative expense of RMB 9,746 million, increasing by 6.39% on a year-on-year basis; cost-income rate was 28.80%, being maintained at reasonable level. The composition of operating and administrative expense of the group is shown in the table below:

Unit: RMB 1,000 Currency: RMB

Item	Year 2017	Year 2016
Employee cost	6,509,204	5,760,156
-Wage and bonus	4,784,081	4,257,903
-Social insurance charges and additional insurance	1,004,391	848,812
-Other welfare	720,732	653,441
Property and equipment expenditure	1,491,747	1,588,981
-Depreciation and amortization	581,089	639,478
-Leasing and property management fee	510,800	493,906
-Funds for public undertakings	80,663	85,852
-Others	319,195	369,745
-Other office and administrative expenses	1,745,448	1,812,008
Total	9,746,399	9,161,145

## IV. Analysis on situation of assets and liabilities

### (I) Main items in balance sheet

As of the end of the report period, the group enjoyed total assets of RMB 1,770.6 billion, increasing by RMB 172.3 billion compared with that of the beginning of the year and increasing by 10.78% on a year-on-year basis. The group had total liabilities of RMB 1,657.7 billion, increasing by RMB 143.6 billion compared with that of the beginning of the year and increasing by 9.49% 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: RMB 1,000    Currency: RMB

Item	December 31, 2017	December 31, 2016	Increase/ decrease range (%)
Cash and deposit of funds of Central Bank	135,439,467	135,122,316	0.23
Interbank assets	97,095,787	96,247,822	0.88
Derivative and investment assets	757,444,088	690,817,491	9.64
Issued loans and advance	727,844,072	632,554,891	15.06
Total assets	1,770,550,986	1,598,292,446	10.78
Deposit of funds of other banks and other financial institutions	228,062,372	318,610,683	-28.42
Deposit taking	1,007,832,860	907,412,486	11.07
Issued debt securities	232,341,911	131,743,435	76.36
Total liabilities	1,657,723,203	1,514,085,480	9.49

Note: 1. Interbank assets include deposit of funds of other banks and other financial institutions, lending funds, purchase of resold financial assets;  
 2. Derivative and investment assets include derivative financial assets, financial assets measured at their fair value with their variation recorded into the profits and losses of the current period, available-for-sale financial assets, held-to-maturity investment, and investment in accounts receivable.

## (II) Items having change range of over 30% in balance sheet and reasons for changes

Unit: RMB 1,000 Currency: RMB

Item	December 31, 2017	December 31, 2016	Increase/ decrease range (%)	Main reason
Lending funds	3,859,117	5,544,276	-30.39	Decrease in funds of call loans to banks
Financial assets measured at their fair value with their variation recorded into the profits and losses of the current period	8,427,521	4,681,009	80.04	Increase in sale of trading financial assets
Derivative financial assets	4,419,745	2,074,532	113.05	Increase in business scale of derivative financial products
Purchase of resold financial assets	14,004,544	10,000,000	40.05	Increase in purchase of resold business scale
Interest receivable	9,889,167	6,818,360	45.04	Increase in scale of interest-bearing assets
Available-for-sale financial assets	241,920,949	356,736,243	-32.18	Decrease in scale of available-for-sale financial assets
Held-to-maturity investment	199,502,908	138,719,830	43.82	Increase in scale of bond investment
Investment in accounts receivable	303,172,965	188,605,877	60.74	Increase in scale of investment in accounts receivable
Other assets	2,530,624	1,485,398	70.37	Increase in other assets
Borrowings from Central Bank	64,560,000	38,030,000	69.76	Increase in funds borrowed from Central Bank
Derivative financial liabilities	4,435,653	1,437,203	208.63	Increase in business scale of financial derivative products
Issued debt securities	232,341,911	131,743,435	76.36	Increase in issuing scale of interbank deposit receipts
Other liabilities	9,398,160	7,083,360	32.68	Increase in other liabilities

### (III) Major asset items

#### 1. Loan

As of the end of the report period, the group had total loans of RMB 747.3 billion, increased by 15.08% on a year-on-year basis. Classified statistic of loan is as follows:

(1) At the end of the report period, situation of loans (discount inclusive) by industrial distribution

Industrial distribution	Unit: RMB 1,000 Currency: RMB			
	December 31, 2017		December 31, 2016	
	Amount	Ratio (%)	Amount	Ratio (%)
Leasing and commercial service	115,887,099	15.51	91,425,466	14.08
Manufacturing industry	104,929,908	14.04	93,174,006	14.35
Wholesale and retail industry	74,335,998	9.95	74,739,821	11.51
Water conservancy, environment and public facility management industry	62,212,452	8.33	45,885,982	7.07
Real estate	31,761,642	4.25	37,910,777	5.84
Construction industry	27,708,650	3.71	26,779,701	4.12
Transportation, warehousing and mail business	12,862,985	1.72	11,130,560	1.71
Electric power, fuel gas and water production and supply	10,204,602	1.37	8,744,670	1.35
Agriculture, forestry, animal husbandry, sideline occupations and fishery	9,323,982	1.25	8,607,751	1.32
Information transmission, software and information technology service industry	8,430,351	1.13	6,675,356	1.03
Scientific research and technical service industry	7,644,863	1.02	7,489,783	1.15
Neighborhood service, repair and other service industries	5,862,286	0.78	4,325,383	0.67
Cultural, sports and entertainment industry	4,853,734	0.65	3,763,172	0.58
Education	3,019,234	0.40	3,499,882	0.54
Sanitation and social work	2,485,946	0.33	3,080,714	0.47
Accommodation and catering industry	2,384,898	0.32	3,091,226	0.48
Others	2,410,153	0.32	2,523,655	0.39
Subtotal of company loans and advance	486,318,783	65.08	432,847,905	66.66
Individual loans and advance	187,847,083	25.14	135,735,473	20.90
Notes discounted	73,123,632	9.78	80,796,307	12.44
Total of issued loans and advances	747,289,498	100.00	649,379,685	100.00

(2) At the end of the report period, distribution situation of loans by regions

Unit: RMB 1,000 Currency: RMB

Region	December 31, 2017		December 31, 2016	
	Amount	Ratio (%)	Amount	Ratio (%)
Jiangsu region	579,380,214	77.53	509,168,513	78.42
Circum-Bohai Sea Region	62,583,910	8.37	55,941,609	8.61
The Yangtze River Delta Region (excluding Jiangsu area)	56,543,915	7.57	46,975,850	7.23
The Pearl River Delta Region	48,781,459	6.53	37,293,713	5.74
Total of issued loans and advances	747,289,498	100.00	649,379,685	100.00

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

Unit: RMB 1,000 Currency: RMB

Item	December 31, 2017		December 31, 2016	
	Amount	Ratio (%)	Amount	Ratio (%)
Credit loans	112,734,235	15.09	77,567,924	11.94
Guarantee loans	279,728,360	37.43	244,547,515	37.66
Loans with things pledged	354,826,903	47.48	327,264,246	50.40
Including: mortgage loans	219,247,000	29.34	205,847,616	31.70
Pledge loans	135,579,903	18.14	121,416,630	18.70
Total loans	747,289,498	100.00	649,379,685	100.00

(4) Information of top 10 loan customers

Unit: RMB 1,000 Currency: RMB

No.	Borrower	Industry	Loan balance	Ratio in total loans (%)	Ratio in net capital (%)
1	Customer A	Leasing and commercial service	2,275,000	0.30	1.67
2	Customer B	Leasing and commercial service	1,950,000	0.26	1.43
3	Customer C	Real estate	1,797,270	0.24	1.32
4	Customer D	Leasing and commercial service	1,660,000	0.22	1.22
5	Customer E	Construction industry	1,599,000	0.21	1.17
6	Customer F	Manufacturing industry	1,570,734	0.21	1.15
7	Customer G	Construction industry	1,500,000	0.20	1.10
8	Customer H	Water conservancy, environment and public facility management industry	1,400,000	0.19	1.03
9	Customer I	Leasing and commercial service	1,300,000	0.17	0.95
10	Customer J	Water conservancy, environment and public facility management industry	1,235,000	0.17	0.91
		Total	16,287,004	2.17	11.95

## 2. Purchase of resold financial assets

As of the end of the report period, the group had balance of purchase resold financial assets of RMB 14 billion, increased by 40.05% on a year-on-year basis. Specific information is shown in the table below:

Unit: RMB 1,000 Currency: RMB

Item	December 31, 2017	December 31, 2016
Securities		
- Chinese government bond	6,140,685	-
- Bonds of banks and other financial institutions	7,764,020	10,000,000
Trade bill	99,839	-
Total	14,004,544	10,000,000

## 3. Available-for-sale financial assets

As of the end of the report period, the group had balance of available-for-sale financial assets of RMB 241.9 billion, decreased by 32.18% on a year-on-year basis. Specific information is shown in the table below:

Unit: RMB 1,000 Currency: RMB

Item	December 31, 2017	December 31, 2016
Debt instruments presented at fair value (listed as per issuers)		
Within Chinese territory		
- Governments	24,295,095	24,240,499
- Policy banks	3,519,679	4,018,620
- Commercial banks and other financial institutions	189,596,114	318,218,041
- Other institutions	3,055,387	3,218,707
Beyond the Chinese border		
- Other institutions	1,145,364	-
Subtotal	221,611,639	349,695,867
Equity instruments (analyzed as per form of measurement)		
Within Chinese territory		
- Measured at fair value	20,244,543	6,965,341
- Measured at costs	64,552	74,820
Beyond the Chinese border		
- Measured at costs	215	215
Subtotal	20,309,310	7,040,376
Total	241,920,949	356,736,243



#### 4. 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 had balance of held-to-maturity investment of RMB 199.5 billion, increased by 43.82% on a year-on-year basis. Specific information is shown in the table below:

Unit: RMB 1,000 Currency: RMB

Item	December 31, 2017	December 31, 2016
Within Chinese territory		
- Governments	145,135,406	91,481,323
- Policy banks	28,469,565	23,533,351
- Commercial banks and other financial institutions	12,229,685	10,391,544
- Other institutions	8,419,891	10,857,308
Sub-total	194,254,547	136,263,526
Beyond the Chinese border		
- Other institutions	5,248,361	2,456,304
Total	199,502,908	138,719,830

### (IV) Major liability items

#### 1. Deposit

As of the end of the report period, the group enjoyed deposit balance of RMB 1,007.8 billion, increasing by 11.07% on a year-on-year basis. Specific information is as follows:

Unit: RMB 1,000 Currency: RMB

Item	December 31, 2017		December 31, 2016	
	Amount	Ratio (%)	Amount	Ratio (%)
Company deposit				
Current deposit	358,374,713	35.56	310,350,892	34.20
Fixed time deposit	283,624,189	28.14	271,898,257	29.96
Sub-total	641,998,902	63.70	582,249,149	64.16
Individual deposit				
Current deposit	51,313,259	5.09	43,010,570	4.74
Fixed time deposit	136,380,139	13.53	129,812,410	14.31
Sub-total	187,693,398	18.62	172,822,980	19.05
Other deposit				
Margin deposit	54,362,611	5.39	78,221,425	8.62
Drafts and telegraphic transfers payable	519,754	0.05	372,762	0.04
Fiscal deposit	457,647	0.05	84,711	0.01
Outward remittance	186,001	0.02	533,316	0.06
Treasury deposit	21,794,000	2.16	14,688,000	1.62
Financial funds of customers	100,820,547	10.00	58,440,143	6.44
Sub-total	178,140,560	17.68	152,340,357	16.79
Total deposit taking	1,007,832,860	100.00	907,412,486	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 had balance of deposit of funds of other banks and other financial institutions of RMB 228.1 billion, increasing by 28.42% on year-on-year basis. Specific information is shown in the table below:

Unit: RMB 1,000    Currency: RMB

Item	December 31, 2017	December 31, 2016
Within Chinese territory		
-Banks	53,661,538	148,020,714
-Other financial institutions	174,400,834	170,589,969
Total	228,062,372	318,610,683

## V. Analysis on investment

### (I) External equity investment

The long-term equity investment of the Company mainly includes investment in Baode County Bank and Suyin Financial Leasing Co., Ltd. As of the end of the report period, the balance of equity investment of the Company was RMB 2,033.8 million. Among them, the ending balance of the equity investment of Baode County Bank was RMB 73.8 million, and the shareholding ratio was 41%; the ending balance of the equity investment of Suyin Financial Leasing Co., Ltd. was RMB 1.96 billion, and the shareholding ratio was 60%. No change occurred during the report period.

### (II) Significant equity investment

☐ Applicable ☒ Not applicable

### (III) Significant non-equity investment

☐ Applicable ☒ Not applicable

### (IV) Financial assets measured at fair value

☐ Applicable ☒ Not applicable

## VI. Analysis on major holding and joint stock companies

### (I) Suyin Financial Leasing Co., Ltd.

Suyin Financial Leasing Co., Ltd. (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 RMB 3 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 Banking Regulatory Commission.

During the report period, Suyin Financial Leasing Co. achieved net profits of RMB 361 million, a year-on-year increase of 72.76% year-on-year, and a provision rate of 2.57%. As of the end of the report period, total assets amounted to RMB 30,037 million, in which, the balance of leasing business was RMB 30,016 million. The Company's newly-increased business was mainly concentrated in entity enterprises; green lease and cultural health leasing business accounted for more than one-fourth of the total; the pace of development of small and micro enterprise business was significantly accelerated, the number of customers was significantly increased, and the overall business structure was further optimized, and the level of operation and management continued to improve. The internal control management has been continuously strengthened, and the Company has obtained AAA rating of the joint credit assessment company main body and debt credit.

### (II) 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 RMB 180 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 China Banking Regulatory Commission.

As of the end of the report period, Danyang Baode County Bank's average daily deposits were RMB 741 million, increased by RMB 115 million over the previous year; the balance of all loans was RMB 983 million, decreased by RMB 125 million compared with that of the beginning of the year, and 100% were agricultural loans, in which small and micro-enterprise loans were RMB 826,098,700, accounting for 84.01%; the family farm was RMB 20.33 million, accounting for 2.07%; the peasant household loans were RMB 2,033,800, with a total of 424 households, accounting for 45.99% of the total number of households with loans.

## VII. Discussion of and analysis on future development

In 2018, the Company will thoroughly implement the spirit of the 19th National Congress of the CPC, take Xi Jinping's socialist ideology with Chinese characteristics in the new era as guide, persist in the overall work tone of seeking improvement in stability, adhere to the concept of new development, closely follow the changes in main social contradictions, make overall planning and advancement of various tasks such as increasing deposits, stabilizing assets, adjusting structure, practicing internal strength, keeping the bottom line and strengthening party building with systematic thinking in accordance with the requirements of high-quality development, help the new practice of "two gatherings and one high" throughout the province and the construction of "strong and prosperous, beautiful and high" new Jiangsu with its own high-quality development practically, and strive to build a good listed bank.

Serve real economic development with higher quality. Firstly, we shall put forth effort on serving key areas and weak links. Professional services shall be strengthened for industrial finance centering on advanced manufacturing. The online transformation of the entire process shall be promoted for small and micro finance to build an agile business mode that is quick to win. Input shall be increased for science and technology finance centering on high-tech enterprises, talent establishment enterprises, and giants of science and technology and other clients. The working mechanism of "three unites and three lists" shall be implemented, products and channels shall be optimized and three-right mortgage financing shall be actively explored for three-agricultural finance. Equator principle and requirements shall be fully implemented, and the green product system shall be improved continuously for green finance. Stable growth in international settlement services shall be maintained and international business intelligence shall be promoted for cross-border finance. Secondly, we shall continuously improve the organizational level of marketing services, strengthen precision marketing, and make innovation in service methods.

Grasp customer service with higher quality. We shall further intensify efforts to obtain quality customers, consolidate and increase the shares in the county's savings market, strengthen line, and enhance comprehensive service capabilities; vigorously make development in transaction banks, closely focus on customer transaction requirements, and acquire customers by comprehensive application of transaction banking products and services such as cash management, supply chain finance, and e-banking to achieve mass acquisitions; and accelerate to build and upgrade competitive products such as "Youxianbao" and further enrich the product system.

Deepen structural adjustment with higher quality. Firstly, the structure shall be adjusted by centering on value orientation, and endogenous growth ability and value creation level shall be improved through adjustment in structure of assets and liabilities. Secondly, the structure shall be adjusted by centering on strategic direction, and we shall continue to seize the strategic opportunities in the retail business, and tilt resources to the retail business. Thirdly, the structure shall be adjusted by centering on regulatory guidance, we shall speed up the transformation of asset management and interbank business, deepen the opportunities for asset securitization, financial market and custody business, strengthen active management, increase value contribution, and ensure the healthy and sustainable development of innovative businesses.

Promote innovation and make new breakthroughs with higher quality. Firstly, a new breakthrough shall be made in product innovation. We shall create "Zhisheng" brand for IoT finance, expand the coverage of "e Rong Pay" scenarios, reconstruct the "Gou e Rong" product system, consolidate and magnify the advantages of "Shui e Rong", and focus on expanding "Nong e Rong" business, speed up the upgrade of "electric charge loan" business, focus on the vertical scenario of "car life". Secondly a new breakthrough shall be made in service innovation, and we shall improve intelligent investment consulting services, speed up APP optimization and upgrade, accelerate the transformation of non-counter outlets, and boost international business intelligence. Thirdly, a new breakthrough shall be made in platform innovation, and we shall build up an exchange platform for asset securitization exchanges, set up an exchange platform for outstanding entrepreneurs, and an internal management platform for operating lines.

Accelerate the application of financial technology with higher quality. Firstly, we shall develop a three-year plan for artificial intelligence application, make clear of the direction of development, build a basic platform for artificial intelligence technology, and strive to create a "smart brain" to provide support for the implementation of application of business

scenarios. Secondly, we shall speed up the improvement in blockchain application infrastructure platform, rapidly expand the scale of the bill discounting and other business scenarios, form a scale effect, and enhance the Company's influence in the blockchain field. Thirdly, we shall further optimize strategy of using external data corresponded to big data and enhance fault tolerance; establish a data management platform, carry out data governance continuously, and continuously improve data quality. Fourthly, continuously improve cloud computing application, accelerate the promotion of agglomeration of application system "Shangyun", further propel the implementation of the mode of agile development and iterative release, and provide information base protection for innovation and new breakthroughs.

Enhance risk management and control with higher quality. Firstly, we shall strengthen policy research and strictly implement macroeconomic policies. Secondly, we shall intensify credit management and continuously improve asset quality. Thirdly, we shall reinforce the internal control and case prevention, and make in-depth implementation of chaos rectification. The Company shall adhere to compliant and stable operation, and continuously strengthens all-asset, full-coverage, full-process, organization-wide and all-around comprehensive risk management, and stick to the risk bottom line.

Promote fine management with higher quality. Firstly, we shall continuously improve corporate governance, further improve the institutional system, strengthen capital management, and optimize the operation of subsidiaries. Secondly, we shall continuously improve operational efficiency, continue to promote the online management and operation of the Bank, and further increase efficiency. Thirdly, we shall continuously strengthen collaborative linkage and effectively improve the overall synergy. Fourthly, the service experience shall be continuously improved. By adhere to centering on the customers, we shall rationally simplify business procedures and processes, continuously improve customer experience, enhance detail services and humanistic care, and continuously improve customer satisfaction. Fifthly, assessment incentives shall be continuously optimized. With the core principle of value creation, we shall strengthen the value orientation of the "five views", further refine management standards and improve work efficiency.

Propel full and strict governance of the party with higher quality. Firstly, we shall comprehensively promote party building work, continue to study, publicize and implement thoroughly the spirit of the 19th National Congress of the CPC, profoundly perceive Xi Jinping's socialist ideas with Chinese characteristics in a new era, strengthen ideological work, and continue to deepen the activities of "party members entering the community". Secondly, we shall continue to strengthen the style and discipline construction, implement with perseverance the spirit of central "eight provisions", and adhere to setting the discipline firstly to strictly enforce the work rules for supervision and disciplines execution. Thirdly, we shall effectively strengthen the building of cadre talent team, accelerate the construction of high-quality and professional cadre team, continue to select and train excellent reserve talents, speed up the cultivation and exploration of high-level talents, and increase the intensity in recruitment of high-end financial talents.

Possible risks. The Company has no major foreseeable risks. The risks that the Company may face in operation include credit risk, market risk, liquidity risk, operational risk, etc. The Company has taken various measures to effectively manage and control various types of operating risks. Please refer to "Various risks and situation of risk management within the report period" in Section V Business Information and Data of Commercial Bank of this report for the relevant contents.

## VIII. Description on the circumstances not disclosed by the Company according to standards and their reasons because the stipulations of guidelines or state secrets or trade secrets are not applicable or for other special reasons

☐ Applicable ☒ Not applicable

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Business Information and Data of Commercial Bank



# Business Information and Data of Commercial Bank

## I. Major financial accounting data of former three years

Unit: RMB 1,000 Currency: RMB

Item	Year 2017	Year 2016	Year 2015
Total assets	1,770,550,986	1,598,292,446	1,290,333,336
Total liabilities	1,657,723,203	1,514,085,480	1,224,798,773
Shareholders' equity	112,827,783	84,206,966	65,534,563
Total deposits	1,007,832,860	907,412,486	776,428,471
Including:			
Current deposit of enterprises	358,374,713	310,350,892	224,415,831
Fixed time deposit of enterprises	283,624,189	271,898,257	238,583,188
Current savings deposit	51,313,259	43,010,570	36,489,412
Fixed time savings deposit	136,380,139	129,812,410	116,667,678
Total loans	747,289,498	649,379,685	561,783,471
Including:			
Enterprise loan	486,318,783	432,847,905	380,058,455
Retail loan	187,847,083	135,735,473	98,098,804
Discounting	73,123,632	80,796,307	83,626,212
Net amount of total capital	136,163,411	106,680,869	87,782,216
Including:			
core tier one capital	92,098,895	83,522,346	65,354,464
other tier one capital	20,109,433	78,440	13,401
Tier two capital	23,955,083	23,080,083	22,414,351
Net amount of weighted risk assets	1,078,766,573	927,193,262	760,506,090
Loan loss reserves	19,445,426	16,824,794	15,394,136



## II. Major financial indicators of former three years

Unit: RMB 1,000 Currency: RMB

Item	Year 2017	Year 2016	Year 2015
Operating revenue	33,839,211	31,455,906	28,047,070
Total profits	13,789,564	13,523,982	12,082,068
Net profits attributed to shareholders of the Bank	11,874,997	10,610,579	9,497,433
Net profits after deducting non-recurring profits and losses attributed to shareholders of the Bank	11,791,947	10,572,305	9,475,907

Unit: %

Item	Supervision standard	Year 2017	Year 2016	Year 2015
Capital adequacy ratio	≥10.5	12.62	11.51	11.54
Tier one capital adequacy ratio	≥8.5	10.40	9.02	8.60
Core tier one capital adequacy ratio	≥7.5	8.54	9.01	8.59
Non-performing loan ratio	≤5	1.41	1.43	1.43
Liquidity ratio	≥25	52.75	52.15	57.35
Loan-to-deposit ratio	Not applicable	74.15	71.56	72.35
Loan ratio of single biggest customer	≤10	1.67	2.74	1.62
Loan ratio of the biggest ten customers	≤50	11.95	15.80	14.01
Provision coverage	≥150	184.25	180.56	192.06
Ratio of provision and loan	≥2.5	2.60	2.59	2.74
Cost-income ratio	≤45	28.80	29.21	29.37

Unit: %

Item	Year 2017	Year 2016	Year 2015
Normal loan migration ratio	2.72	5.95	4.21
Special-mentioned loan migration ratio	48.05	32.26	32.11
Secondary loan migration ratio	18.86	87.70	98.92
Doubtful loan migration ratio	12.30	25.70	9.91

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

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

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

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

As of the end of the report period, the Bank has 540 branches, including: head office, 17 tier-one branches, 522 sub-branches with the situations of head office and branches as follows:

Unit: Bank

No.	Name	Address	Quantity of institution
1	Head Office	No. 26, Zhonghua Road, Nanjing City	1
2	Suzhou Branch	No. 157, Suyu Road, Industrial Park, Suzhou City	47
3	Wuxi Branch	No. 8, Gongyun Road, Wuxi City	108
4	Nanjing Branch	No. 55, Hongwu North Road, Xuanwu District, Nanjing City	28
5	Nantong Branch	No. 300, South Street, Nantong City	44
6	Changzhou Branch	No. 500, Yanling Middle Road, Changzhou City	32
7	Xuzhou Branch	No. 81, Pengcheng Road, Xuzhou City	32
8	Yangzhou Branch	No. 525, Wenchang West Road, Yangzhou City	26
9	Zhenjiang Branch	No. 12, Guancheng Road, Zhenjiang City	31
10	Taizhou Branch	No. 10, Dongjin East Road, Taizhou City	10
11	Huai'an Branch	No. 34, Huaihai North Road, Huai'an City	35
12	Yancheng Branch	No. 269, Jiefang South Road, Yancheng City	34
13	Lianyungang Branch	No. 56, Hailian Middle Road, Lianyungang City	27
14	Suqian Branch	No. 58, Qinghaihu Road, Sucheng District, Suqian City	11
15	Shanghai Branch	No. 1128, Century Avenue, Pudong New Area, Shanghai	15
16	Shenzhen Branch	No. 4011, Shennan Avenue, Futian District, Shenzhen City	26
17	Beijing Branch	Building 1, Guangxi Jiayuan, Chaoyang District, Beijing	22
18	Hangzhou Branch	No. 38-42, Tianmushan Road, Xihu District, Hangzhou City	11
	Total		540

## IV. Situation of quality of credit assets within the report period

Unit: RMB 1,000 Currency: RMB

Five-class classification	Amount	Ratio (%)	Increase/ decrease compared with that of the end of previous year (percent point)
Normal loan	717,738,540	96.05	Increased by 0.49%
Special-mentioned loan	18,997,409	2.54	Decreased by 0.47%
Secondary loan	7,148,306	0.96	Increased by 0.53%
Doubtful loan	2,149,710	0.29	Decreased by 0.43%
Loss loan	1,255,533	0.16	Decreased by 0.12%
Total	747,289,498	100	-

Note: In accordance with the provisions of the five-class classification policy, non-performing loans of the group were divided into secondary 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 2017 was stable in general. As of the end of the report period, the Bank had total non-performing loans of RMB 10,554 million, increasing by RMB 1,236 million compared with that of the beginning of the year, non-performing loan ratio was 1.41%, decreased by 0.02% compared with that of the beginning of the year. The Bank had total special-mentioned loans of RMB 18,997 million, decreased by RMB 545 million compared with that of the beginning of the year, ratio of special-mentioned loans was 2.54%, decreased by 0.47 compared with that of the beginning of the year.

## Situation of asset quality of loans in user-defined classification standard

Unit: RMB 1,000 Currency: RMB

Classification	Non-performing amount	Ratio (%)	Increase/ decrease compared with that of the end of previous year (percent point)
Agriculture, forestry, animal husbandry, sideline occupations and fishery	270,473	2.56	Increased by 1.62%
Mining industry	26,348	0.25	Decreased by 0.26%
Manufacturing industry	3,813,963	36.14	Decreased by 9.33%
Electric power, heating power, fuel gas and water production and supply	431	0.00	Decreased by 0.15%
Construction industry	539,260	5.11	Increased by 0.67%
Wholesale and retail industry	4,337,391	41.10	Increased by 5.29%
Transportation, warehousing and mail business	115,504	1.09	Decreased by 0.52%
Accommodation and catering industry	74,623	0.71	Decreased by 1.02%
Information transmission, software and information technology service industry	74,528	0.71	Increased by 0.51%
Financial industry	38,93	0.04	0
Real estate	38,533	0.37	Increased by 0.01%
Leasing and commercial service	232,231	2.20	Increased by 1.36%
Scientific research and technical service industry	44,813	0.42	Decreased by 0.06%
Water conservancy, environment and public facility management industry	12,206	0.12	Increased by 0.04%
Neighborhood service, repair and other service industries	31,605	0.30	Decreased by 0.37%
Education	48,065	0.46	Increased by 0.12%
Sanitation and social work	21,646	0.21	Increased by 0.19%
Cultural, sports and entertainment industry	7,782	0.07	Decreased by 0.01%
Public management, social security and social organization	0	0.00	0
International organization	0	0.00	0
Individual loan (excluding individual operational loan)	860,254	8.15	Increased by 1.90%
Total	10,553,549		

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.

## Situation of restructured loan and overdue loan of the Company

Unit: RMB 1,000 Currency: RMB

Classification	Beginning balance	Ending balance	Ratio (%)
Restructured loan	1,965,254	2,518,815	0.34
Overdue loan	14,822,071	13,876,373	1.86

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.

## Measures taken by the Bank for non-performing loan

Within the report period, the Bank mainly took the following measures in order to optimize credit asset structure, control newly-increased non-performing loan and resolve stock non-performing loan:

1. 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.
2. 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.
3. 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 targeted measures, timely notifying risk, preventing risk and solving risk and continuously improving the forward looking of risk management.
4. Periodically 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.
5. 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 provision for impairment can sufficiently cover risk assets and improving risk defense capacity.
6. 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. Situation of withdrawing and cancellation after verification of loan loss reserves

Unit: RMB 1,000 Currency: RMB

Item	Amount
Beginning balance of loan loss reserves	16,824,794
Withdrawing of loan loss reserves in the period	8,492,135
Outward transfer of loan loss reserves in the period	-301,845
Amount of recycled write-off loan loss reserves in previous years	81,249
Return of discounting	-202,048
Write-off of the year	-5,448,859
Ending balance of loan loss reserves	19,445,426

Note: 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 maintained overall stable provision coverage, complying with the requirements of supervision department. As of the end of the report period, balance of loan impairment provision reached RMB 19,445 million, increased by RMB 2,621 million compared with that of the end of last year; provision coverage of non-performing loan was 184.25%, increased by 3.69% compared with that of the end of last year; loan provision rate was 2.60%, increased by 0.01% compared with that of the end of last year.

## VI. Interest receivable

Unit: RMB 1,000 Currency: RMB

Item	Beginning of period	Increase of this period	Decrease of this period	End of period
Investment in debt instruments	4,667,443	33,185,091	31,304,305	6,548,229
Issued loans and advances	1,542,040	33,401,777	33,113,454	1,830,363
Deposits of funds of central bank and deposits of funds of interbank and other financial institutions	351,330	6,504,695	5,666,579	1,189,446
Long-term receivables	229,518	1,671,215	1,594,384	306,349
Purchase of resold financial assets	636	956,754	948,973	8,417
Lending funds	27,393	173,949	194,979	6,363
Total	6,818,360	75,893,481	72,822,674	9,889,167



## VII. Debt-offsetting assets

Unit: RMB 1,000 Currency: RMB

Category	End of period		Beginning of period	
	Amount	Provision for impairment made	Amount	Provision for impairment made
Debt-offsetting non-financial assets	6,303	-	37,148	615
Total	6,303	-	37,148	615

## VIII. Situation of financial bonds held

### (I) Category and amount of financial bonds held

Unit: RMB 1,000 Currency: RMB

Category	Amount
Policy-based financial bond	36,113,672.78
Commercial bank financial bond	10,987,366.52
Other financial bond	2,980,000.00

In which: situations of top ten financial bonds having the largest face value are as follows:

Unit: RMB 1,000 Currency: RMB

Name of bond	Face value	Annual interest rate (%)	Maturity date	Provision for impairment made
17 Jinchu 09	1,610,000	4.11	2022-07-10	0
13 Bank of Beijing Bond 01	1,500,000	4.30	2018-03-04	0
17 Jinchu 04	1,310,000	4.05	2022-03-20	0
17 Bank of Beijing Green Financial Bond Phase II	1,100,000	4.90	2020-11-30	0
14 Nongfa 09	1,100,000	5.55	2021-02-20	0
16 Guokai 08	1,060,000	2.72	2019-03-03	0
15 Jinchu 09	1,060,000	4.02	2018-04-20	0
15 Jinchu 06	1,000,000	4.10	2020-03-24	0
17 Guokai 06	980,000	4.02	2022-04-17	0
17 Nongfa 09	920,000	4.13	2022-04-21	0

## IX. Situation of implementation and profit and loss of financial service, asset securitization, custody, trust and wealth management within the report period

### (I) Situation of implementation of financial service and profits and losses within the report period

Within the report period, the Bank accumulatively issued 3,078 types of financial products and accumulatively raised funds of RMB 870.6 billion. As of the end of the report period, existing scale of financial products recorded RMB 358.8 billion, accounting for 3% in interbank financial products, maintaining the lowest level in the industry. We continued to launch the public welfare financial product "Financial dream, benefiting families". When the customer purchases every RMB 10,000 of this financial product, the Bank will donate RMB 1 for public welfare. As of the end of the report period, the Company has accumulatively issued 143 public welfare financial products and raised financial funds of RMB 51,871 million.

Within the report period, the bank, for its financial business, honourably won "Excellence Award in Annual City Commercial Bank Wealth Management" granted by Shanghai Securities News, "Annual Best Wealth Management Bank" granted by National Business Daily, "Best bank Wealth Management Brand Award" by 21<sup>st</sup> Century Business Herald, "Junding Award for Chinese Bank Wealth Management Brand of 2017 granted by Securities Times, was rated as "City Commercial Bank Excellent in Wealth Management Registration Work in National Banking Industry" by Wealth Management Registration and Hosting Center, maintained the first in comprehensive evaluation on wealth management among city commercial banks on CNBENEFIT for 8 consecutive quarters; and in the Commercial Banking Products Issuers and Product Evaluation Results of 2016 of China Banking Association, the Bank of Jiangsu obtained five awards, namely, "Best Comprehensive Wealth Management Capacity Award", "Best City Commercial Bank Award", "Best Compliance Award", "Best Transformation Award" and "Best Innovation Award", and its comprehensive wealth management capacity ranked national top 10, and ranked in the first place among city commercial banks.

### (II) Situation of implementation of asset securitization business, and profits and losses within the report period

Within the report period, the bank, as a sponsoring organization, issued "Suyu non-performing assets supporting securities of Phase I of 2017", with pooling asset principal of RMB 1,939 million at the issuing scale of RMB 725 million.

### (III) Situation of implementation of custody business, and profits and losses within the report period

Within the report period, the Bank positively adapted to new changes in external market situation and new requirements of regulatory policies, strived to make improvement in its asset custody services ability internally, and vigorously promoted marketing funds, securities brokers, insurance, banks and other key institutional clients externally to put forth efforts on promoting the increase in business scale of asset custody. It put on-line asset custody client sides into operation, continued to optimize and improve related functions of asset custody business system, improved online processing efficiency, further enhanced customer stickiness and improved customer experience. As of the end of the report period, the Bank enjoyed asset custody scale of RMB 1.87 trillion, increasing by 19.92% compared with that of the beginning of the period; and accumulatively achieved custody income of RMB 429 million, increasing by 31.00% on a year-on-year basis.

#### (IV) Situation of implementation of trust business, and profits and losses within the report period

□ Applicable √ Not applicable

#### (V) Situation of implementation of wealth management business, and profits and losses within the report period

Within the report period, the Company continued to promote wealth and private management and private banking system construction, and constantly improved its product system. As of the end of the report period, it achieved the full coverage of the branch's wealth and private center, the scale of wealth and private customer assets exceeded RMB 100 billion, and the scale of high-end customer exclusive agent products issued exceeded RMB 10 billion. During the report period, the Company honourably won four awards including Best Regional Private Bank Award and Best Customer Experience Award granted by the China Banking Association, Best Chinese Private Bank" granted by APAC Wealth and "China's Most Progressive City Commercial Private Bank" rated by the Asian Banker.

### X. Situation of off-balance sheet items having significant influences on financial situation and business performance

Unit: RMB 1,000 Currency: RMB

Item	End of period	Beginning of period
Credit commitment	182,824,580	204,286,017
Including:		
Irrevocable loan commitment	13,188,215	14,028,669
Bank acceptance	128,733,269	154,262,387
Issue of letter of guarantee	20,631,719	16,774,743
Issue of letter of credit	14,407,420	14,864,214
Leasing commitment	2,423,389	600,000
Capital expenditure commitment		
Unused credit card limit	3,440,568	3,756,004

## XI. Various risks and situation of risk management within the report period

### (I) 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 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 conferring business. Fourthly, building the core risk management and control technology and improving effectiveness of credit risk management. Fifthly, perfecting the centralized operation and management system of non-performing assets and improving the efficiency of recovery and disposal. Sixthly, organizing to carry out risk checking and strengthening asset quality management and control and credit structural adjustment. Seventhly, perfecting the first person responsible of credit and strengthening asset quality responsibility restraint.

### (II) 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, in terms of 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, financing funds by the way of bond pledge, deposit taking of interbank, credit lending and bond sales to obtain liquidity.

### (III) Description of market risk

Market risk refers to the risk of loss of business in balance sheet and off-balance business of the Company 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 conducted management of interest rate risk by using interest rate re-pricing gap analysis, sensitivity analysis and asset portfolio building and adjustment, and conducted management of exchange rate risk by setting exchange rate exposure limit and closely monitoring risk exposure management. Within the report period, the market risk was stable and controllable.

### (IV) Description of operational risk

Operational risk refers to loss risk caused by imperfect or problematic internal procedure, employee, information technology system and external events, including legal risk but excluding strategic risk or reputational risk.

By continuously perfecting rules and regulations, promoting optimization of system flow, strengthening risk checking and rectification trace and enhancing employee 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, continuously optimizing functional optimization of internal control compliance and operational risk management system (GRC system) as well as function of risk early warning system in the event; thirdly, continuously propelling networked operation instruction; fourthly, enhancing the application of three management tools related to operational risk; fifthly, carrying out activity of "strengthening internal control, checking leaks and making up for the deficiencies"; 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.

### (V) 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 employees. Within the report period, situation of reputational risk was stable in general.

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

Unit: RMB 1,000 Currency: RMB

Item	The end of 2017	Ratio in amount/ balance of transaction of the same kind	The end of 2016	Ratio in amount/ balance of transaction of the same kind
Issued loans and advances	18,387	0.0025%	20,237	0.0032%
Deposit taking	6,095	0.0006%	7,529	0.0008%
Unused limit of credit card	4,008	0.1165%	2,242	0.06%
Entrusted loan funds	-	-	250	0.0002%
Interest receivable	23	0.0002%	48	0.0007%
Interest payable	30	0.0002%	20	0.0001%

Unit: RMB 1,000 Currency: RMB

Item	Year 2017	Ratio in amount of transaction of the same kind	Year 2016	Ratio in amount of transaction of the same kind
Interest income	38	0.0001%	441	0.0007%
Interest expenditure	85	0.0002%	96	0.0003%

## XIII. Situation of innovation business varieties launched within the report period

The relevant contents have been included in Section IV "Discussion of and Analysis on Business Condition" in this report



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Significant Issues

## Significant Issues

### I. Pre-arranged plans on profit distribution of common shares or increase by converting capital reserve

#### (I) Situation of formulation, implementation or adjustment of cash bonus 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 for 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 on the formulation or 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 policy 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 and formulating 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, the pre-arranged plan on annual profit distribution of 2016 was as follows upon approval through the deliberation of annual shareholders' meeting of 2016: distributing cash dividends to all registered shareholders on the basis of total capital stock of RMB 1,154,445 million shares on equity rights registration date of profit distribution, specific information: cash dividend of RMB 1.78 (tax-inclusive) per 10 shares, total cash dividends distributed reached RMB 2,054.91 million. The above said pre-arranged plan was implemented and distribution was completed on June 6, 2017. Pre-arranged plan on annual profit distribution of 2017 had been examined and passed by the 8<sup>th</sup> meeting of the 4<sup>th</sup> Board of Directors, the Board of Directors suggested: distributing cash dividends to all registered shareholders on equity rights registration date of profit distribution on the basis of total capital stock of RMB 1,154,445 million shares in the end of 2017, specific information: cash dividend of RMB 1.80 (tax-inclusive) per 10 shares, total cash dividends distributed reached RMB 2,078.00 million. The above said pre-arranged plan remains to be approved by shareholders' meeting of 2017. Independent directors of the Company issued independent opinions on pre-arranged plan on annual profit distribution of 2016 and 2017 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.

3. The Company mainly considered the following factors for cash dividends this year: firstly, complying with the trend of stricter capital supervision requirements, further enhancing the risk resistance capability; Secondly, the Company is in a

critical period of strategic development, retaining profits is conducive to accelerating strategic transformation and promoting high-quality sustainable development; Thirdly, it is conducive to continuously enhance the ability to create value to provide better and more reasonable long-term returns for investors.

The Company is in a critical period of strategic development, and retained profits are mainly used to enhance risk resistance, accelerate strategic transformation, and promote high-quality sustainable development.

The Proposal on Profit Distribution Pre-arranged Plan of 2017 of Bank of Jiangsu Co., Ltd. of the Company has been deliberated and adopted at the 8<sup>th</sup> meeting of the 4<sup>th</sup> board of directors.

The independent directors of the Company voiced their opinions about the profit distribution pre-arranged plan as follows:

(1) The deliberation procedure for the Proposal on Profit Distribution Pre-arranged Plan of 2017 of Bank of Jiangsu Co., Ltd. deliberated and adopted at the 8<sup>th</sup> meeting of the 4<sup>th</sup> board of directors of the Company was legal and effective.

(2) The Company plans to distribute cash dividend of RMB 1.80 (tax-inclusive) per 10 shares with total distributed cash dividends of RMB 2,078.00 million to all shareholders on the basis of total capital stock of 11,544.45 million shares by the end of 2017, and the profit distribution pre-arranged plan has not harmed the legal rights of company and small and medium shareholders..

(3) Agree to submit this proposal to shareholders' meeting of the Company for deliberation.

## (II) Profit distribution plan or pre-arranged plan, plan or pre-arranged plan on increase of capital stock by capital reserve of the Company in recent three years (including report period)

Unit: RMB 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 attributed to shareholders holding common shares of listed company in consolidated statement in dividend year	Ratio in net profit attributed to shareholders holding common shares of listed company in consolidated statement (%)
2017	0	1.80	0	2,078,000,000	11,874,997,000	17.50
2016	0	1.78	0	2,054,910,000	10,610,579,000	19.37
2015	0	0	0	0	9,497,433,000	0

## II. Situation of implementation of commitment issues

(I) Commitment issues made by parties related to commitment, including actual controllers, shareholders, related parties, purchasers and company, within the report period or continued to the report period

Commitment background	Commitment type	Commitment party
Commitment related to initial public offering	Restriction on sales of shares	The first majority shareholder Jiangsu International Trust Corporation Limited
	Restriction on sales of shares	Top 14 major shareholders holding total shares at above 51% of the Company before IPO (excluding the first majority shareholder Jiangsu International Trust Corporation Limited)
	Restriction on sales of shares	Newly-increased shareholders accepting company's equity by agreement transfer method from IPO declaration to the time before issuance
	Restriction on sales of shares	Internal employee shareholders holding over 50,000 shares of the Company
	Restriction on sales of shares	Current and outgoing directors, supervisors, senior management personnel shareholder TANG Jingsong and YANG Kai
	Letter of commitment on avoiding interbank competition	Jiangsu Trust
Commitment rated to refinancing	Other commitment	Directors and senior management personnel

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)
See Note 1 for details	August 2, 2016 to August 1, 2019	Yes	Yes	N/A	N/A
See Note 2 for details	August 2, 2016 to August 1, 2019	Yes	Yes	N/A	N/A
See Note 3 for details	Within 36 months from the date when shares held are registered in register of shareholders	Yes	Yes	N/A	N/A
See Note 4 for details	August 2, 2016 to August 1, 2024	Yes	Yes	N/A	N/A
See Note 5 for details	August 2, 2016 to the period within the term of office as determined at the time of taking office and the date of half a year after demission at the expiry of term of office	Yes	Yes	N/A	N/A
See Note 6 for details	Within the period when Jiangsu Trust is the first majority shareholder of the Bank of Jiangsu	Yes	Yes	N/A	N/A
See Note 7 for details	From November 29, 2016	No	Yes	N/A	N/A

Note 1: Neither transfer or entrust other people to manage shares held by it, nor 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 13th month after expiration of lockup period of corporate stock within the 13<sup>th</sup> month to 24th month after expiration of lockup period of corporate stock held.

Note 2: 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., and Suning.com Group Co., Ltd. promise: neither transfer or entrust other people to manage shares held by it, nor allow the Company to repurchase shares held by it within 36 months from the date of listing of company.

Note 3: Neither transfer or entrust other people to manage shares held by it, nor 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.

Note 4: Lockup period of share transfer cannot be less than 3 years 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.

Note 5: Neither transfer or entrust other people to manage shares held by it, nor 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.

Note 6: In a bid to avoid horizontal competition with the Bank in the future due to performance of function of state-owned assets management, Jiangsu Trust, the first majority shareholder of the Bank has issued letter of commitment, main contents are as follows:

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 the Bank of Jiangsu and its branches. he horizontal competition between
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 the 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.
3. At the directors' meeting or shareholders' meeting of the 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 will not take part in voting.

If it is confirmed that the business that the Company and subordinate enterprises of the Company is engaging in or will engage in has any horizontal competition with that of the Bank of Jiangsu, 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.

4. The Company promises to strictly comply with relevant regulations of China Banking Regulatory Commission and Stock Exchange, articles of association of the 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 the Bank of Jiangsu and other shareholders.

The above said commitments will come into effect after being signed, and have legal effect and are legally binding on the Company within the period when the Company is the first majority shareholder of the Bank of Jiangsu.

Note 7: Commitments of directors and senior management personnel of the Bank on filling measures to sight return of dilution of preferred shares of non-public offering in accordance with relevant provisions of China Securities Regulatory Commission:

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 remuneration system formulated by the board of directors or remuneration 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 measures.



### III. Occupation of funds and progress of clearance of defaults during the report period

☐ Applicable ☒ Not applicable

### IV. The Company's description on "non-standard opinion audit report" of the accounting firm

☐ Applicable ☒ Not applicable

### V. The Company's explanation and analysis on the reasons for and influences of changes in accounting policies and accounting estimates, or correction of major accounting errors

#### (I) The Company's explanation and analysis on the reasons for and influences of changes in accounting policies and accounting estimates

Explanation on changes in main accounting policies

The Ministry of Finance promulgated the Accounting Standards for Business Enterprises No. 42 –Non-Current Assets and Disposal Groups Held for Sale and Termination of Business Operation (hereinafter referred to as "Standards No. 42") and revised Accounting Standards for Business Enterprises No. 16 - Government Subsidies (hereinafter referred to as "Standards No. 16 (2017)") respectively in April and May 2017, in which, Standards No. 42 came into effect from May 28, 2017; and Standards No. 16 (2017) came into effect from June 12, 2017.

At the same time, the Ministry of Finance promulgated the Notice of Revising and Issuing the Format of Financial Statements for General Enterprises (C.K. [2017] No. 30) in December 2017. The Group prepared the financial statements of 2017 by comparing with stipulations and in accordance with the relevant requirements for financial enterprises.

When preparing financial statements, the management of the Group was required to apply estimates and assumptions and such estimates and assumptions would affect the application of accounting policies and the amount of assets, liabilities, revenue and expenses. The actual situation may differ from these estimates. The management of the Group conducted continuous assessment on judgment of the key assumptions and the uncertainties involved in the estimates. The influence of changes in accounting estimates would be confirmed in the current and future period of changes.

Except for the accounting estimates concerning the depreciation and amortization of assets such as fixed assets and intangible assets and impairment of various assets, the other major accounting estimates are as follows: the recognition of deferred income tax assets and the estimates of fair value of financial instruments.

The important judgments made by the Group in the process of applying accounting policies are as follows: preferred stocks are classified into equity instruments and significant judgments and assumptions regarding the control, joint control or significant influence on other entities.

## (II) The Company's explanation and analysis on the reasons for and influences of correction of major accounting errors

☐ Applicable ☒ Not applicable

## (III) Situation of communication with former accounting firm

☐ Applicable ☒ Not applicable

## VI. Situation of appointment and dismissal of accounting firm

Unit: RMB 10,000 Currency: RMB

Present appointment	
Name of domestic accounting firm	KPMG (Special General Partnership)
Remuneration domestic accounting firm	226.33
Audit years of domestic accounting firm	2 years

Unit: RMB 10,000 Currency: RMB

	Name	Remuneration
Internal control audit accounting firm	KPMG (Special General Partnership)	53.12
Sponsor	BOCI Securities Limited Co., Ltd.	-
	Huatai United Securities Co., Ltd.	

Description on appointment and dismissal of accounting firm

☐ Applicable ☒ Not applicable

Description on changing the appointment of accounting firm during audit period

☐ Applicable ☒ Not applicable

## VII. Situation of facing risk in suspension of listing

### (I) Reason for suspension of listing

☐ Applicable ☒ Not applicable

### (II) The Company's proposed countermeasures

☐ Applicable ☒ Not applicable

### (III) Situation of and reason for of facing termination of listing

☐ Applicable ☒ Not applicable

## VIII. Bankruptcy reorganization related matters

☐ Applicable ☒ Not applicable

## IX. Significant litigation and arbitration

The Company had no major litigation and arbitration matters during the report period.

As of the end of the report period, the Company was a plaintiff in 51 cases among court cases enjoying no final judgment, involved amount was RMB 1,145 million. 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.

## X. Punishment and rectification of the listed company and its directors, supervisors, senior management personnel, controlling shareholders, actual controllers and acquirers

☐ Applicable ☒ Not applicable

## XI. Description of honest situation of the Company, its controlling shareholders and actual controllers within the report period

☐ Applicable ☒ Not applicable

As of the end of the report period, the Company did not have controlling shareholders or actual controllers.

## XII. The situation of the Company's stock incentive plan, employee stock ownership plan or other employee incentive measures and their influence

☐ Applicable ☒ Not applicable

## XIII. Significant related transactions

Transaction business between the Company and related parties were generated due to demands for normal operating activities, general provisions of business management and supervision institution are executed for conditions and interest rate, and there were no circumstance of being superior to borrowers or counterparties. See notes to financial statements for the situation of significant related transaction between the Bank and related parties within the report period.

## XIV. Significant contracts and situation of performance of 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.

## XV. Situation of active performance of social responsibility

### (I) Work situation of precise poverty alleviation

#### 1. Precise poverty alleviation planning

The Company resolutely implemented the work deployment of the supervisory department and Jiangsu Provincial Party Committee and Provincial Government on the financial precise poverty alleviation, deeply integrated responsibilities with self-development, precise poverty alleviation and business development, paid more attention to improving the precision of financial poverty alleviation, and paid more attention to helping poor objects to enhance the “hematopoiesis” functions, closely connected with the key fields of financial precise poverty alleviation to actively organize and promote, and achieved periodic results.

#### 2. Summary on annual precise poverty alleviation

(1) Intensify the strength to launch loans for financial precise poverty alleviation. On the basis of strengthening financial support for the industrial poverty alleviation, actively carry out loan business for individual precise poverty alleviation. As of the end of the report period, the loans for industrial precise poverty alleviation were RMB 2,878 million, and the amount of loans individual precise poverty alleviation was RMB 105 million, which effectively supported the financing in some industries' people-enriching projects and the consumption, production and financial needs of a poor population established with cards for archives, and achieved good social benefits.

(2) Multiple measures were taken simultaneously to support precise poverty alleviation in northern Jiangsu. The Company adheres to the combination of industrial enrichment and precise poverty alleviation. Through various means such as industrial funds, it focuses on supporting the fields of modern agriculture, rural leisure tourism and rural infrastructure in 12 key supported counties and districts in northern Jiangsu to help long-term poverty alleviation with more than RMB 350 million launched during the report period. Fengxian County Precise Poverty Alleviation Fund Project Phase 1 participated in by the Company totaled RMB 700 million, benefiting 14 townships and 31 administrative villages, covering more than 3,800 poverty-stricken people established with cards for archives.

(3) Fixed-point poverty alleviation work was vigorously carried out. The combination of poverty alleviation, prompting ambition and wisdom, and the combination of blood transfusion and hematopoiesis were adhered to. During the report period, the Company arranged fixed-point poverty alleviation funds of RMB 32,959,200, benefiting 2,150 poor families in northern Jiangsu area. Among them, the aid construction of 50 provincial fixed economically weak village party branches totaled RMB 30 million to improve the hardware conditions of village and village Party member activity centers, serve the mass peasants and help the party building to lead the way out of poverty; and the “Drip & Dream Project” of RMB 2.4 million was supported to financially aid 1,200 poor students from low-income families established with cards for archives in the northern Jiangsu region to complete the high school education; 950 poor households were visited in the key helping areas in northern Jiangsu with donation of RMB 559,200.

## 3. Achievements in precise poverty alleviation

Unit: RMB 10,000 Currency: RMB

Index	Quantity and situation of implementation
I. Overall situation	
1. Number of poor and low-income population helped (persons)	3796
2. Funds	340941.24
II. Subentry income	
1. Financial precise poverty alleviation	
1.1 Number of poor population established with cards for archives and helped (persons)	1646
Including: 1.2.1 Number of persons helped with individual precise poverty alleviation	279
1.2.2 Number of persons helped with industrial precise poverty alleviation	1367
1.2 Loan amount of financial precise poverty alleviation	298345.32
Including: 1.2.1 Loans of individual precise poverty alleviation	10522
1.2.2 Loans of industrial precise poverty alleviation	287823.32
2. Fixed-point poverty alleviation	
2.1 Aid construction of provincial fixed economically weak village party branches	
2.1.1 Number of aid construction of provincial fixed economically weak village party branches (branches)	50
2.1.2 Amount of aid construction of provincial fixed economically weak village party branches	3000
2.2 Poor high school students aided financially	
2.2.1 Number of poor students (persons) aided financially	1200
2.2.2 Amount of poor students aided financially	240
2.2 Disadvantaged groups donated to	
2.2.1 Low income families visited(persons)	950
2.2.2 Donation amount	55.92
3. Other projects	
3.1 Description on other items	Agriculture-related industry funds
3.2. Number of agriculture-related industry funds	9
3.3. Total scale of agriculture-related industry funds	806500
3.4. Issuing amount of agriculture-related industry funds	39300

#### 4. Follow-up precise poverty alleviation plan

In the future, the Company will continue to earnestly implement all central and provincial decisions and deployment, steadily push forward all financial precise poverty alleviation work, explore, research and develop the exclusive products for financial poverty alleviation, and improve the accuracy and pertinence of financial poverty alleviation, give special support for financial poverty alleviation in terms of resource allocation and supporting systems, maintain input scale, actively participate in precise poverty alleviation in various forms, and promote the Bank's financial precise poverty alleviation work to achieve greater results.

### (II) Working situation of social responsibility

The Company disclosed the full text of the Social Responsibility Report of 2017 on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) on April 25, 2018.

### (III) Environmental information

1. Description of the environmental protection of companies and their important subsidiaries that are key pollutant discharging units announced by the environmental protection department.

☐ Applicable ☒ Not applicable

2. Companies other than key pollutant discharging units

☐ Applicable ☒ Not applicable

## XVI. Convertible corporate bonds

☐ Applicable ☒ Not applicable





Changes of Common Shares and Information of Shareholders

# Changes of Common Shares and Information of Shareholders

## I. Changes of capital of common shares

### (I) Changes of common shares

Unit: Shares

	Before the change		Increase/ decrease this time (+, -)					After the change	
	Quantity	Ratio (%)	New shares issued	Share donation	Share transferred from accumulation fund	Others	Sub-total	Quantity	Ratio (%)
I. Shares with restrictions	10,390,000,000	90.00	0	0	0	-4,756,396,054	-4,756,396,054	5,633,603,946	48.80
1. State shareholding	148,237,878	1.28	0	0	0	-79,382,224	-79,382,224	68,855,654	0.60
2. Shareholding of state-owned legal person	5,960,683,075	51.63	0	0	0	-2,185,953,295	-2,185,953,295	3,774,729,780	32.70
3. Shareholding of other domestic enterprises	4,281,079,047	37.09	0	0	0	-2,491,060,535	-2,491,060,535	1,790,018,512	15.51
Including: shareholding of domestic non-state-owned legal person	3,861,414,057	33.45	0	0	0	-2,234,686,310	-2,234,686,310	1,626,727,747	14.09
Shareholding of domestic natural persons	419,664,990	3.64	0	0	0	-256,374,225	-256,374,225	163,290,765	1.41
4. Foreign shareholding	0	0	0	0	0	0	0	0	0
Including: shareholding of overseas legal person	0	0	0	0	0	0	0	0	0
Shareholding of overseas natural persons	0	0	0	0	0	0	0	0	0
II. Circulating shares without restrictions	1,154,450,000	10.00	0	0	0	+4,756,396,054	+4,756,396,054	5,910,846,054	51.20
1. RMB common shares	1,154,450,000	10.00	0	0	0	+4,756,396,054	+4,756,396,054	5,910,846,054	51.20
2. Domestic listed foreign shares	0	0	0	0	0	0	0	0	0
3. Overseas listed foreign shares	0	0	0	0	0	0	0	0	0
4. Others	0	0	0	0	0	0	0	0	0
III. Total number of common shares	11,544,450,000	100.00	0	0	0	0	0	11,544,450,000	100.00

## (II) Description on changes of common shares

The Company had no change in the total number of shares of common shares during the report period.

For details of the changes in the restricted-sale shares, please refer to the Announcement of the Bank of Jiangsu on Initial Public Offering of Restricted Shares for Listing and Circulation published by the Company on website of the Shanghai Stock Exchange (www.sse.com.cn) on July 28, August 30, November 29 and December 28, 2017, as well as the Announcement of the Bank of Jiangsu on Explanation on Initial Public Offering of Restricted Shares for Listing and Circulation published on the website of the Shanghai Stock Exchange (www.sse.com.cn) on July 28.

## II. Situation of issuing and listing of securities

### (I) Situation of issuing of securities as of the report period

Type of stock and derivative securities	Date of issue	Interest rate	Issuance quantity	Listing date	Unit: share Currency: RMB	
					Approved quantity of listed transaction	Transaction termination date
Preferred stock	November 28, 2017	5.20%	200,000,000	December 21, 2017	200,000,000	—

Description of securities issuance during the report period (please state separately for bonds with different interest rates during the existence period):

In November 2017, the Company non-publicly issued preferred shares of RMB 200 million at issue price of RMB 100 per share and the interest rate of 5.20%. The preferred stock was listed on the Shanghai Stock Exchange in December with abbreviation of Suyinyou 1 and preferred stock code 360026. (See Section VIII "Related Situation of Preferred Stock" of this report for details.).

### (II) Situation of existing internal employee shares

The existing internal employee 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 had 162,851,614 internal employee shares, accounting for 1.41% of general capital stock.

## III. Information of shareholders and actual controllers

### (I) Total number of shareholders

Total number of common shareholders (accounts) as of the end of the report period	218523
Total number of common shareholders (accounts) as of the end of the last month before date of disclosure of annual report	210342
Total number of preferred shareholders (accounts) with recovered voting right as of the end of the report period	0
Total number of preferred shareholders (accounts) with recovered voting right as of the end of the last month before date of disclosure of annual report	0

(II) Table of situation of shareholding of top 10 shareholders and top 10 circulation shareholders (or shareholders without restricted conditions) as of the end of the report period

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	Situation of pledge or freezing		Nature of shareholder
					Status of share	Quantity	
Jiangsu International Trust Corporation Limited	0	892,803,026	7.73	892,803,026	None	0	State-owned legal person
Jiangsu Phoenix Publishing & Media Group Co., Ltd.	0	873,180,982	7.56	873,180,982	None	0	State-owned legal person
Huatai Securities Co., Ltd.	0	640,000,000	5.54	640,000,000	None	0	Domestic non-state-owned legal person
Wuxi Construction and Development Investment Co., Ltd.	0	546,489,186	4.73	546,489,186	None	0	State-owned legal person
Jiangsu Shagang Group Co., Ltd.	0	350,000,000	3.03	350,000,000	None	0	Domestic non-state-owned legal person
China Orient Asset Management Corporation	0	295,606,101	2.56	295,606,101	None	0	State-owned legal person
Suzhou International Development Group Co., Ltd.	0	270,353,286	2.34	270,353,286	Pledge	140,000,000	State-owned legal person
Jiangsu Broadcasting and Television Group Co., Ltd.	0	248,303,375	2.15	248,303,375	None	0	State-owned legal person
Nantong State-owned Assets Investment Holdings Co., Ltd	0	218,244,860	1.89	218,244,860	None	0	State-owned legal person
Jiangsu Expressway Company Limited	0	200,000,000	1.73	200,000,000	None	0	State-owned legal person

Unit: share

Situation of shareholding of top 10 shareholders without restrictions on sales			
Designation of shareholder	Number of circulation shares held without restrictions on sales	Category and quantity of share	
		Category	Quantity
Zhenjiang State-owned Investment Holding Group Co., Ltd.	131,807,944	RMB common shares	131,807,944
Huai'an Asset Operation Co., Ltd.	114,505,565	RMB common shares	114,505,565
Jiangsu Asset management Co., Ltd.	113,807,858	RMB common shares	113,807,858
Black Peony (Group) Co., Ltd.	110,000,000	RMB common shares	110,000,000
Yangzhou Modern Financial Investment Group Co., Ltd.	109,127,267	RMB common shares	109,127,267
Jiangsu Hiteker High-tech Co., Ltd.	100,000,000	RMB common shares	100,000,000
Jiangnan Mould & Plastic Technology Co., Ltd.	89,392,498	RMB common shares	89,392,498
Changzhou Investment Group Co., Ltd.	83,066,100	RMB common shares	83,066,100
High Hope International Group Zhongtian Corporation	80,000,000	RMB common shares	80,000,000
Changzhou New Development Industry Company	79,200,000	RMB common shares	79,200,000
Description of incidence relation or concerted action of the said shareholders			None
Description of preferred shareholders with recovered voting right and number of held shares			None

# Shareholding quantity of top 10 shareholders with restriction on sales and restriction

Unit: Share

No.	Name of shareholder with restrictions on sales	Number of shares held with restriction on sales	Tradable transaction situation of restricted-sale shares		Restriction on sales
			Tradable time	Quantity of newly-increased tradable transaction shares	
1	Jiangsu International Trust Corporation Limited	892,803,026	August 2, 2019	0	IPO
2	Jiangsu Phoenix Publishing & Media Group Co., Ltd.	873,180,982	August 2, 2019	0	IPO
3	Huatai Securities Co., Ltd.	640,000,000	August 2, 2019	0	IPO
4	Wuxi Construction and Development Investment Co., Ltd.	546,489,186	August 2, 2019	0	IPO
5	Jiangsu Shagang Group Co., Ltd.	350,000,000	August 2, 2019	0	IPO
6	China Orient Asset Management Corporation	295,606,101	August 2, 2019	0	IPO
7	Suzhou International Development Group Co., Ltd.	270,353,286	August 2, 2019	0	IPO
8	Jiangsu Broadcasting and Television Group Co., Ltd.	248,303,375	August 2, 2019	0	IPO
9	Nantong State-owned Assets Investment Holdings Co., Ltd	218,244,860	August 2, 2019	0	IPO
10	Jiangsu Expressway Company Limited	200,000,000	August 2, 2019	0	IPO
Description of incidence relation or concerted action of the said shareholders		None			





Related Situation of Preferred Stock

## Related Situation of Preferred Stock

### I. Issuance and listing of preferred stock as of the end of the report period in the recent three years

Unit: Share

Code of preferred stock	Abbreviation of preferred stock	Issue date	Issue price (RMB)	Nominal dividend rate (%)	Issue quantity	Listing date	Number approved of listings	Date of terminating listing
360026	Suyinyou 1	2017-11-28	100	5.20	200,000,000	2017- 12-21	200,000,000	—
The use progress and changes of raised funds			Please refer to the Authentication Report on the Deposit and Use of Raised Capital in 2017 of the Jiangsu Bank Co., Ltd. disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn) on April 25, 2018 for details,.					

### II. Shareholders of preferred stock

#### (I) Total shareholders of preferred stock

Total shareholders of preferred stock (accounts) as of the end of the report period	8
Total shareholders of preferred stock (accounts) at the end of the previous month before the annual report disclosure date	8

## (II) List of Top 10 shareholders of preferred stock as of the end of the report period

Unit: Share

Situation of shareholding of top 10 shareholders of preferred stock							
Designation (full name) of shareholder	Increase/decrease within the report period	Shareholding at the end of period	Ratio (%)	Category of shares held	Situation of pledge or freezing		Nature of shareholder
					Status of share	Quantity	
China Everbright Bank Co., Ltd. - Sunshine steady financial management program	48,320,000	48,320,000	24.160	Domestic preferred shares	None	0	Other
China Resources SZITIC Trust Co., Ltd. - CR Trust Huicui No. 1 - fund trust	48,320,000	48,320,000	24.160	Domestic preferred shares	None	0	Other
AXA SPDB Investment Managers - SPDB - Shanghai Pudong Development Bank Co., Ltd. Tianjin branch	24,150,000	24,150,000	12.075	Domestic preferred shares	None	0	Other
BOCOM-Schroders fund-CMBC - China Minsheng Banking Corp. Ltd.	19,320,000	19,320,000	9.660	Domestic preferred shares	None	0	Other
Bank Of Hangzhou Co., Ltd. - “Happiness 99” Fengyu Yingjia No. KF01 bank financial program	19,320,000	19,320,000	9.660	Domestic preferred shares	None	0	Other
BOCOM Schroeder Asset Management-BOCOM - Bank of Communications Co., Ltd.	19,320,000	19,320,000	9.660	Domestic preferred shares	None	0	Other
TruValue Asset Management - China Merchants Bank - China Merchants Bank Co., Ltd.	19,320,000	19,320,000	9.660	Domestic preferred shares	None	0	Other
Ping An Endowment Insurance Co., Ltd. - traditional - general insurance products	1,930,000	1,930,000	0.965	Domestic preferred shares	None	0	Other

Unit: Share

Situation of shareholding of top 10 shareholders of preferred stock

Designation (full name) of shareholder	Increase/decrease within the report period	Shareholding at the end of period	Ratio (%)	Category of shares held	Situation of pledge or <u>freezing</u>		Nature of shareholder
					Status of share	Quantity	
If the preferred shares held by shareholders have different settings on the terms other than the distribution of dividends and the distribution of surplus assets, the number of shares held shall be disclosed separately.							
Description of the situation that the above said shareholders have the associated relationship with the top 10 shareholders of common stock, or they are persons acting in concert among the top 10 shareholders of preferred stock.					None		
					None		

### III. Profit distribution of preferred shares

☐ Applicable ☒ Not applicable

During the report period, no profit distribution was made for the preferred stock of the Bank.

### IV. Repurchase and conversion of preferred stock conducted by the Company during the report period

☐ Applicable ☒ Not applicable

During the report period, no repurchase or conversion the preferred stock of the Bank occurred.

### V. During the report period, if the voting rights of preferred stock are restored, the Company shall disclose the restoration and exercise of related voting rights.

☐ Applicable ☒ Not applicable

During the report period, there was no restoration or exercise of voting rights of the Bank's preferred stock.

### VI. Accounting policies and reasons adopted by the Company for preferred stock

The Bank recognized the funds raised from the preferred stock issued in 2017 as an equity instrument in the financial statement in accordance with the relevant stipulations of Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments, and Discrimination of Financial Liabilities and Equity Instruments and Related Accounting Treatment Regulations, based on the relevant provisions of preferred stock, and combining with the definitions of financial liabilities and equity instruments through the following analysis.

#### (I) Settlement through delivering cash, other financial assets or exchanging financial assets or financial liabilities.

The preferred stock issued by the Bank enjoy the following characteristics: (1) No maturity period; (2) The right of redemption of preferred shares shall belong to the Bank, and there is no provisions set for investors to sell back, and the shareholders of preferred shares have no right to sell back the preferred shares held by them to the Bank. (3) According to the relevant provisions of the Articles of Association of the Company and the capital supervision policies for commercial banks, under the premise of ensuring that the capital status meets the capital regulatory requirements for commercial banks, the Bank may distribute dividends to the shareholders of preferred stock after making up for losses, withdrawing legal accumulation fund and general reserves in accordance with the law and under the circumstance that there are distributable post-tax profits. The order of dividends distributed to shareholders of preferred stock is before the shareholders of common stock. Under any circumstance, after deliberation and adoption at the shareholders' meeting, the Bank shall have the right to cancel the dividends of the preferred stock, which will not constitute an event of default.

Based on the aforesaid terms, the preferred shares issued by the Bank have no maturity period, are set with no terms for investors to sell back, no obligation for repurchase, and thus, the Bank, as the issuer, enjoys the decision-making right to repurchase the preferred shares, free from control exerted by other parties. The Bank may decide at its own discretion whether to pay dividends on preferred stock, without generation of contractual obligations for mandatory interest payments.

In consideration that the repurchase of preferred stocks and the payment of dividends are matters that the Bank is entitled to decide on its own, investors have no right to request the Bank to buy back preferred stock or pay dividends. Therefore, the Bank can avoid fulfilling the contractual obligations under the preferred stock by delivering cash, other financial assets or exchanging financial assets or financial liabilities.

## (II) Settlement through its own equity instruments

According to the mandatory stock conversion terms for the issuance of preferred shares of the Bank, the preferred shares have the feature of stock conversion, which means that the financial instrument can be settled with common stock and the stock is financial instrument that must or can be settled with the enterprise's own equity instruments

In the case of mandatory stock conversion, the price and quantity of common shares converted have been stipulated by relevant provisions. The initial mandatory conversion price has been set to a fixed amount, and the number of conversions calculated on such a basis is also fixed amount. Although the initial mandatory stock conversion price will be adjusted when the A-share common stock has the circumstance of bonus shares, increased capital stock, being lower than the market price of new stock additionally issued, share allotment, etc., these adjustments are due to reasonable adjustments for anti-dilution purposes, so they will not affect the condition that the preferred stock meets the delivery of a fixed amount of its own equity instrument.

The Bank believes that the preferred shares issued by the Bank have no need to be settled through the delivery of cash, other financial assets, or exchange of financial assets or financial liabilities, nor do they have the obligation to deliver variable-quantity self-equity instruments in the future. Therefore, they are classified as equity instruments.





Information of Directors, Supervisors,  
Senior Management Personnel and Employees

# Information of Directors, Supervisors, Senior Management Personnel and Employees

## I. Changes in shareholdings and remunerations

### (I) Changes in shareholdings directors, supervisors and senior management personnel and their remunerations within the report period

Unit: share

Name	Post	Sex	Year of birth	Term of office	Share holding at the beginning of the year	Share holding at the end of the year	Change in share holding within the year	Reason for change	Total pre-tax remuneration obtained from the Company within the report period (RMB 10,000)
XIA Ping	Chairman	Male	1963	April 2013 - change the term	-	-	-	-	70.09
	Executive director			August 2015 - change the term	-	-	-	-	70.07
JI Ming	President	Male	1962	April 2015 - change the term					
	Executive director			August 2015 - change the term	-	-	-	-	64.12
GU Xian	Vice president	Female	1963	July 2015 - February 2018					
HU Jun	Non-executive director	Male	1970	August 2015 - change the term	-	-	-	-	-
SHAN Xiang	Non-executive director	Male	1969	September 2017 - change the term	-	-	-	-	-
JIANG Jian	Non-executive director	Male	1966	March 2012 - change the term	-	-	-	-	-
TANG Jingsong	Non-executive director	Male	1969	December 2006 - change the term	6635	6635	-	-	-
SHEN Bin	Non-executive director	Male	1979	June 2010 -change the term	-	-	-	-	-
DU Wenyi	Non-executive director	Male	1963	March 2014 -change the term	-	-	-	-	-
LIU Yuhui	Independent non-executive director	Male	1970	March 2014 -change the term	-	-	-	-	20

Unit: Share

Name	Post	Sex	Year of birth	Term of office	Share holding at the beginning of the year	Share holding at the end of the year	Change in share holding within the year	Reason for change	Total pre-tax remuneration obtained from the Company within the report period (RMB 10,000)
YAN Yan	Independent non-executive director	Male	1972	March 2014 -change the term	-	-	-	-	20
YU Chen	Independent non-executive director	Male	1971	August 2015 -change the term	-	-	-	-	20
YANG Tingdong	Independent non-executive director	Male	1960	December 2015 -change the term	-	-	-	-	20
DING Xiaolin	Independent non-executive director	Male	1963	April 2017 -change the term	-	-	-	-	15
ZHU Qilong	Chairman of the board of supervisors	Male	1964	February 2016 -change the term	-	-	-	-	70.09
DU Baoqi	External supervisor	Male	1950	April 2014 -change the term	-	-	-	-	18
TANG Xiaoqing	External supervisor	Male	1954	February 2015 -change the term	-	-	-	-	18
LI Xindan	External supervisor	Male	1966	April 2017 -change the term	-	-	-	-	13.5
ZHAO Chuanbiao	Shareholder supervisor	Male	1966	April 2017 -change the term	-	-	-	-	-
YUAN Weijing	Shareholder supervisor	Female	1963	April 2014 -change the term	-	-	-	-	-
ZHOU Yanli	Shareholder supervisor	Female	1972	April 2017 -change the term	-	-	-	-	-
ZHOU Kai	Employee supervisor	Male	1977	August 2016 – January 2018	-	-	-	-	192.96
SHI Wenqi	Employee supervisor	Female	1972	March 2015 -change the term	-	-	-	-	122.91
JI Jinsong	Secretary of Committee for Discipline Inspection	Male	1967	February 2016 -	-	-	-	-	63.47

Unit: Share

Name	Post	Sex	Year of birth	Term of office	Share holding at the beginning of the year	Share holding at the end of the year	Change in share holding within the year	Reason for change	Total pre-tax remuneration obtained from the Company within the report period (RMB 10,000)
ZHAO Hui	Chief operating officer	Male	1965	August 2009 - February 2018	-	-	-	-	106.47
GE Renyu	Chief information officer	Male	1965	February 2017 -change the term	-	-	-	-	80.18
YANG Kai	Vice president	Male	1959	February 2016 - February 2018	322012	322012	-	-	62.29
WU Dianjun	Secretary of the board	Male	1969	August 2016 -change the term	-	-	-	-	106.44
LI Min	Assistant to president	Male	1963	June 2009 -change the term	-	-	-	-	283.32

Note: 1. The remuneration obtained by newly-appointed or outgoing personnel from the Company within the report period shall be converted in accordance with actual time in post within the report period.

2. Total pre-tax remunerations obtained by full-time service directors, supervisors and senior management personnel from the Company within the report period include part of various social insurances, housing fund and supplementary insurance paid by the unit.

3. Final pre-tax remunerations of some directors, supervisors and senior management personnel of the Company remain to be confirmed, and other parts will be separately disclosed after being confirmed.

4. Situations in which some non-executive directors, shareholder supervisors obtained remuneration from related parties of the Company are as follows:

1) Non-executive directors, shareholder supervisors held directors or senior management personnel in other legal person or organization, and such legal person or organization became a related party of the Company, the said non-executive directors, shareholder 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, non-executive director can obtain remuneration from the above said related party (unit dispatching shareholders).

Directors, supervisors and senior management personnel of the Company did not obtain remunerations from related parties of the Company except for the said situations.

(II) In 2016, the final pre-tax remunerations of some directors, supervisors and senior management personnel after assessment and confirmation made by the relevant departments

Name	Post at the end of 2016	Total final pre-tax compensation received from the Company in 2016 (RMB 10,000)
XIA Ping	Chairman	116.45
JI Ming	Executive director and president	116.18
GU Xian	Executive director and vice president	106.12
ZHANG Rongsen	Executive director and vice president	138.03
ZHU Qilong	Chairman of the board of supervisors	115.58
ZHOU Kai	Employee supervisor	88.62
SHI Wenqi	Employee supervisor	107.26
YANG Kai	Vice president	94.54
JI Jinsong	Secretary of Committee for Discipline Inspection	87.00
ZHAO Hui	Chief Operating Officer	222.27
WU Dianjun	Secretary of the board	186.20
LI Min	Assistant to president	325.44

Note: 1. The remuneration obtained by newly-appointed personnel from the Company within the report period shall be converted in accordance with actual time in post within the report period.

2. Total pre-tax remunerations obtained by full-time service directors, supervisors and senior management personnel from the Company within the report period include part of various social insurances, housing fund and supplementary insurance paid by the unit.

3. The remunerations of the directors, supervisors and senior management personnel of the Company within the scope of the person-in-charge of the provincial-governed financial enterprise of Jiangsu Province shall be implemented in accordance with the policies of relevant provincial department. The total amount of above said final pre-tax remunerations of directors, supervisors and senior management personnel obtained from the Company in 2016 shall include the expected part of tenure incentive income of the person in charge of provincial-governed financial enterprise. The tenure incentive income is linked to the evaluation result of the tenure assessment. A tenure of performance assessment shall be three years, and such tenure incentive income shall be honored after the end of the term of office.

4. The total amount of final pre-tax remunerations obtained by the other directors, supervisors and senior management personnel from the Company in the above table includes the deferred payment portion of the remuneration of 2016, and the deferred payment is linked to the evaluation results, and will be honored after assessment in the future.

### (III) Basic information of directors, supervisors and senior management personnel

Name	Main work experience
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 the Bank of Nanjing Co., Ltd.. He now serves as the chairman and secretary of party committee of the Bank of Jiangsu and chairman of Suyin Financial Leasing Co., Ltd.
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 the Bank of Jiangsu, vice president and deputy secretary of party committee of the Bank of Jiangsu and general manager (concurrently) of operation and management department of head office of the Bank of Jiangsu; Mr. JI Ming now serves as the director, president and deputy secretary of party committee of the Bank of Jiangsu.
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 the Bank of China, general manager of bank card department of Jiangsu Branch of the Bank of China; general manager of retail business department of the Bank of Jiangsu, member of the party committee and assistant to president of the Bank of Jiangsu. Ms. GU Xian now serves as the director, vice president and member of the party committee of the Bank of Jiangsu.
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 the Bank of Jiangsu.



Name	Main work experience
SHAN Xiang	A member of the Communist Party of China and principal senior accountant, graduated from Finance and Economics School of Soochow University with major in finance and obtained Degree of Master. He once served as section member in Financial Planning Division of Nanjing Tourism Bureau, Chief Financial Officer of China United Travel Co., Ltd., vice director of Investment Department of Jiangsu Phoenix Publishing & Media Group Co., Ltd. (in charge of presiding work), director of Investment Department of Jiangsu Phoenix Publishing & Media Group Co., Ltd., chief accountant and director of Accounting Department of Jiangsu Phoenix Publishing & Media Group Co., Ltd. He now serves as vice general manager of Jiangsu Phoenix Publishing & Media Group Co., Ltd., general manager of Jiangsu Phoenix Publishing & Media Group Finance Co., Ltd. and director of the Bank of Jiangsu.
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; general manager of Nanjing Head Office of investment bank business of Huatai Securities, chief supervisor of investment bank business of Huatai Securities, general manager of Shanghai Head Office of Huatai Securities, general manager of customer service department, assistant to president, secretary of the board, etc. At present, Mr. JIANG Jian holds the positions of vice president and secretary of the board of Huatai Securities Co., Ltd., member of the party committee; chairman 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., director of Huatai International Financial Holdings Co., Ltd. and director of the Bank of Jiangsu.
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 the Bank of Jiangsu.
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 the Bank of Suzhou Co., Ltd. and director of the Bank of Jiangsu.
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., director of financial audit department of Jiangsu Communications Holding Co., Ltd. and chairman of Jiangsu Communications Holding Group Finance Co., Ltd. He now serves as the director of financial management department and deputy chief accountant of Jiangsu Communications Holding Co., Ltd. and director of the Bank of Jiangsu.

Name	Main work experience
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 now serves as the researcher of Institute of Economics 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 Central China Land Media Co., Ltd., independent director of Shenzhen Keybridge Communications Co., Ltd., independent director of AFCA (Tianjin) Management Consulting Co., Ltd. and independent director of the Bank of Jiangsu.
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 Accounting Institute 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 the Bank of Jiangsu.
YU Chen	Obtained Master's Degree in Computer of IIT and Bachelor's Degree in Computer of Peking University, now he is studying 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 the Bank of Jiangsu.
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 the Bank of Jiangsu.
DING Xiaolin	A member of the Communist Party of China, graduated from Nanjing University, obtained the bachelor's degree in law and history, first-grade lawyer, have the qualification of securities business legal service and qualification of independent director. He once served for Jiangsu Provincial Department of Justice, and served as director of Jiangsu Xinhua Law Firm (deputy-director-general-level). He now serves as director of Jiangsu Guotai Xinhua Law Firm, arbitrator of Nanjing Arbitration Commission, executive member of Research Society of Administrative and Economic Law of Jiangsu Province, and independent director of the Bank of Jiangsu.
ZHU Qilong	A member of the party committee of head office, chairman of the board of supervisors, born in February 1964, 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 the Bank of Jiangsu, member of the party committee, secretary of the board and vice president of Head Office of the Bank of Jiangsu.

Name	Main work experience
DU Baoqi	External supervisor, born in May 1950, 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.
TANG Xiaoqing	External supervisor, born in August 1954, 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.
LI Xindan	External supervisor, born in April 1966, a member of the Communist Party of China, Ph. D. in Finance, professor, doctoral supervisor and an expert who enjoys the State Council Special Allowance. He once served as professor of the School of Economics and Management of Southeast University and dean of the School of Engineering Management of Nanjing University. He now serves as dean of Financial Innovation Research Institute of Nanjing university - Oxford University, director of the Academic Board of the School of Engineering Management of Nanjing University, director of Research Center of Financial Engineering, and director of International Research Center for Management Science and Engineering of Nanjing University - Stanford university. He concurrently serves as the member of Office of the Academic Degrees Committee of the State Council and National Supervisory Committee for Professional Degrees in Finance of the Ministry of Education, expert in decision-making consulting of Jiangsu provincial party committee, member of Listing Commission of Shanghai Stock Exchange, member of SSE Corporate Governance Index Committee, executive member of Chinese Finance Annual meeting, chairman of Jiangsu Capital Market Research Society, and vice chairman of Jiangsu Association of Science and Technology Innovation.
ZHAO Chuanbiao	Shareholder supervisor, born in April 1966, a member of the Communist Party of China, has the bachelor's degree and is an assistant economist. He once served as vice section chief of Fund Planning Division of Jiangsu Branch of the Bank of China, section chief and vice director of Business Department, office manager of Jiangsu Branch of China Orient Asset Management Co., Ltd., manager of Asset Operation Department II, vice general manager of the branch, general manager of Chongqing Branch. He now serves as the general manager of Jiangsu Branch of China Orient Asset Management Co., Ltd.
YUAN Weijing	Shareholder supervisor, born in July 1963, 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., chairman of Suzhou Trust Co., Ltd., and supervisor of Soochow Securities Co., Ltd.

Name	Main work experience
ZHOU Yanli	Shareholder supervisor, born in July 1972, a member of China Democratic National Construction Association, has the master' s degree, is a senior accountant, Chinese certified public accountant. She once served for Jiangsu Broadcasting and Television News Research Institute, Financial Planning Office of Jiangsu Broadcasting and Television Hall, and later worked for Jiangsu Broadcasting Corporation (Group), ever serves as supervisor, section chief, director assistant and vice director of Financial & Assets Department of Jiangsu Broadcasting Corporation (Group), director of China Fund Management Co., Ltd., supervisor of Omnijoi Media Corporation Co., Ltd., and chairman of the board of supervisors of Haoxiang Shopping Co., Ltd.
ZHOU Kai	Employee supervisor, born in June 1977, 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 the Bank of Nanjing. He now serves as the general manager of risk management department of the Bank of Jiangsu.
SHI Wenqi	Employee supervisor, born in April 1972, a member of the Communist Party of China, has the bachelor' s degree and is an economist and international 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 of Site Office I of Nanjing Audit Department of China Construction Bank, and business manager of General Office, business manager of Non-site and IT Audit Office, vice manager of Audit Quality Control and Comprehensive Management Team of Internal Audit Department of the Bank of Jiangsu, team manager, general manager assistant and vice general manager of IT and Non-site Audit Team. She now serves as the vice general manager of internal audit department of the Bank of Jiangsu (in charge of presiding work).
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 the Bank of Jiangsu.
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 the Bank of China, deputy director, deputy director (only in charge of presiding work) and director of liquidation division of Jiangsu Branch of the Bank of China, general manager of operation department of Jiangsu Branch of the Bank of China, president of Suqian Branch of the Bank of China and general manager of operation department of the Bank of Jiangsu. He now serves as the chief operating officer of the Bank of Jiangsu.

Name	Main work experience
GE Renyu	A member of the Communist Party of China, has bachelor's degree and is senior engineer. He once served as section member of Computer Division of Nanjing Branch of China Construction Bank, and director general assistant and deputy director general of Science and Technology Division, manager of Operation Center of Business Department of Jiangsu Branch of China Construction Bank, general manager of Information Technology Management Department of Jiangsu Branch of China Construction Bank, general manager of Information Technology Department of the Bank of Nanjing, general manager of Information Technology Department of the Bank of Jiangsu. He now serves as chief information officer of the Bank of Jiangsu, and general manager of Information Technology Department
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 Nation 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 Wuxi 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 of the Bank of Jiangsu, and member of the party committee of the Bank of Jiangsu.
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 the Bank of Jiangsu. He is now the secretary of the board, office director, director of the party committee office and propaganda director of the Bank of Jiangsu.
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 the Bank of Jiangsu. He now serves as the assistant to president of the Bank of Jiangsu, and president and secretary of the party committee of Shenzhen Branch of the Bank of Jiangsu.

II Description on other situations:

On January 30, 2018, the Company issued the "Announcement on the Resignation of Employee Supervisor", and Mr. ZHOU Kai resigned from the post of employee supervisor.

On February 2, 2018, Mr. WU Dianjun was nominated to serve as the Company's director at the seventh meeting of the fourth board of directors of the Company, which came into effect after this issue was submitted to annual shareholders' meeting of 2017 of the Company for deliberation and approval, and reported to the supervisory department for approval of his job qualification.

On February 2, 2018, at the seventh meeting of the fourth board of directors of the Company, Mr. Zhao Hui and Mr. Ge Renyu were appointed as the vice president of the Company, and Mr. Zhou Kai was appointed as the assistant to president of the Company, which came into effect after this issue was reported to the supervisory department for approval of their job qualifications.

On February 3, 2018, the Company issued the "Announcement on Changes in the Positions of Senior Management Personnel". According to the organization's decision, Ms. GU Xian and Mr. YANG Kai no longer served as vice president of the Company. Ms. GU Xian served as vice secretary of the Party Committee of the Company and Mr. YANG Kai served as senior advisor to the Company's asset liabilities and risk management. Ms. GU Xian still served as director of the Company, a member of Related Transaction Control Committee of the Board of Directors, a member of the Nomination and Remuneration Committee, and a member of the Consumer Rights and Interests Protection Committee.



## II. Situation of office holding of current directors, supervisors and senior management personnel

### (I) Situation of office holding in legal-person shareholders

Name of person in office	Name of legal-person shareholder	Post held in legal-person shareholder
HU Jun	Jiangsu International Trust Corporation Limited	Chairman
SHAN Xiang	Jiangsu Phoenix Publishing & Media Group Co., Ltd.	Vice general manager
JIANG Jian	Huatai Securities Co., Ltd.	Vice president
TANG Jingsong	Wuxi Construction and Development Investment Co., Ltd.	Chairman
SHEN Bin	Jiangsu Shagang Group Co., Ltd.	Chairman
DU Wenyi	Jiangsu Communications Holding Co., Ltd.	Deputy chief accountant Financial management department manager
ZHAO Chuanbiao	China Orient Asset Management Corporation	General Manager of Jiangsu Branch of China Orient Asset Management Corporation
YUAN Weijing	Suzhou International Development Group Co., Ltd.	Member of the party committee, chief accountant
ZHOU Yanli	Jiangsu Broadcasting Corporation (Group)	Director of Financial & Assets Department

### (II) Situation of office holding in other units

Name of person in office	Name of other unit	Post held in other 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
SHAN Xiang	Jiangsu Phoenix Publishing & Media Corporation Limited	Director
SHAN Xiang	Jiangsu Phoenix Property Investment Company Limited	Chairman of the board of supervisors
SHAN Xiang	Jiangsu Xinguanglian Technology Co., Ltd.	Director
SHAN Xiang	Jiangsu XGL Opto Electronics Co., Ltd.	Director
SHAN Xiang	Phoenix Legend Films Co., Ltd.	Director
SHAN Xiang	Beijing Fonghong Film Co., Ltd.	Director
SHAN Xiang	Beijing Fonghong Media Co., Ltd.	Supervisor
SHAN Xiang	Hachette-Phoenix Culture Development (Beijing) Company Limited	Supervisor
SHAN Xiang	Jiangsu Culture Industry Group Co., Ltd.	Chairman



Name of person in office	Name of other unit	Post held in other unit
SHAN Xiang	Jiangsu Cultural Investment Management Group Co., Ltd.	Director
SHAN Xiang	Shanghai FPL New Materials Co., Ltd.	Chairman
SHAN Xiang	Jiangsu Phoenix Publishing & Media Group Finance Co., Ltd.	General manager
JIANG Jian	Huatai Zijin Investment Co., Ltd.	Chairman
JIANG Jian	Huatai Ruitong Investment Management Co., Ltd.	Director
JIANG Jian	E-Capital Transfer Co., Ltd.	Director
JIANG Jian	Huatai Financial Holdings (Hong Kong) Co., Ltd.	Director
JIANG Jian	Huatai International Financial Holdings Co., Ltd.	Director
TANG Jingsong	Wuxi Taihu New City Development Group Co., Ltd.	Director and president
TANG Jingsong	Wuxi Rural Commercial Bank Co., Ltd.	Director
TANG Jingsong	Wuxi Oasis Construction Investment Co., Ltd.	Chairman
TANG Jingsong	Wuxi Jianrong Industrial Co., Ltd.	Executive director
TANG Jingsong	Wuxi Jianzheng Parking Management Co., Ltd.	Chairman
TANG Jingsong	Wuxi Jianzhi Media Co., Ltd.	Chairman
TANG Jingsong	Wuxi Caitong Financial Leasing Co., Ltd.	Chairman
TANG Jingsong	Wuxi Caixin Commercial Factoring Co., Ltd.	Chairman
TANG Jingsong	Wuxi Jianrong Guosu Investment Co., Ltd.	Chairman
TANG Jingsong	Wuxi Taihu Science Park Investment Development Co., Ltd.	Director
TANG Jingsong	Wuxi Taihu New City Real Estate Co., Ltd.	Chairman
TANG Jingsong	Wuxi Xinze Investment Development Co., Ltd.	Chairman
TANG Jingsong	Wuxi Xindu Real Estate Development Co., Ltd.	Chairman
TANG Jingsong	Wuxi Zhonghai Taihu New City Real Estate Co., Ltd.	Chairman
TANG Jingsong	Wuxi Zhonghai Hairun Real Estate Co., Ltd.	Chairman
TANG Jingsong	Xiushui Development Wuxi Co., Ltd.	Executive director
TANG Jingsong	Wuxi Gonghuwan Tourism Development Co., Ltd.	Chairman
TANG Jingsong	Wuxi Tianmeng Investment Management Co., Ltd.	Chairman
SHEN Bin	Bank of Suzhou Co., Ltd.	Director
SHEN Bin	Doto Futures Co., Ltd.	Director
SHEN Bin	Jinpu Industrial Investment Fund Management Co., Ltd.	Director
SHEN Bin	Shanghai Jinpu Health Care Equity Investment Fund Management Co., Ltd.	Director
SHEN Bin	Jiangsu CSC 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

Name of person in office	Name of other unit	Post held in other unit
SHEN Bin	Zhangjiagang Jiulong Real Estate Development Co., Ltd.	Chairman
SHEN Bin	Shanghai Carmel Investment Management Consulting Co., Ltd.	Actual controller
SHEN Bin	Shanghai Shagang Industrial Co., Ltd.	Chairman
SHEN Bin	Shanghai Shagang Enterprise Management Co., Ltd.	Supervisor
SHEN Bin	Wuxi Xuefeng Steel Co., Ltd.	Chairman of the board of supervisors
DU Wenyi	Jiangsu Suxichang Southern Expressway Co., Ltd.	Chairman of the board of supervisors
DU Wenyi	Guodian Taizhou Power Generation Co., Ltd.	Supervisor
DU Wenyi	Fuanda Fund Management Co., Ltd.	Supervisor
DU Wenyi	Jiangsu International Talent Consulting Service Co., Ltd.	Director
DU Wenyi	Hengtai Insurance Brokers Co., Ltd.	Director
DU Wenyi	Nanjing Yuejin Automobile Co., Ltd.	Director
DU Wenyi	Jiangsu Railway Investment Development Co., Ltd.	Director
DU Wenyi	Zhenjiang Junding Share Link Venture Capital Co., Ltd.	Director
DU Wenyi	Nanjing Share Link Venture Capital Co., Ltd.	Director
DU Wenyi	Jiangsu Expressway Co., Ltd.	Director
DU Wenyi	Jiangsu Communications Holding Group Finance Co., Ltd.	Director
DU Wenyi	Jiangsu Financial Leasing Co., Ltd.	Director
DU Wenyi	Huatai Securities Co., Ltd.	Supervisor
LIU Yuhui	Institute of Economics 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 and doctoral supervisor
LIU Yuhui	Nankai University	Professor and doctoral supervisor
LIU Yuhui	Central China Land Media Co., Ltd.	Independent director
LIU Yuhui	Shenzhen Keybridge Communications Co., Ltd.	Independent director
LIU Yuhui	AFCA (Tianjin) Management Consulting Co., Ltd.	Independent director
YAN Yan	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

Name of person in office	Name of other unit	Post held in other unit
YU Chen	Yeepay Co., Ltd.	President
YANG Tingdong	Jiangsu Backto Ecological Agricultural Development Co., Ltd.	Vice general manager
YANG Tingdong	Shanghai Aiqi Pharmaceutical Technology Co., Ltd.	Director
DING Xiaolin	Jiangsu Guotai Xinhua Law Firm	Director
GU Yingbin	Beijing Dentons Law Offices, LLP	Senior partner
GU Yingbin	Beijing Dentons Law Offices, LLP (Nantong)	Director
WANG Weihong	Jiangsu Phoenix Property Investment Company Limited	Vice chairman
WANG Weihong	Jiangsu Phoenix Publishing & Media Corporation Limited	Chairman of the board of supervisors
WANG Weihong	Jiangsu Xinguanglian Technology Co., Ltd.	Chairman
WANG Weihong	Jiangsu Phoenix Cancer Hospital Co., Ltd.	Chairman
YUAN Weijing	Suzhou Trust Co., Ltd.	Chairman
YUAN Weijing	Soochow Securities Co., Ltd.	Supervisor
ZHOU Yanli	China Fund Management Co., Ltd.	Director
ZHOU Yanli	Omnijoi Media Corporation Co., Ltd.	Supervisor
ZHOU Yanli	Haoxiang Shopping Co., Ltd.	Chairman of the board of supervisors

### III. Changes in directors, supervisors and senior management personnel of the Company

Name	Post held	Situation of change	Reason for change
GU Yingbin	Independent director	Demission	Change the term of office
WANG Weihong	Director	Demission	Job transfer
ZHANG Rongsen	Director and vice president	Demission	Work reason
DING Xiaolin	Independent director	Election	Change the term of office
SHAN Xiang	Director	Election	Work reason
LI Xindan	External supervisor	Appointment	New appointment
ZHAO Chuanbiao	Shareholder supervisor	Appointment	Work reason
ZHOU Yanli	Shareholder supervisor	Appointment	Work reason
YU Jiaqin	Former shareholder supervisor	Demission	Work reason
AN Ran	Former shareholder supervisor	Demission	Work reason

## IV. Description on penalties imposed by securities regulatory agency in recent three years

□ Applicable √ Not applicable

## V. Information of employees of parent company and subsidiaries

### (I) Information of employees

Number of current employees of parent company	14,662
Number of current employees of main subsidiaries	150
Total number of current employees	14,812
Number of retired employees whose expenses shall be undertaken by parent company and main subsidiaries	1,880
Professional composition	
Category of composition	Number of people
Personnel in management class	4,061
Personnel in marketing class	3,483
Personnel in operation class	6,993
Others	275
Total	14,812
Educational background	
Category of educational background	Quantity (person)
Postgraduate	1,808
University	9,993
Junior college	2,118
Technical secondary school or below	893
Total	14,812

### (II) Remuneration policy

In accordance with the Guidance for Supervision on Sound Remuneration of Commercial Banks of China Banking Regulatory Commission, the Bank built unified remuneration management structure and system and formulated the Method of Employee Remuneration Management of the Bank of Jiangsu which comprehensively standardized remuneration management work of institutions at all or different levels of the Bank of Jiangsu in line with rules and development tendency of marketization remuneration management of commercial banks. The remuneration 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 remuneration as per post and changing post and remuneration at the same time. In accordance with supervision requirements, the Bank formulated the Administrative Measures for Delay in Payment of Performance Salary of the Bank of Jiangsu, carrying out delay in payment of performance salary to personnel holding the post influenced by risks.

### (III) Training plan

In 2017, the Bank actively carried out training over various personnel, including middle and senior management personnel, young and middle-aged cadres, presidents of sub-branches, business backbone, customer managers, tellers and undergraduates newly getting into the career. Throughout the year, the Bank held 6,059 trainings and attending person-time reached 267,017. Per capita class hours reached 122.88 hours, including 70.39 per capita offline class hours and 52.49 per capita online class hours. The training enterprise account of the Bank of Jiangsu "e school" was created, and employees accepted the micro-lessons of 234,400 courses in total throughout the year, with 16.5 courses per capita.

In 2018, the Bank's training work will be led by the concept and requirements of "building the best bank enjoying the internet big data gene" and smart construction. It will accurately grasp the new characteristics of training needs of cadres of the Bank of Jiangsu in the new era and aim to enhance the value-creating ability, enhance the strength of training smart construction, promote the transformation and upgrading of training work with higher quality, and provide strong support for building a listed good bank of "four modernizations".

### (IV) Situation of labor outsourcing

Total hours of labor outsourcing	4,399,065 hours
Total remuneration paid for labor outsourcing	RMB 213,414,800





# Corporate Governance

## I. Description of relevant situation of corporate governance

From 2017, the Bank comprehensively complied with supervision requirements of China Securities Regulatory Commission, China Banking Regulatory Commission and Stock Exchange, carried out systematic arrangement and revise of articles of association, equity right management, financial report audit, information disclosure, subsidiary management and other systems within combination of physical truth of the Bank to continuously perfect corporate governance system. It successfully completed the change of the board of directors, adjusted and improved the staffing of the special committee of the board of directors, added of Consumer Rights and Interests Protection Committee the board of directors, and formed a relatively complete corporate governance structure system. The Bank continuously perfected corporate governance architecture composed of shareholders' meeting, Board of Directors, Board of Supervisors 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.

Is there any significant difference between corporate governance and the requirements stipulated by China Securities Regulatory Commission; if there is any significant difference, the reasons shall be explained.

☐ Applicable ☒ Not applicable

Corporate governance of the Bank had no significant difference with the requirements stipulated by China Securities Regulatory Commission.

## II. Brief introduction of shareholders' meeting

Meeting	Date of convening	Inquiry index of appointed website which resolutions published on	Date of resolutions on disclosure of publishing
Shareholders' meeting of 2016	April 10, 2017	www.sse.com.cn	April 11, 2017
The 1 <sup>st</sup> interim shareholders' meeting of 2017	September 14, 2017	www.sse.com.cn	September 15, 2017

### Description on Shareholders' Meeting

Within the report period, the Company convened 2 shareholders' meetings in total, which were convened by the board of directors, and at which 18 proposals were deliberated and approved, including annual profit distribution pre-arranged plan of 2016, annual work report of the board of directors of 2016 of the Bank of Jiangsu Co., Ltd.

### III. Situation of performance of duties by directors

#### (I) Details about attendance of directors in board of directors 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	8	8	2	0	0	No	1
JI Ming	No	8	8	2	0	0	No	2
GU Xian	No	8	7	2	1	0	No	2
HU Jun	No	8	8	2	0	0	No	0
JIANG Jian	No	8	5	2	3	0	No	0
TANG Jingsong	No	8	7	2	1	0	No	0
SHEN Bin	No	8	5	2	3	0	No	0
DU Wenyi	No	8	7	2	1	0	No	1
LIU Yuhui	Yes	8	5	2	3	0	No	1
YAN Yan	Yes	8	8	2	0	0	No	1
YU Chen	Yes	8	6	2	2	0	No	1
YANG Tingdong	Yes	8	5	2	3	0	No	2
DING Xiaolin	Yes	3	3	2	0	0	No	2

Note: On September 14, 2017, SHAN Xiang was elected as a director of the Company at the first interim shareholders' meeting of 2017 of the Company. According to the regulatory requirements of China Banking Regulatory Commission, Jiangsu Office, SHAN Xiang had not actually performed his duties before the approval of the job qualification was obtained. On March 8, 2018, China Banking Regulatory Commission, Jiangsu Office issued the "Reply to Job Qualification of SHAN Xiang" (S.Y.J.F. [2018] No. 56), and approved the job qualification of SHAN Xiang as a director.

Explanation for failure in attending the board meeting in person for two consecutive times

☐ Applicable ☒ Not applicable

Times of board meetings held during the year	8
Including: Times of onsite meetings	6
Times of meetings held by means of communication	2
Times of meetings held on site combining with means of communication	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 8 board meetings within the report period, deliberated and approved 63 proposals, including periodic report, initiation of setting up direct sale bank subsidiary, 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 regulatory authorities.

## (II) Situation that independent directors raised objection to related issues of the Company

☐ Applicable ☒ Not applicable

## IV. Important opinions and suggestions proposed at the time of performance of duties by specialized committees under the Board of Directors within the report period; where there are objections, the specific circumstances shall be disclosed

☐ Applicable ☒ Not applicable

## V. Description of the board of supervisors' finding the existence of risk in the Company

☐ Applicable ☒ Not applicable

## VI. Description that the Company cannot guarantee its independence, cannot maintain self-operation capacity in terms of business, personnel, assets, organizations, finance, etc. with its controlling shareholders

☐ Applicable ☒ Not applicable

If there is horizontal competition, the Company's corresponding solutions, work progress and follow-up work plan

☐ Applicable ☒ Not applicable

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

Senior management personnel of the Company are directly responsible for the Board of Directors of the Company. Within the report period, nomination and remuneration committee under the Board of Directors enhanced evaluation on senior management personnel 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 Remuneration Assessment Method of Senior Management Personnel of the Bank of Jiangsu. It was found, from the evaluation, that senior management of the Company completed various targets assigned by the Board of Directors well in 2017, and annual assessment level given by the Board of Directors to every senior management personnel was A. The Board of Supervisors of the Company carried out evaluation on performance of duties in 2017 of senior management

personnel according to regulatory requirements and related rules and regulations of the Company. Assessment results of senior management personnel given by the Board of Directors and evaluation opinions on senior management personnel given by the Board of Supervisors were important basis of incentive and constraint of senior management personnel.

## VIII. Whether disclose self-evaluation report on internal control

The Company disclosed the full text of the self-evaluation report on internal control on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) on April 25, 2018.

## IX. Description of the internal control audit report

The Company disclosed the full text of the internal control audit report on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) on April 25, 2018.

## X. Information disclosure and investor relations

### (I) Information disclosure

The Board of Directors and the management of the Bank attached great importance to the information disclosure work and formulated various rules and regulations such as the Administrative Measures for the Information Disclosure of the Bank of China Co., Ltd. The information disclosure system was constantly improved, and the examination and approval process was strictly regulated to ensure the truthfulness, accuracy, completeness and timeliness of disclosed information.

During the report period, the Bank disclosed 4 periodic reports and 43 interim reports, with a total of 92 documents of different types disclosed strictly in accordance with regulatory requirements; it studied and formulated the Administrative Measures for the Suspension and Exemption of Information Disclosure of the Bank of Jiangsu; and actively conducted management work of insiders of inside information., and constantly strengthened the entire personnel's awareness of compliance. In the assessment and evaluation on the annual information disclosure of listed companies by the Shanghai Stock Exchange, the Bank obtained Class B.

During the report period, information disclosure index of the Bank is as follows:

Date of announcement	Announcement No.	Title of announcement
2017-01-18	2017-001	Announcement of the Bank of Jiangsu on Opening of Nanjing Branch
2017-01-19	2017-002	Announcement of the Bank of Jiangsu on Annual Preliminary Performance Estimate of 2016
2017-01-20	2017-003	Announcement of the Bank of Jiangsu on Preferred Stock Offering Scheme and Articles of Association of the Company Obtaining the Approval from China Banking Regulatory Commission, Jiangsu Office
2017-01-20	2017-004	Announcement of the Bank of Jiangsu on Adding Sponsor Institution for Continuous Supervision and Sponsor Representative
2017-02-10	2017-005	Announcement of the Bank of Jiangsu on the Resolutions of the Board of Directors
2017-02-10	2017-006	Announcement of the Bank of Jiangsu on Change of Contact Phone Number of Investors
2017-02-15	2017-007	Announcement of the Bank of Jiangsu on Receipt of the Notice of China Securities Regulatory Commission on Acceptance of Administrative License Application
2017-02-25	2017-008	Announcement of the Bank of Jiangsu on Appointment of Senior Management Personnel
2017-03-20	Periodic report	Annual Report of the Bank of Jiangsu of 2016

Date of announcement	Announcement No.	Title of announcement
2017-03-20	2017-009	Announcement of the Bank of Jiangsu on the Resolutions of the Board of Directors
2017-03-20	2017-010	Announcement of the Bank of Jiangsu on the Resolutions of the Board of Supervisors
2017-03-20	2017-011	Notice of the Bank of Jiangsu on Convening the Annual Shareholders' Meeting of 2016
2017-03-20	2017-012	Announcement of the Bank of Jiangsu on Annual Daily Related Transaction Estimate Limit of Some Related Parties of 2017
2017-03-20	2017-013	Announcement of the Bank of Jiangsu on Holding Performance Statement Meeting
2017-03-22	2017-014	Announcement of the Bank of Jiangsu on Minutes of Annual Performance Statement Meeting of 2016
2017-03-22	2017-015	Announcement of the Bank of Jiangsu on Signing the Strategic Cooperation Agreement
2017-03-22	2017-016	Announcement of the Bank of Jiangsu on Job Qualifications of Senior Management Personnel Obtaining the Approval from Regulatory Authority
2017-03-28	2017-017	Announcement of the Bank of Jiangsu on Reply to Feedback on the Application Documents for Non-public Offering of Preferred Stock
2017-03-31	2017-018	Indicative Announcement of the Bank of Jiangsu on Convening the Annual Shareholders' Meeting of 2016
2017-04-11	2017-019	Announcement of the Bank of Jiangsu on the Resolutions of Shareholders' Meeting
2017-04-11	2017-020	Announcement of the Bank of Jiangsu on the Resolutions of the Board of Directors
2017-04-11	2017-021	Announcement of the Bank of Jiangsu on the Resolutions of the Board of Supervisors
2017-04-13	2017-022	Announcement of the Bank of Jiangsu on the Progress of Initiation of Setting up Consumer Finance Company
2017-04-27	2017-023	Announcement of the Bank of Jiangsu on the Resolutions of the Board of Directors
2017-04-27	Periodic report	The 1 <sup>st</sup> Quarterly Report of the Bank of Jiangsu of 2017
2017-05-26	2017-024	Announcement of the Bank of Jiangsu on Implementation of Annual Equity Distribution of 2016
2017-07-01	2017-025	Announcement of the Bank of Jiangsu on Resignation of Directors
2017-07-15	2017-026	Announcement of the Bank of Jiangsu on Independent Director Job Qualification Obtaining the Approval from Regulatory Authority
2017-07-28	2017-027	Announcement of the Bank of Jiangsu on Initial Public Offering of Restricted Sales Stock for Listing and Circulation
2017-07-28	2017-028	Announcement of the Bank of Jiangsu on Description of Initial Public Offering of Restricted Sales Stock for Listing and Circulation
2017-08-01	2017-029	Announcement of the Bank of Jiangsu on Completion of Issuing Financial Bond of Phase I of 2017

Date of announcement	Announcement No.	Title of announcement
2017-08-23	2017-030	Announcement of the Bank of Jiangsu on Application for Non-public Offering of Preferred Stock Adopted by the Issuance Examination Committee of China Securities Regulatory Commission through Examination
2017-08-30	2017-031	Announcement of the Bank of Jiangsu on Initial Public Offering of Restricted Sales Stock for Listing and Circulation
2017-08-30	2017-032	Announcement of the Bank of Jiangsu on the Resolutions of the Board of Directors
2017-08-30	2017-033	Announcement of the Bank of Jiangsu on the Resolutions of the Board of Supervisors
2017-08-30	2017-034	Notice of the Bank of Jiangsu on Convening the 1st Interim Shareholders' Meeting of 2017
2017-08-30	Periodic report	The Semi-annual Report of the Bank of Jiangsu of 2017
2017-09-09	2017-035	Indicative Announcement of the Bank of Jiangsu on Convening the 1st Interim Shareholders' Meeting of 2017
2017-09-15	2017-036	Announcement of the Bank of Jiangsu on the Resolutions of 1st Interim Shareholders' Meeting of 2017
2017-09-20	2017-037	Announcement of the Bank of Jiangsu on Resignation of Directors and Senior Management Personnel
2017-10-31	2017-038	Announcement of the Bank of Jiangsu on the Resolutions of the Board of Directors
2017-10-31	2017-039	Announcement of the Bank of Jiangsu on Application for Non-public Offering of Preferred Stock Obtaining the Approval from China Securities Regulatory Commission
2017-10-31	Periodic report	The 3 <sup>rd</sup> Quarterly Report of the Bank of Jiangsu of 2017
2017-11-29	2017-040	Announcement of the Bank of Jiangsu on Initial Public Offering of Restricted Sales Stock for Listing and Circulation
2017-12-18	2017-041	Announcement of the Bank of Jiangsu on Listing Non-public Offering of Preferred Stock for Transfer
2017-12-28	2017-042	Announcement of the Bank of Jiangsu on Signing Regulatory Agreement on Deposit of Raised Fund Special Account for Non-public Offering of Preferred Stock
2017-12-28	2017-043	Announcement of the Bank of Jiangsu on Initial Public Offering of Restricted Sales Stock for Listing and Circulation

## (II) Investor relations

The Bank has attached great importance to the management of investor relations, and has always persisted in centering on investors, focused on market dynamics, and focused on hot spots in the market, disseminated information of the Bank to the market in a comprehensive, objective and positive manner and maintained good communication with various investors and analysts. During the report period, the Bank held 1 annual performance statement meeting, received investigations and surveys at the bank, and actively went out to visit investors and analysts for more than 40 batches, and communicated with various investors through telephone, e-mail, SSE e Interactive Platform and other channels for nearly 1,000 times, concretely answered questions concerned by investors and analysts, and timely delivered information on the Bank's development strategy and advantages, etc.



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Related Situation of Corporate bonds

## Related Situation of Corporate bonds

☐ Applicable ☒ Not applicable



Contents of Documents for Reference

## Contents of Documents for Reference

Documents for Reference	Reserved copy of Annual Report bearing signatures of directors and senior management personnel of the Company
	Accountant Statements bearing signatures and seals of the chairman, president and person in charge of accounting agency
	Original of Audit Report bearing seal of accounting agency and signatures and seals of certified public accountants
	Reserved copies of all documents and originals of announcements publically disclosed on newspapers appointed by China Securities Regulatory Commission within the report period
	Articles of Association of the Bank of Jiangsu Co., Ltd.



Chairman of the Bank of Jiangsu Co., Ltd.: XIA Ping

Date of submission approved by the Board of Directors: April 24, 2018




## Written Confirmation Opinion of Directors and Senior Management of Bank of Jiangsu Co., Ltd. on Annual Report of 2017 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 2017 and its abstract:

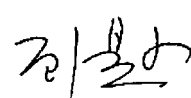
I. The company carries out operation in strict accordance with the Accounting Standards for Business Enterprises and relevant institutional norms. The Annual Report of 2017 and its abstract fairly reflect financial condition and operating results of the company within the report period, and the information 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 2017 of the company and issued the standard unqualified audit opinion. Various data contained in the Annual Report of 2017 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 2017 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 

JI Ming 

GU Xian 

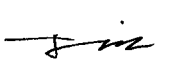
HU Jun 

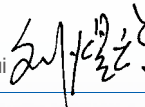
Shan Xiang 

JIANG Jian 

TANG Jinsong 

SHEN Bin 

DU Wenyi 

LIU Yuhui 

YAN Yan 

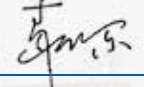
YU Chen 

YANG Tingdong 

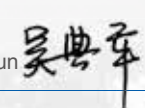
Ding Xiaolin 

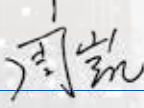
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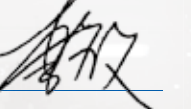
Zhao Hui 

Ge Renyu 

Yang Kai 

Wu Dianjun 

Zhou Kai 

Li Min 



## AUDITORS' REPORT

毕马威华振审字第1800379号

All Shareholders of Bank of Jiangsu Company Limited:

### Opinion

We have audited the accompanying financial statements of Bank of Jiangsu Company Limited ("the Bank") and its subsidiaries ("the Group") set out on pages 1 to 127, which comprise the consolidated and the Bank's balance sheet as at 31 December 2017, the consolidated and the Bank's income statements, the consolidated and the Bank's cash flow statements, the consolidated and the Bank's statement of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Group's and the Bank's financial position as at 31 December 2017, and the Group's and the Bank's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

### Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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



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Impairment of loans and receivables

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Refer to “Note 3. (7) (b): Impairment of the Financial Assets” and “Note 3. (27): Significant accounting estimates and judgements” of the accounting policy to the financial statements, “Note 5 (8): Loans and advances to customers” and “Note 5 (12): Investment securities classified as receivables” to the Group’s and the Bank’s financial statements.

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The Key Audit Matter

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How the matter was addressed in our audit

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Loans and receivables mainly including loans and advances to customers and investment securities classified as receivables.

Impairment of loans and receivables is a subjective area due to the degree of judgement applied by management in determining impairment allowances.

From the Group’s perspective, the portfolios which gave rise to the greatest uncertainty in determining impairment allowances for loans and receivables were those where collective impairments allowances were derived from models, and assessment of recoverable cash flows relating to individual impairment allowances, especially for those where loans and receivables were unsecured or were subject to potential collateral shortfalls.

Our audit procedures to assess impairment of loans and receivables included the following:

- assessing the design, implementation and operating effectiveness of key internal controls over the approval, recording, monitoring, restructuring, the credit grading process and the measurement of impairment allowances for loans and receivables.;
  - checking the total amount of impairment allowances by each credit grade of loans and receivables with the balance in the general ledger.
  - selecting a risk-based sample for credit review. We analysed the loan portfolio by industry sector to select samples in industries vulnerable to the current economic slowdown. We also focused on loans and receivables with perceived higher risk and selected samples from nonperforming loans, overdue but performing loans and borrowers with negative warning signs or adverse press coverage. We assessed the performing logics of overdue information by involving the deliverables of IRM specialists from our firm;
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## Impairment of loans and receivables

Refer to “Note 3. (7) (b): Impairment of the Financial Assets” and “Note 3. (27): Significant accounting estimates and judgements” of the accounting policy to the financial statements, “Note 5 (8): Loans and advances to customers” and “Note 5 (12): Investment securities classified as receivables” to the Group’ s and the Bank’ s financial statements.

### The Key Audit Matter

### How the matter was addressed in our audit

Individual impairment allowances are assessed by management once objective evidence of impairment becomes apparent in a corporate loan. Management exercises judgement in determining the quantum of loss based on a range of factors. These include available remedies for recovery, the financial situation of the borrower, collateral valuation, the seniority of the claim and the existence and cooperativeness of other creditors. Whilst the Group appoints external valuers for the valuation of certain property and other illiquid collateral, enforceability, timing and means of realisation also affect the ultimate collectability and thereby the amount of impairment allowances as at the reporting date.

The determination of the collective impairment allowances is dependent on the external macro environment and internal credit risk management models. The Group’ s collective impairment allowances for corporate loans and receivables are derived from estimates including the Group’ s historical losses, the historical emergence period for corporate loans and advances (i.e. the time lapse between the occurrence of the event causing eventual default to the actual recording of a loss) and other adjustment factors. The Group’ s collective impairment allowances for personal loans are derived from estimates, including the Group’ s historical overdue data, historical loss experience for personal loans and other adjustment factors.

- performing credit assessments for the selected individually impaired corporate loans and receivables by assessing the forecast of recoverable cash flows through inquiry, applying judgement and our own research. We evaluated the timing and means of realisation of collateral and considered other sources of repayment asserted by management. We also evaluated the consistency of management’ s application of key assumptions and compared them with our own data sources. Where available, we made use of post reporting date information to evaluate credit quality with hindsight;
- performing credit assessments for the selected collectively impaired corporate loans and receivables by assessing if any objective evidence of impairment has been shown through inquiry and research on both internal and external information which indicates individual impairment should be measured;
- evaluating the validity of the models used and assumptions adopted in the Group’ s calculation of the collective impairment allowances by critically assessing:
  - input parameters involving management judgement;
  - economic factors used in the models;
  - the accuracy of the loan grading migration data for the corporate loan portfolios;
  - the overdue statistical data for the personal loan portfolios; and
  - historical loss parameters used.

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Impairment of loans and receivables

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Refer to “Note 3. (7) (b): Impairment of the Financial Assets” and “Note 3. (27): Significant accounting estimates and judgements” of the accounting policy to the financial statements, “Note 5 (8): Loans and advances to customers” and “Note 5 (12): Investment securities classified as receivables” to the Group’ s and the Bank’ s financial statements.

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## The Key Audit Matter

## How the matter was addressed in our audit

We identified assessing impairment of loans and advances to customers as a key audit matter because of the inherent uncertainty and management judgement involved and because of its significance to the financial results and capital of the Group.

- considering, as part of the procedures above, the nature of and reasons for any revisions to the key assumptions and input parameters in the models, the consistency of judgement applied in the use of economic factors, the loss emergence period and the observation period for historical losses and assessing key internal controls over the input of underlying data into the models. We compared the economic factors used in the models to market information to assess whether they were aligned with market and economic development. We also assessed the emergence period by tracing the lifecycle of overdue accounts from the specific credit event to downgrading the account to a non-performing loan;
  - assessing the appropriateness of the Group’ s methodology of collective impairment allowances and testing the calculations;
  - assessing the disclosures in the consolidated financial statements in relation to impairment of loans and receivables to customers with reference to the requirements of the prevailing accounting standards.
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## Consolidation of structured entities

Refer to “Note 3. (4): Consolidated financial statements” and “Note 3. (27): Significant accounting estimates and judgements” of the accounting policy to the financial statements, “Note 6 (2): Interests in structured entities not included in the consolidated financial statements” to the Group’ s and the Bank’ s financial statements.

### The Key Audit Matter

### How the matter was addressed in our audit

Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities.

The Group may acquire or retain an ownership interest in, or act as a sponsor to, a structured entity, through issuing a wealth management product, a trust plan, an asset management plan, an investment fund or an asset-backed security.

In determining whether the Group should consolidate a structured entity, management is required to consider the risks and rewards retained, the power the Group is able to exercise over the activities of the entity and its ability to influence the Group’ s own returns from the entity. These factors are not purely quantitative and need to be considered collectively in the overall substance of the transactions.

Our audit procedures to assess the consolidation of structured entities included the following:

learning and assessing the design, implementation and operating effectiveness of key internal controls over consolidation of structured entities;

selecting samples on significant structured entities and performing the following procedures for each structured entity selected:

— inspecting the related contracts, internal establishment documents and information disclosed to the investors to understand the purpose of the establishment of the structured entity and the involvement the Group has with the structured entity and to assess management’ s judgement over whether the Group has the ability to exercise power over the structured entity;

— inspecting the risk and reward structure of the structured entity, including any capital or return guarantee, provision of liquidity support, commission paid and distribution of the returns, to assess management’ s judgement as to the exposure, or variable returns from the Group’ s involvement in such an entity;

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Consolidation of structured entities

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Refer to “Note 3. (4): Consolidated financial statements” and “Note 3. (27): Significant accounting estimates and judgements” of the accounting policy to the financial statements, “Note 6 (2): Interests in structured entities not included in the consolidated financial statements” to the Group’ s and the Bank’ s financial statements.

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The Key Audit Matter

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How the matter was addressed in our audit

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We identified the consolidation of structured entities as a key audit matter because of the complex nature of certain of these structured entities and because of the judgement exercised by management in the qualitative assessment of the terms and nature of each entity.

- evaluating management’ s analysis of the structured entity, including qualitative analysis and the calculation of the magnitude and variability associated with the Group’ s economic interests in the structured entity, to assess management’ s judgement over the Group’ s ability to influence its own returns from the structured entity;
  - assessing management’ s judgement over whether the structured entity should be consolidated or not; evaluating the disclosures in the consolidated financial statements in relation to the consolidation of structured entities with reference to the requirements of the prevailing accounting standards.;
-

## Other Information

The Group's management is responsible for the other information. The other information comprises all the information included in 2017 annual report, other than the financial statements and our auditor's report thereon.

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

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

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

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related



disclosures made by management.

•Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

•Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

•Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

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

KPMG Huazhen LLP



Beijing, China

石会中国  
注册会计师  
Certified Public Accountants  
Registered in the People's Republic of China



Shi Haiyun (Engagement Partner)

Wang Yang

24 April 2018

## Consolidated and the Bank's balance sheet as at 31 December 2017

(Expressed in thousands of Renminbi, unless otherwise stated)

		The Group		The Bank	
	Note	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Assets					
Cash and deposits with central bank	5(1)	135,439,467	135,122,316	135,378,213	135,057,745
Deposits with banks and other financial institutions	5(2)	79,232,126	80,703,546	79,217,600	80,851,801
Placements with banks and other financial institutions	5(3)	3,859,117	5,544,276	4,659,117	6,195,156
Financial assets at fair value through profit or loss	5(4)	8,427,521	4,681,009	8,427,521	4,681,009
Derivative financial assets	5(5)	4,419,745	2,074,532	4,419,745	2,074,532
Financial assets held under resale agreements	5(6)	14,004,544	10,000,000	14,004,544	10,000,000
Interests receivable	5(7)	9,889,167	6,818,360	9,596,322	6,596,435
Loans and advances to customers	5(8)	727,844,072	632,554,891	726,958,015	631,565,462
Available-for-sale financial assets	5(9)	241,920,949	356,736,243	241,810,949	356,526,243
Held-to-maturity investments	5(10)	199,502,908	138,719,830	199,502,908	138,719,830
Investment securities classified as receivables	5(11)	303,172,965	188,605,877	303,737,433	189,446,227
Long-term receivables	5(12)	29,810,095	24,798,832	-	-
Long-term equity investments	5(13)	-	-	2,033,800	2,033,800
Fixed assets	5(14)	5,473,483	5,537,789	5,470,655	5,534,208
Intangible assets	5(15)	633,411	657,650	632,547	656,357
Deferred tax assets	5(16)	4,390,792	4,251,897	4,291,573	4,168,299
Other assets	5(17)	2,530,624	1,485,398	2,430,090	979,325
Total assets		1,770,550,986	1,598,292,446	1,742,571,032	1,575,086,429

# Consolidated and the Bank's balance sheet (continued) as at 31 December 2017

(Expressed in thousands of Renminbi, unless otherwise stated)

		The Group		The Bank	
	Note	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Liabilities and shareholders' equity					
Liabilities					
Borrowings from central bank		64,560,000	38,030,000	64,500,000	38,000,000
Deposits from banks and other financial institutions	5(19)	228,062,372	318,610,683	228,181,375	318,709,432
Borrowings from banks and other financial institutions	5(20)	28,239,834	28,683,168	7,609,180	14,214,048
Derivative financial liabilities	5(5)	4,435,653	1,437,203	4,435,653	1,437,203
Financial assets sold under repurchase agreements	5(21)	56,737,187	59,039,284	56,157,187	55,796,339
Deposits from customers	5(22)	1,007,832,860	907,412,486	1,007,174,231	906,698,438
Employee benefits payable	5(23)	4,550,678	4,044,250	4,502,501	4,007,051
Taxes payable	5(24)	2,091,358	2,578,561	1,976,921	2,486,546
Interests payable	5(25)	19,473,190	15,423,050	19,125,193	15,130,405
Debt securities issued	5(26)	232,341,911	131,743,435	232,341,911	131,743,435
Other liabilities	5(27)	9,398,160	7,083,360	5,831,457	4,393,084
Total liabilities		1,657,723,203	1,514,085,480	1,631,835,609	1,492,615,981
Share capital	5(28)	11,544,450	11,544,450	11,544,450	11,544,450
Other equity instruments	5(29)	19,977,830	-	19,977,830	-
Capital reserve	5(30)	16,075,278	16,075,278	16,072,078	16,072,078
Other comprehensive income	5(31)	-954,475	363,596	-954,475	363,596
Surplus reserve	5(32)	12,143,682	11,097,881	12,143,682	11,097,881
General reserve	5(33)	22,969,534	20,705,275	22,733,660	20,657,651
Retained earnings	5(34)	29,388,605	22,878,580	29,218,198	22,734,792
Total equity attributable to shareholders of the Bank		111,144,904	82,665,060	110,735,423	82,470,448
Non-controlling interests		1,682,879	1,541,906	-	-
Total shareholders' equity		112,827,783	84,206,966	110,735,423	82,470,448
Total liabilities and shareholders' equity		1,770,550,986	1,598,292,446	1,742,571,032	1,575,086,429

Legal Representative  
accounting



The person in charge of  
accounting affairs



department:

## Consolidated and the Bank's income statement for the year ended 31 December 2017

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	The Group		The Bank	
		2017	2016	2017	2016
Interest income		75,893,481	59,975,221	74,337,318	58,880,765
Interest expenses		-48,078,829	-34,730,133	-47,230,140	-34,164,647
Net interest income	5(35)	27,814,652	25,245,088	27,107,178	24,716,118
Fee and commission income		6,076,971	5,940,431	5,774,959	5,746,618
Fee and commission expenses		-297,947	-118,636	-283,906	-113,519
Net fee and commission income	5(36)	5,779,024	5,821,795	5,491,053	5,633,099
Investment income	5(37)	228,547	22,830	228,547	22,830
Net (losses) / gains from changes in fair value	5(38)	-706,392	602,577	-706,392	602,577
Net foreign exchange gains / (losses)		587,121	-356,019	587,121	-356,019
Other operating income		16,519	22,774	19,101	18,657
Gains from asset disposals		83,398	96,861	83,398	96,873
Other income		36,342	-	33,298	-
Operating income		33,839,211	31,455,906	32,843,304	30,734,135
Taxes and surcharges		-371,553	-948,006	-342,805	-927,110
General and administrative expenses	5(39)	-9,746,399	-9,161,145	-9,650,243	-9,060,217
Impairment losses	5(40)	-9,923,489	-7,778,672	-9,527,419	-7,410,568
Other operating expenses		-3,294	-2,434	-3,294	-2,434
Operating expenses		-20,044,735	-17,890,257	-19,523,761	-17,400,329
Operating profit		13,794,476	13,565,649	13,319,543	13,333,806
Add: Non-operating income		31,805	45,693	31,805	45,525
Less: Non-operating expenses		-36,717	-87,360	-36,575	-87,314
Profit before income tax		13,789,564	13,523,982	13,314,773	13,292,017
Less: Income tax expenses	5(41)	-1,773,594	-2,887,054	-1,654,645	-2,834,013
Net profit for the year		12,015,970	10,636,928	11,660,128	10,458,004

# Consolidated and the Bank's income statement (continued) for the year ended 31 December 2017

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	The Group		The Bank	
		2017	2016	2017	2016
Net profit for the year		12,015,970	10,636,928	11,660,128	10,458,004
Attributable to: Shareholders of the Bank		11,874,997	10,610,579	11,660,128	10,458,004
Non-controlling interests		140,973	26,349	-	-
Other comprehensive income, net of tax	5(31)	-1,318,071	-233,680	-1,318,071	-233,680
Other comprehensive income (net of tax) attributable to shareholders of the Bank		-1,318,071	-233,680	-1,318,071	-233,680
Items that may be reclassified to profit or loss:					
Gains or losses arising from change in fair value of available-for-sale financial assets		-1,318,071	-233,680	-1,318,071	-233,680
Other comprehensive income (net of tax) attributable to non-controlling interests		-	-	-	-
Total comprehensive income for the year		10,697,899	10,403,248	10,342,057	10,224,324
Attributable to: Shareholders of the Bank		10,556,926	10,376,899		
Non-controlling interests		140,973	26,349		
Basic and diluted earnings per share (RMB yuan)	5(42)	1.03	0.98		

Legal Representative



The person in charge of accounting affairs:



The head of the accounting department:




## Consolidated and the Bank's cash flow statement for the year ended 31 December 2017

(Expressed in thousands of Renminbi, unless otherwise stated)

	The Group		The Bank	
Note	2017	2016	2017	2016
I. Cash flows from operating activities:				
Net increase in borrowings from central bank	26,530,000	30,730,000	26,500,000	30,700,000
Net increase in deposits from customers, banks and other financial institutions	9,872,063	153,229,971	9,947,736	152,843,144
Net increase in borrowings from banks and other financial institutions	-	18,468,418	-	5,585,473
Interest, fee and commission receipts	49,038,399	44,299,707	47,101,094	42,261,485
Proceeds from other operating activities	1,852,516	1,793,649	1,155,343	1,365,161
Sub-total of cash inflows	87,292,978	248,521,745	84,704,173	232,755,263
Net increase in deposits with central bank, banks and other financial institutions	-36,334,223	-12,532,763	-36,164,105	-12,459,640
Net increase in loans and advances to customers	-103,371,123	-92,437,742	-103,458,213	-92,304,316
Net decrease in borrowings from banks and other financial institutions	-831,935	-	-3,679,644	-
Interest, fee and commission payments	-34,438,797	-29,973,995	-33,631,419	-29,641,809
Payment to and for employees	-6,027,659	-5,367,412	-5,970,548	-5,325,628
Payment of various taxes	-4,870,341	-6,143,173	-4,727,704	-5,977,493
Payment for other operating activities	-6,557,367	-19,449,354	-1,597,128	-1,800,077
Sub-total of cash outflows	-192,431,445	-165,904,439	-189,228,761	-147,508,963
Net cash inflows from operating activities 5(42)(a)	-105,138,467	82,617,306	-104,524,588	85,246,300
II. Cash flows from investing activities:				
Proceeds from disposal of investments	1,147,735,454	1,125,463,222	1,138,389,836	1,119,538,473
Investments returns received	31,532,852	23,466,760	31,552,559	23,478,139
Proceeds from other investing activities	169,878	183,969	169,878	183,509
Sub-total of cash inflows	1,179,438,184	1,149,113,951	1,170,112,273	1,143,200,121
Payment for acquisition of investments	-1,215,169,574	-1,353,521,199	-1,205,648,074	-1,349,186,800
Payment for acquisition of fixed assets, intangible assets and other long-term assets	-565,489	-873,162	-564,303	-872,115
Sub-total of cash outflows	-1,215,735,063	-1,354,394,361	-1,206,212,377	-1,350,058,915
Net cash outflows from investing activities	-36,296,879	-205,280,410	-36,100,104	-206,858,794



## Consolidated and the Bank's cash flow statement for the year ended 31 December 2017(continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	The Group		The Bank	
		2017	2016	2017	2016
III. Cash flows from financing activities:					
Proceeds from issuance of ordinary shares		-	7,129,155	-	7,129,155
Proceeds from issuance of preference shares		19,977,830	-	19,977,830	-
Proceeds from non-controlling shareholders of subsidiaries		-	1,140,000	-	-
Proceeds from issuance of debt securities		484,640,572	199,540,000	484,640,572	199,540,000
Sub-total of cash inflows		504,618,402	207,809,155	504,618,402	206,669,155
Repayment of debt securities		-387,829,516	-118,120,000	-387,829,516	-118,120,000
Payment for dividends, profits distributions or interest		-8,126,943	-4,595,996	-8,126,943	-4,595,996
Sub-total of cash outflows		-395,956,459	-122,715,996	-395,956,459	-122,715,996
Net cash inflows from financing activities		108,661,943	85,093,159	108,661,943	83,953,159
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-482,208	421,125	-482,208	421,125
V. Net decrease in cash and cash equivalents	5(42)(b)	-33,255,611	-37,148,820	-32,444,957	-37,238,210
Add: Cash and cash equivalents at the beginning of the year		95,436,965	132,585,785	95,610,291	132,848,501
VI. Cash and cash equivalents at the end of the year	5(42)(c)	62,181,354	95,436,965	63,165,334	95,610,291

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					
		Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve
I. Balance at 1 January 2017		11,544,450	-	16,075,278	363,596	11,097,881
II. Changes in equity during the year						
1.Total comprehensive income		-	-	-	-1,318,071	-
2.Shareholders' contributions of capital						
(1) Contribution by holders of other equity instruments	5(29)	-	19,977,830	-	-	-
3.Appropriation of profits						
(1) Appropriation for surplus reserve	5(32)	-	-	-	-	1,045,801
(2) Appropriation for general reserve	5(33)	-	-	-	-	-
(3) Distribution to shareholders	5(34)	-	-	-	-	-
III. Balance at 31 December 2017		11,544,450	19,977,830	16,075,278	-954,475	12,143,682

	note				
		Share capital	Capital reserve	Other Comprehensive income	Surplus reserve
I. Balance at 1 January 2016		10,390,000	10,097,373	597,276	9,104,575
II. Changes in equity during the year					
1. Total comprehensive income		-	-	-233,680	-
2. Shareholders' contributions of capital					
(1) Contribution by ordinary shareholders	5(30)	1,154,450	5,974,705	-	-
(2) Contribution by non-controlling interests	5(30)	-	3,200	-	-
3. Appropriation of profits					
(1) Appropriation for surplus reserve	5(32)	-	-	-	1,993,306
(2) Appropriation for general reserve	5(33)	-	-	-	-
III. Balance at 31 December 2016		11,544,450	16,075,278	363,596	11,097,881

Legal representative :

The person in charge of accounting affairs:




2017					
Attributable to shareholders of the Bank			Non-controlling interests	Total	
General reserve	Retained earnings	Sub-total			
20,705,275	22,878,580	82,665,060	1,541,906	84,206,966	
-	11,874,997	10,556,926	140,973	10,697,899	
-	-	19,977,830	-	19,977,830	
-	-1,045,801	-	-	-	
2,264,259	-2,264,259	-	-	-	
-	-2,054,912	-2,054,912	-	-2,054,912	
22,969,534	29,388,605	111,144,904	1,682,879	112,827,783	
2016					
Attributable to shareholders of the Bank			Non-controlling interests	Total	
General reserve	Retained earnings	Sub-total			
15,715,462	19,251,120	65,155,806	378,757	65,534,563	
-	10,610,579	10,376,899	26,349	10,403,248	
-	-	7,129,155	-	7,129,155	
-	-	3,200	1,136,800	1,140,000	
-	-1,993,306	-	-	-	
4,989,813	-4,989,813	-	-	-	
20,705,275	22,878,580	82,665,060	1,541,906	84,206,966	

The head of the accounting department:




## Statement of changes in shareholders' equity

(Expressed in thousands of Renminbi, unless otherwise stated)

note	2017			
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income
I. Balance at 1 January 2017	11,544,450	-	16,072,078	363,596
II. Changes in equity during the year				
1. Total comprehensive income	-	-	-	-1,318,071
2. Shareholders' contributions of capital				
(1) Contribution by ordinary shareholders 5(29)	-	19,977,830	-	-
3. Appropriation of profits				
(1) Appropriation for surplus reserve 5(32)	-	-	-	-
(2) Appropriation for general reserve 5(33)	-	-	-	-
(3) Distribution to shareholders 5(34)	-	-	-	-
III. Balance at 31 December 2017	11,544,450	19,977,830	16,072,078	-954,475

note	2016		
	Share capital	Capital reserve	Other comprehensive income
I. Balance at 1 January 2016	10,390,000	10,097,373	597,276
II. Changes in equity during the year			
1. Total comprehensive income	-	-	-233,680
2. Shareholders' contributions of capital			
(1) Contribution by ordinary shareholders 5(29)	1,154,450	5,974,705	-
3. Appropriation of profits			
(1) Appropriation for surplus reserve 5(32)	-	-	-
(2) Appropriation for general reserve 5(33)	-	-	-
III. Balance at 31 December 2016	11,544,450	16,072,078	363,596

Legal representative



The person in charge of accounting affairs:



Surplus reserve	General reserve	Retained earnings	Total
11,097,881	20,657,651	22,734,792	82,470,448
-	-	11,660,128	10,342,057
-	-	-	19,977,830
1,045,801	-	-1,045,801	-
-	2,076,009	-2,076,009	-
-	-	-2,054,912	-2,054,912
12,143,682	22,733,660	29,218,198	110,735,423

Surplus reserve	General reserve	Retained earnings	Total
9,104,575	15,699,373	19,228,372	65,116,969
-	-	10,458,004	10,224,324
-	-	-	7,129,155
1,993,306	-	-1,993,306	-
-	4,958,278	-4,958,278	-
11,097,881	20,657,651	22,734,792	82,470,448

The head of the accounting department



(Company stamp)

# Bank of Jiangsu Company Limited

## Notes to the financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

### 1.General information

Upon the approval from the former 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 was No. 26 Zhonghua Road, Nanjing.

The Bank is listed on the Shanghai Stock Exchange and 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 2017, 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 China Securities Regulatory Commission (“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(20).

### (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;
- (ii) the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- (iii) the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

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.

#### (f) Preference shares

At initial recognition, the Group classifies the preference shares issued or their components as financial assets, financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial assets, financial liabilities and equity instruments.

Preference shares issued containing both equity and liability components are accounted for using the accounting policy for convertible instruments containing an equity component. Preference shares issued not containing an equity component are accounted for using the accounting policy for other convertible instruments not containing an equity component.

Preference shares issued that should be classified as equity instruments are recognised in equity based on the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit appropriation. When the preference shares are redeemed according to the contractual terms, the redemption price is charged to 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 depreciation 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) Government Grant

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is offset against the carrying amount of the related asset or recognised as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in other income or non-operating income or offset against related expenses in the periods in which the expenses or losses are recognised. Or included in other income or non-operating income or offset against the related expenses directly.

## (17) 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.

## (18) 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.

## (19)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.

## (20)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.

## (21)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.

## (22)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.

## (23)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.

## (24) 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.

## (25) 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.

## (26) 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.

## (27) 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:

- (i) Note 5(29): Classification of preference shares issued as equity instruments; and
- (ii) Note 6: Significant judgements and assumptions in whether having control, joint control or significant influence over other entities.

## (28) Changes in significant accounting policies and accounting estimates

The MOF issued the Accounting Standards for Business Enterprises No. 42 –Non-current Assets or Disposal Groups Held for Sale and Discontinued Operations (“CAS 42”) and the revised Accounting Standards for Business Enterprises No. 16 –Government Grants (“CAS 16 (2017)”) respectively in April and May. The effective dates of CAS 42 and CAS 16 (2017) are 28 May 2017 and 12 June 2017 respectively.

In addition, the MOF issued the “Notice on Revision of the Illustrative Financial Statements” (Caikuai [2017] No.30) in December 2017. The Group has prepared financial statements for the year ended 31 December 2017 in accordance with this notice, by referring to the relevant practices of banking industry.

Impacts of the adoption of the above accounting standards and regulation are as follows:

### (i) Held for sale and discontinued operations

Pursuant to the requirements of CAS 42 relating to the classification, measurement and presentation of non-current assets or disposal groups held for sale and the presentation of discontinued operations, the Group has revisited the existing non-current assets or disposal groups held for sale and discontinued operations as of 28 May 2017, and applied the related accounting policies prospectively. The adoption of CAS 42 has no material effect on the financial position and financial performance of the Group.

### (ii) Government grants

Pursuant to CAS 16 (2017), the Group has revisited the existing government grants as of 1 January 2017, and applied the related accounting policies prospectively. The Group’s accounting treatment and disclosures of the government grants in 2016 are based on the previously applicable CAS requirements before the issuance of CAS 16 (2017). The adoption of CAS 16 (2017) has no material effect on the financial position and financial performance of the Group.

### (iii) Gains from asset disposal

The Group has prepared financial statements for the year ended 31 December 2017 in accordance with Caikuai [2017] No.30. Comparative figures have been adjusted retrospectively. The adoption of Caikuai [2017] No.30 has no material effect on the financial position and financial performance of the Group.

According to this regulation, the Group has added a separate line item “Gains from asset disposals” in the income statement. Gains or losses from disposals of non-current assets (excluding financial instruments and long-term equity investment) or disposal groups classified as held for sale, and gains or losses from disposals of fixed assets, construction in progress, and intangible assets not classified as held for sale are included in this item. In addition, gains or losses from disposals of non-current assets arising from debt restructuring or gains or losses from non-monetary exchanges are included in this item. The above gains or losses were previously presented in “Non-operating income” or “Non-operating expenses”.

## 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 2017	31 December 2016	31 December 2017	31 December 2016
Cash on hand		1,615,834	1,776,683	1,613,279	1,772,767
Deposits with domestic central bank					
- Statutory deposit reserves	(i)	118,375,908	113,192,349	118,318,004	113,131,707
- Surplus deposit reserves	(ii)	14,246,729	18,671,589	14,245,934	18,671,576
- Fiscal deposits		913,440	600,340	913,440	600,340
- Foreign exchange risk reserves	(iii)	287,556	881,355	287,556	881,355
Sub-total		133,823,633	133,345,633	133,764,934	133,284,978
Total		135,439,467	135,122,316	135,378,213	135,057,745

(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 2017, the reserve ratio for RMB deposits of the Bank is 13.5% (31 December 2016: 13.5%), and the reserve ratio for foreign currency deposits of the Bank is 5.0% (31 December 2016: 5.0%). The reserve ratio for RMB deposits of the Bank's subsidiary, Baode Rural Bank, is 9.0% (31 December 2016: 9.0%).

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

(iii) The foreign exchange risk reserve are the amount deposited by the group in accordance with the relevant requirements of the PBOC in accordance with the contract of foreign exchange derivative financial instruments.

## (2) Deposits with banks and other financial institutions

Analysed by location of counterparties and type

	The Group		The Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Deposits in mainland China				
- Banks	73,867,832	75,980,744	73,853,306	76,128,999
Deposits outside mainland China				
- Banks	5,364,294	4,722,802	5,364,294	4,722,802
Total	79,232,126	80,703,546	79,217,600	80,851,801

As at 31 December 2017, deposits placed with banks in mainland China of the Group and the Bank included RMB 784 million and RMB 602 million pledged deposits (31 December 2016: RMB 560 million and RMB 531 million pledged deposits for the Group and the Bank). The use of these deposits is restricted RMB 182 million of these pledged deposits (31 December 2016: RMB 29 million) of the Group was collateral for relative liabilities (see note 5 (44) (a)).

## (3) Placements with banks and other financial institutions

Analysed by location and type of counterparties

	The Group		The Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Placements in mainland China				
- Banks	1,301,360	2,675,621	1,301,360	2,675,621
- Other financial institutions	2,557,757	2,868,655	3,357,757	3,519,535
Total	3,859,117	5,544,276	4,659,117	6,195,156

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

### (a) Analysed by place of issued and type of issuers

The Group and the Bank

	Note	31 December 2017	31 December 2016
Debt instruments held for trading			
In Mainland China			
- Government		178,744	47,700
- Policy banks		4,124,428	29,745
- Banks and other financial institutions		1,606,858	4,417,347
- Other entities (i)		2,179,633	186,217
Sub-total		8,089,663	4,681,009
Outside Mainland China			
- Banks and other financial institutions		273,154	-
- Other entities (i)		64,704	-
Sub-total		337,858	-
Total		8,427,521	4,681,009



## (b)Analysed by listing status

The Group and the Bank

	Note	31 December 2017	31 December 2016
Debt instruments held for trading			
- Listed	(ii)	3,065,468	-
- Unlisted	(iii)	5,362,053	4,681,009
Total		8,427,521	4,681,009

(i)Debt instruments held for trading issued by other entities mainly represented bonds and asset-backed securities issued by enterprises in or outside mainland China.

(ii>Listed debt instruments held for trading represented asset-backed securitizations traded in China domestic stock exchanges and bonds traded in overseas stock exchanges.

(iii)Unlisted debt instruments held for trading represented bonds traded in China domestic interbank market and bonds issued outside mainland China.

## (5)Derivative financial assets and liabilities

The Group and the Bank

	31 December 2017			31 December 2016		
	Notional amount	Fair Value		Notional amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
Currency derivatives	252,157,333	4,295,173	(4,425,882)	129,159,435	1,910,179	(1,437,203)
Interest rate derivatives	7,295,664	124,572	(9,771)	2,341,850	164,353	-
Total	259,452,997	4,419,745	(4,435,653)	131,501,285	2,074,532	(1,437,203)

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 2017	31 December 2016
Bonds		
- Bonds issued by Chinese government	6,140,685	-
- Bonds issued by banks and other financial institutions	7,764,020	10,000,000
Commercial bills	99,839	-
Total	14,004,544	10,000,000

## (b) Analysed by type and location of counterparty

The Group

	31 December 2017	31 December 2016
In mainland China		
- Banks	7,117,339	10,000,000
- Other financial institutions	6,887,205	-
Total	14,004,544	10,000,000

## (7) Interests receivable

Analysed by type of financial assets which generate interests receivable

	The Group		The Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Debt instruments	6,548,229	4,667,443	6,553,540	4,674,698
Loans and advances to customers	1,830,363	1,542,040	1,828,553	1,538,878
Deposits with central bank, banks and other financial institutions	1,189,446	351,330	1,190,141	352,052
Long-term receivables	306,349	229,518	-	-
Financial assets held under resale agreements	8,417	636	8,417	636
Borrowings with banks and other financial institutions	6,363	27,393	15,671	30,171
Total	9,889,167	6,818,360	9,596,322	6,596,435

## (8) Loans and advances to customers

## (a) Analysed by nature

	The Group		The Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Loans and advances to corporates	486,318,783	432,847,905	485,384,834	431,830,106
Personal consumption loans				
- Property mortgages	99,102,967	69,573,499	99,102,967	69,573,499
- Personal consumption loans	58,480,307	36,435,083	58,464,700	36,423,683
- Personal business loans	18,646,570	17,438,226	18,612,822	17,369,494
- Credit cards	11,617,239	12,288,665	11,617,239	12,288,665
Sub-total	187,847,083	135,735,473	187,797,728	135,655,341
Discounted bills	73,123,632	80,796,307	73,123,632	80,786,319
Total loans and advances	747,289,498	649,379,685	746,306,194	648,271,766
Less: Provision for impairment losses				
- Individually assessed	(3,663,297)	(3,940,809)	(3,589,788)	(3,855,465)
- Collectively assessed	(15,782,129)	(12,883,985)	(15,758,391)	(12,850,839)
Total provision for impairment losses	(19,445,426)	(16,824,794)	(19,348,179)	(16,706,304)
Carrying amount	727,844,072	632,554,891	726,958,015	631,565,462

As at the balance sheet date, part of the above loans and advances to customers were pledged for repurchase agreements (Note 5.44) (a)).

## (b) Analysed by type of collateral

	The Group		The Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Unsecured loans	112,734,235	77,567,924	112,724,011	77,557,024
Guaranteed loans	279,728,360	244,547,515	278,974,097	243,585,051
Loans secured by tangible assets	219,247,000	205,847,616	219,033,195	205,745,356
Loans secured by monetary assets	135,579,903	121,416,630	135,574,891	121,384,335
Total loans and advances	747,289,498	649,379,685	746,306,194	648,271,766
Less: Provision for impairment losses				
- Individually assessed	(3,663,297)	(3,940,809)	(3,589,788)	(3,855,465)
- Collectively assessed	(15,782,129)	(12,883,985)	(15,758,391)	(12,850,839)
Total provision for impairment losses	(19,445,426)	(16,824,794)	(19,348,179)	(16,706,304)
Carrying amount	727,844,072	632,554,891	726,958,015	631,565,462

(c) Analysed by economic sector

	The Group		The Bank		The Group		The Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Amount	%	Amount	%	Amount	%	Amount	%
Leasing and commercial services	115,887,099	15.51	91,425,466	14.08	115,877,199	15.53	91,425,466	14.10
Manufacturing	104,929,908	14.04	93,174,006	14.35	104,343,304	13.98	92,496,079	14.27
Wholesale and retail	74,335,998	9.95	74,739,821	11.51	74,238,113	9.95	74,659,629	11.51
Public utilities	62,212,452	8.33	45,885,982	7.07	62,182,652	8.33	45,856,182	7.07
Real estate	31,761,642	4.25	37,910,777	5.84	31,761,642	4.26	37,910,777	5.85
Construction	27,708,650	3.71	26,779,701	4.12	27,585,700	3.70	26,629,511	4.11
Transportation, storage and postal services	12,862,985	1.72	11,130,560	1.71	12,860,185	1.72	11,127,660	1.72
Electricity, thermo power, gas and water supply	10,204,602	1.37	8,744,670	1.35	10,201,802	1.37	8,737,370	1.35
Agriculture, forestry, husbandry and fishery	9,323,982	1.25	8,607,751	1.32	9,259,772	1.24	8,550,261	1.32
Information transmittal, software and information technology service	8,430,351	1.13	6,675,356	1.03	8,425,351	1.13	6,675,356	1.03
Scientific research and technological services;	7,644,863	1.02	7,489,783	1.15	7,644,863	1.02	7,489,783	1.15
Resident services, repairs and other services	5,862,286	0.78	4,325,383	0.67	5,862,286	0.79	4,325,383	0.67
Culture, sports and entertainment	4,853,734	0.65	3,763,172	0.58	4,843,734	0.65	3,753,172	0.58
Education	3,019,234	0.40	3,499,882	0.54	3,019,234	0.40	3,499,882	0.54
Hygiene and social work	2,485,946	0.33	3,080,714	0.47	2,485,946	0.33	3,080,714	0.47
Hospitality and catering	2,384,898	0.32	3,091,226	0.48	2,382,898	0.32	3,089,226	0.48
Others	2,410,153	0.32	2,523,655	0.39	2,410,153	0.32	2,523,655	0.39
Sub-total of corporate loans and advances	486,318,783	65.08	432,847,905	66.66	485,384,834	65.04	431,830,106	66.61
Personal loans	187,847,083	25.14	135,735,473	20.90	187,797,728	25.16	135,655,341	20.93
Discounted bills	73,123,632	9.78	80,796,307	12.44	73,123,632	9.80	80,786,319	12.46
Total loans and advances	747,289,498	100.00	649,379,685	100.00	746,306,194	100.00	648,271,766	100.00
Less: Provision for impairment losses								
- Individually assessed	(3,663,297)		(3,940,809)		(3,589,788)		(3,855,465)	
- Collectively assessed	(15,782,129)		(12,883,985)		(15,758,391)		(12,850,839)	
Total provision for impairment losses	(19,445,426)		(16,824,794)		(19,348,179)		(16,706,304)	
Carrying amount	727,844,072		632,554,891		726,958,015		631,565,462	

## (d) Analysed by geographical sector

	The Group		The Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Jiangsu	579,380,214	509,168,513	578,396,910	508,060,594
Bohai Rim	62,583,910	55,941,609	62,583,910	55,941,609
Yangtze River Delta (excluding Jiangsu)	56,543,915	46,975,850	56,543,915	46,975,850
Pearl River Delta	48,781,459	37,293,713	48,781,459	37,293,713
Total loans and advances	747,289,498	649,379,685	746,306,194	648,271,766
Less: Provision for impairment losses				
- Individually assessed	(3,663,297)	(3,940,809)	(3,589,788)	(3,855,465)
- Collectively assessed	(15,782,129)	(12,883,985)	(15,758,391)	(12,850,839)
Total provision for impairment losses	(19,445,426)	(16,824,794)	(19,348,179)	(16,706,304)
Carrying amount	727,844,072	632,554,891	726,958,015	631,565,462

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

## The Group

	As at 31 December 2017				
	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	234,921	397,721	287,453	60,122	980,217
Guaranteed loans	2,432,243	2,355,076	2,514,358	413,915	7,715,592
Loans secured by tangible assets	976,355	1,332,540	2,047,741	602,328	4,958,964
Loans secured by monetary assets	42,606	80,041	9,228	89,725	221,600
Total	3,686,125	4,165,378	4,858,780	1,166,090	13,876,373

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

The Bank

As at 31 December 2017					
	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	234,921	397,721	287,453	60,122	980,217
Guaranteed loans	2,406,084	2,306,614	2,430,159	400,457	7,543,314
Loans secured by tangible assets	976,355	1,313,235	2,033,141	602,328	4,925,059
Loans secured by monetary assets	42,606	80,041	9,228	89,725	221,600
Total	3,659,966	4,097,611	4,759,981	1,152,632	13,670,190

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

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 2017		
	Collectively accessed	Individually accessed	Total
Total loans and advances	739,030,984	8,258,514	747,289,498
Less: Provision for impairment losses	(15,782,129)	(3,663,297)	(19,445,426)
Carrying amount	723,248,855	4,595,217	727,844,072

	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

## The Bank

	As at 31 December 2017		
	Collectively accessed	Individually accessed	Total
Total loans and advances	738,200,671	8,105,523	746,306,194
Less: Provision for impairment losses	(15,758,391)	(3,589,788)	(19,348,179)
Carrying amount	722,442,280	4,515,735	726,958,015

	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

## (g) Movements of provision for impairment losses

### The Group

	2017		
	Collectively accessed	Individually accessed	Total
As at 1 January	(12,883,985)	(3,940,809)	(16,824,794)
Charge for the year	(3,702,501)	(4,789,634)	(8,492,135)
Reversal during the year	-	301,845	301,845
Recoveries	(35,549)	(45,700)	(81,249)
Unwinding of discount	-	202,048	202,048
Write-offs	839,906	4,608,953	5,448,859
As at 31 December	(15,782,129)	(3,663,297)	(19,445,426)

	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)

### The Bank

	2017		
	Collectively accessed	Individually accessed	Total
As at 1 January	(12,850,839)	(3,855,465)	(16,706,304)
Charge for the year	(3,698,972)	(4,754,541)	(8,453,513)
Reversal during the year	-	282,139	282,139
Recoveries	(35,549)	(43,066)	(78,615)
Unwinding of discount	-	199,414	199,414
Write-offs	826,969	4,581,731	5,408,700
As at 31 December	(15,758,391)	(3,589,788)	(19,348,179)

	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)

## (h) Restructured loans and advances to customers

	The Group		The Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Restructured loans and advances to customers	2,518,815	1,965,254	2,299,849	1,913,780

## (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 2017, the gross balance of loans and advances to corporates of the Group and the Bank that were impaired amounted to RMB 9,427 million and RMB 9,247 million respectively (31 December 2016: RMB 8,253 million and RMB 8,130 million respectively). The covered portion of these loans and advances of the Group and the Bank was RMB 2,544 million and RMB 2,537 million (31 December 2016: The balance of both the Group and the Bank was RMB 2,759 million). Corresponding fair value of these collaterals was as follows:

	The Group		The Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Land and premises	5,409,921	5,203,857	5,403,421	5,203,857
Other assets	610,982	2,041,595	610,982	2,041,595
Total	6,020,903	7,245,452	6,014,403	7,245,452

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

As at 31 December 2017, , the gross amount of corporate loans and advances of the Group and the Bank, that were overdue but not impaired, was RMB 3,183 million and 3,139 million respectively(31 December 2016: RMB 5,286 million and 5,187 million respectively). The covered portion of these loans and advances of the Group and the Bank, was RMB 2,727 million (31 December 2016: Both the Group and the Bank were RMB 2,727 million). Corresponding fair value of these collaterals was as follows:

	The Group		The Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Land and premises	4,668,694	6,569,685	4,661,034	6,568,910
Other assets	155,055	623,364	155,055	623,364
Total	4,823,749	7,193,049	4,816,089	7,192,274

The fair value of collateral and pledge were 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) Analysed by measurement, place of issued and type of issuers

		The Group		The Bank	
	Note	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Debt instruments measured by fair value (Analysed by issuer)					
In mainland China					
- Government		24,295,095	24,240,499	24,295,095	24,240,499
- Policy banks		3,519,679	4,018,620	3,519,679	4,018,620
- Banks and other financial institutions		189,596,114	318,218,041	189,486,114	318,008,041
- Other institutions	(i)	3,055,387	3,218,707	3,055,387	3,218,707
Sub-total		220,466,275	349,695,867	220,356,275	349,485,867
Outside mainland China					
- Other institutions	(i)	1,145,364	-	1,145,364	-
Sub-total	(V)	221,611,639	349,695,867	221,501,639	349,485,867
Equity instruments					
In mainland China					
- Measured at fair value	(ii)	20,244,543	6,965,341	20,244,543	6,965,341
- Measured at cost	(iii)	64,552	74,820	64,552	74,820
Outside mainland China					
- Measured at fair value	(ii)	215	215	215	215
Sub-total	(iii)	20,309,310	7,040,376	20,309,310	7,040,376
Total		241,920,949	356,736,243	241,810,949	356,526,243

## (b) Analyzed by listing status

	Note	The Group		The Bank	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
Debt instruments					
- Listed	(iv)	748,788	-	748,788	-
- Unlisted		220,862,851	349,695,867	220,752,851	349,485,867
Sub-total	(v)	221,611,639	349,695,867	221,501,639	349,485,867
Equity instruments					
- Listed		283,464	347,076	283,464	347,076
- Unlisted		20,025,846	6,693,300	20,025,846	6,693,300
Sub-total		20,309,310	7,040,376	20,309,310	7,040,376
Total		241,920,949	356,736,243	241,810,949	356,526,243

## (c) Fair value analysis

## The Group

Note	31 December 2017		
	Debt instruments	Equity instruments	Total
Amortised cost / cost	222,831,123	20,297,741	243,128,864
Fair value	221,611,639	20,244,543	241,856,182
Change in fair value accumulated in comprehensive income	(1,219,484)	(53,198)	(1,272,682)

Note	31 December 2016		
	Debt instruments	Equity instruments	Total
Amortised cost / cost	349,204,658	6,971,756	356,176,414
Fair value	349,695,867	6,965,341	356,661,208
Change in fair value accumulated in comprehensive income	491,209	(6,415)	484,794

## The Bank

Note	31 December 2017		
	Debt instruments	Equity instruments	Total
Amortised cost / cost	222,721,123	20,297,741	243,018,864
Fair value	221,501,639	20,244,543	241,746,182
Change in fair value accumulated in comprehensive income	(1,219,484)	(53,198)	(1,272,682)

	31 December 2016			
	Note	Debt instruments	Equity instruments	Total
Amortised cost / cost		348,994,658	6,971,756	355,966,414
Fair value		349,485,867	6,965,341	356,451,208
Change in fair value accumulated in comprehensive income		491,209	(6,415)	484,794

(i) Available-for-sale debt instruments issued by other institutions mainly represented bonds issued by enterprises in or outside mainland China.

(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 and so on.

(iii) Part of unlisted available-for-sale 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. As at 31 December 2017, provision of impairment for this kind of equity instruments of the Group and the Bank included RMB 11,651 thousand (31 December 2016: RMB 11,651 thousand).

(iv) The listed available-for-sale debt instruments represented bonds traded in overseas stock exchanges.

(v) At the balance sheet date, some of the debt instruments were pledged as collateral for repurchase transactions (see note 5(44)(a) for details). No other investments were subject to material restriction on realisation.

## (10) Held-to-maturity investments

### (a) Analysed by place of issued and type of issuers

The Group and the Bank

	Note	31 December 2017	31 December 2016
In mainland China:			
- Government		145,135,406	91,481,323
- Policy banks		28,469,565	23,533,351
- Banks and other financial institutions		12,229,685	10,391,544
- Other institutions	(i)	8,419,891	10,857,308
Sub-total		194,254,547	136,263,526
Outside mainland China			
- Other institutions	(i)	5,248,361	2,456,304
Total	(iv)	199,502,908	138,719,830

### (b) Analysed by listing status

The Group and the Bank

	Note	31 December 2017	31 December 2016
Listed	(ii)	4,108,853	-
Unlisted	(iii)	195,394,055	138,719,830
Total	(iv)	199,502,908	138,719,830



- (i) Held-to-maturity debt instruments issued by other institutions in or outside mainland China mainly represented bonds issued by enterprises.
- (ii) The listed held-to-maturity debt instruments represented bonds traded in overseas stock exchanges.
- (iii) Unlisted held-to-maturity debt instruments represented bonds traded in China domestic interbank market and bonds issued outside mainland China.
- (iv) At the balance sheet date, some of the debt instruments were pledged as collateral for repurchase transactions (see note 5(44)(a) for details). No other investments were subject to material restriction on realisation.

## (11) Investment securities classified as receivables

Analysed by place of issued and type of issuers

		The Group		The Bank	
	Note	31 December 2017	31 December 2016	31 December 2017	31 December 2016
In mainland China					
- Government	(i)	9,307,263	7,848,661	9,307,263	7,848,661
- Commercial Banks and other financial institutions	(ii)	295,511,443	181,666,909	296,075,911	182,507,259
- Other institutions	(iii)	100,000	500,000	100,000	500,000
Sub-total		304,918,706	190,015,570	305,483,174	190,855,920
Outside mainland China					
- Other institutions		995,540	-	995,540	-
Gross amount		305,914,246	190,015,570	306,478,714	190,855,920
Less: Provision for impairment losses		(2,741,281)	(1,409,693)	(2,741,281)	(1,409,693)
Carrying amount	(iv) / (v)	303,172,965	188,605,877	303,737,433	189,446,227

- (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 credit assets, bonds and agreement deposits and so on.
- (iii) Investment securities classified as receivables issued by other institutions are mainly debt instruments issued for enterprises in China and private equity bonds issued outside China.
- (iv) None of above investment securities classified as receivables were listed.
- (v) At the balance sheet date, some of the debt instruments were pledged as collateral for related liabilities (see note 5(44)(a) for details). No other investments were subject to material restriction on realisation.

## (12) Long-term receivables

The Group

	31 December 2017	31 December 2016
Minimum finance leasing receivables	33,937,409	28,431,903
Less: Unearned finance leasing income	(3,356,488)	(3,238,645)
Finance leasing receivables	30,580,921	25,193,258
Less: Provision for impairment losses		
- Collectively assessed	(770,826)	(394,426)
Carry amount	29,810,095	24,798,832

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

	31 December 2017			31 December 2016		
	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	10,131,927	(1,287,285)	8,844,642	7,545,167	(1,166,167)	6,379,000
One year to two years	9,502,171	(1,092,904)	8,409,267	7,062,931	(998,694)	6,064,237
Two years to three years	8,157,664	(623,867)	7,533,797	6,349,194	(657,397)	5,691,797
Three years to five years	5,757,364	(323,209)	5,434,155	7,378,414	(408,321)	6,970,093
Above five years	388,283	(29,223)	359,060	96,197	(8,066)	88,131
Total	33,937,409	(3,356,488)	30,580,921	28,431,903	(3,238,645)	25,193,258

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(44)(a) for details).

## (13) Long-term equity investments

The Bank

	31 December 2017	31 December 2016
Investments in subsidiaries	2,033,800	2,033,800

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

	2017			
Investee	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")	1,960,000	-	1,960,000	-
Total	2,033,800	-	2,033,800	-

Investee	2016			
	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	960,000	1,960,000	-
Total	1,073,800	960,000	2,033,800	-

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
<b>Cost</b>						
As at 1 January 2016	5,980,481	1,107,881	710,784	150,092	693,184	8,642,422
Additions	17,574	312,101	30,672	15,045	60,120	435,512
Transfers in / (out) of construction in progress	3,133	(3,133)	-	-	-	-
Disposals	(119,975)	(13,214)	(19,495)	(24,678)	(16,121)	(193,483)
As at 31 December 2017	5,881,213	1,403,635	721,961	140,459	737,183	8,884,451
<b>Accumulated depreciation</b>						
As at 1 January 2017	(1,918,844)	-	(600,648)	(117,402)	(462,959)	(3,099,853)
Charge for the year	(288,667)	-	(47,209)	(12,618)	(70,519)	(419,013)
Disposals	63,901	-	18,541	23,113	7,123	112,678
As at 31 December 2017	(2,143,610)	-	(629,316)	(106,907)	(526,355)	(3,406,188)
<b>Provision for impairment loss</b>						
As at 1 January 2017	(4,780)	-	-	-	-	(4,780)
As at 31 December 2017	(4,780)	-	-	-	-	(4,780)
<b>Carrying amount</b>						
As at 1 January 2017	4,056,857	1,107,881	110,136	32,690	230,225	5,537,789
As at 31 December 2017	3,732,823	1,403,635	92,645	33,552	210,828	5,473,483

	Premises and buildings	Construction in progress	Electronic equipment	Motor vehicles	Other equipment	Total
<b>Cost</b>						
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
<b>Accumulated depreciation</b>						
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)
<b>Provision for impairment loss</b>						
As at 1 January 2016	(4,780)	-	-	-	-	(4,780)
As at 31 December 2016	(4,780)	-	-	-	-	(4,780)
<b>Carrying amount</b>						
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

As at 31 December 2017, there was no significant amounts of temporarily idle fixed assets (as at 31 December 2016: nil)

As at 31 December 2017, title deeds were not yet finalised for the Group's premises with a carrying amount of RMB 286 million (as at 31 December 2016: RMB 308 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 2017	745,060	271,084	1,016,144
Additions	-	43,721	43,721
Disposals	(7,044)	-	(7,044)
As at 31 December 2017	738,016	314,805	1,052,821
Accumulated depreciation			
As at 1 January 2017	(130,776)	(227,558)	(358,334)
Charge for the year	(18,446)	(43,839)	(62,285)
Disposals	1,369	-	1,369
As at 31 December 2017	(147,853)	(271,397)	(419,250)
Provision for impairment loss			
As at 1 January 2017	(160)	-	(160)
As at 31 December 2017	(160)	-	(160)
Carrying amount			
As at 1 January 2017	614,124	43,526	657,650
As at 31 December 2017	590,003	43,408	633,411

	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

## (16) Deferred tax assets and liabilities

### (a) Analysed by nature

The Group

Deferred tax assets

	Note	31 December 2017				Net balance
		Deductible temporary differences	Deferred tax assets	Taxable temporary differences	Deferred tax liabilities	
Provision for Impairment losses		15,213,625	3,803,407	-	-	3,803,407
Employees benefits payable		1,549,256	387,314	-	-	387,314
Fair value change		1,335,936	333,984	-	-	333,984
Others	(i)	-	-	(535,650)	(133,913)	(133,913)
<b>Total</b>		<b>18,098,817</b>	<b>4,524,705</b>	<b>(535,650)</b>	<b>(133,913)</b>	<b>4,390,792</b>

	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)
<b>Total</b>		<b>18,361,397</b>	<b>4,590,350</b>	<b>(1,353,804)</b>	<b>(338,453)</b>	<b>4,251,897</b>

(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

		2017			
	Note	1 January 2017	Recognised in profit or loss	Recognised in equity	31 December 2017
Deferred tax					
- Provision for Impairment losses	(i)	4,209,050	(405,643)	-	3,803,407
- Employee benefits Payables		381,300	6,014	-	387,314
- Fair value change	(ii)	(282,019)	176,598	439,405	333,984
- Others		(56,434)	(77,479)	-	(133,913)
Net balance		4,251,897	(300,510)	439,405	4,390,792

		2016			
	Note	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

(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 2017	31 December 2016
Other receivables	(i)	1,246,737	84,972
Settlement and liquidation		579,259	729,953
Prepayments	(ii)	298,165	234,292
Long-term deferred expenses	(iii)	278,506	322,581
Tax assets		90,792	40,305
Deposit		30,862	36,147
Debt-expiated assets	(iv)	6,303	37,148
Total		2,530,624	1,485,398

(i) Other receivables analysed by aging schedules

The Group

	31 December 2017	31 December 2016
Within 1 year (inclusive)	1,217,168	75,759
Over 1 year but within 2 years (inclusive)	46,457	45,095
Over 2 years but within 3 years (inclusive)	35,010	26,236
Over 3 years	97,941	83,075
Sub-total	1,396,576	230,165
Less: Provision for bad and doubtful debts	(149,839)	(145,193)
Total	1,246,737	84,972

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

(iii) Long-term deferred expenses

The Group

	2017				
	As at 1 January	Additions	Amortisation charged for the year	Other decreases	As at 31 December
Long-term deferred expenses	322,581	77,101	(99,791)	(21,385)	278,506

	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

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

(iv) Debt-expiated assets mainly included premises and buildings. As at 31 December 2017, the Group and the Bank accrued nil provision for impairment losses for debt-expiated assets (as at 31 December 2016: RMB 615 thousand).

## (18) Provision for impairment losses

The Group

Impaired items	Note	2017				
		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)	16,824,794	8,492,135	(301,845)	(5,569,658)	19,445,426
Available-for-sale financial assets	5(9)	11,651	-	-	-	11,651
Investment securities classified as receivables	5(11)	1,409,693	1,331,588	-	-	2,741,281
Long-term receivables	5(12)	394,426	376,400	-	-	770,826
Fixed assets	5(14)	4,780	-	-	-	4,780
Intangible assets	5(15)	160	-	-	-	160
Other assets	5(17)	145,808	25,211	-	(21,180)	149,839
Total		18,791,312	10,225,334	(301,845)	(5,590,838)	23,123,963

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

The Bank

Impaired items	Note	2017				
		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)	16,706,304	8,453,513	(282,139)	(5,529,499)	19,348,179
Available-for-sale financial assets	5(9)	11,651	-	-	-	11,651
Investment securities classified as receivables	5(11)	1,409,693	1,331,588	-	-	2,741,281
Fixed assets		4,780	-	-	-	4,780
Intangible assets		160	-	-	-	160
Other assets		143,959	24,457	-	(21,180)	147,236
Total		18,276,547	9,809,558	(282,139)	(5,550,679)	22,253,287

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
Fixed assets		4,780	-	-	-	4,780
Intangible assets		160	-	-	-	160
Other assets		138,755	68,608	-	(63,404)	143,959
Total		15,947,374	7,685,406	(274,838)	(5,081,395)	18,276,547

## (19) Deposits from banks and other financial institutions

Analysed by geographical location of counterparty and type

	The Group		The Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
In mainland China				
- Banks	53,661,538	148,020,714	53,775,650	148,055,370
- Other financial institutions	174,400,834	170,589,969	174,405,725	170,654,062
Total	228,062,372	318,610,683	228,181,375	318,709,432

## (20) Borrowings from banks and other financial institutions

Analysed by geographical location of counterparty and type

	The Group		The Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
In mainland China				
- Banks	24,680,313	23,366,430	5,449,659	12,396,430
- Other financial institutions	1,000,000	3,499,120	-	-
Sub-total	25,680,313	26,865,550	5,449,659	12,396,430
Outside mainland China				
- Banks	2,559,521	1,817,618	2,159,521	1,817,618
Total	28,239,834	28,683,168	7,609,180	14,214,048

## (21) Financial assets sold under repurchase agreements

(a) Analysed by type of collateral

	The Group		The Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Securities				
- Government bonds	9,000,000	-	9,000,000	-
- Bank and other financial institution bonds	24,514,000	50,910,000	24,514,000	50,910,000
- Other bonds	10,300,000	-	10,300,000	-
Commercial bills	12,343,187	4,886,339	12,343,187	4,886,339
Long term receivables	580,000	3,242,945	-	-
Total	56,737,187	59,039,284	56,157,187	55,796,339

(b) Analysed by geographical location of counterparty and type

	The Group		The Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
In mainland China				
- Central bank	17,950,595	-	17,950,595	-
- Banks	12,812,592	55,796,339	12,232,592	55,796,339
- Other financial institutions	25,974,000	3,242,945	25,974,000	-
Total	56,737,187	59,039,284	56,157,187	55,796,339

## (22) Deposits from customers

Note	The Group		The Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Demand deposits				
- Corporate customers	358,374,713	310,350,892	358,216,366	310,221,607
- Individual customers	51,313,259	43,010,570	51,272,118	42,969,616
Sub-total	409,687,972	353,361,462	409,488,484	353,191,223
Time deposits (include call deposits)				
- Corporate customers	283,624,189	271,898,257	283,407,740	271,633,115
- Individual customers	136,380,139	129,812,410	136,161,318	129,569,448
Sub-total	420,004,328	401,710,667	419,569,058	401,202,563
Pledged deposits				
- Bank acceptances	31,548,319	55,250,040	31,524,569	55,214,395
- Guarantees	5,771,011	6,595,348	5,771,010	6,595,348
- Letters of credit	4,513,380	5,406,689	4,513,380	5,406,689
- Letters of Guarantee	4,272,788	5,312,238	4,272,788	5,312,238
- Others	8,257,113	5,657,110	8,257,113	5,657,110
Sub-total	54,362,611	78,221,425	54,338,860	78,185,780
Wealth-management fund (i)	100,820,547	58,440,143	100,820,547	58,440,143
Treasury Deposit	21,794,000	14,688,000	21,794,000	14,688,000
Inward remittance	519,754	372,762	519,634	372,760
Fiscal deposits	457,647	84,711	457,647	84,653
Outward remittance	186,001	533,316	186,001	533,316
Total	1,007,832,860	907,412,486	1,007,174,231	906,698,438

(i) As at 31 December 2017, the carrying amount of the Group's and the Bank's wealth-management fund for corporate customers was RMB 76,460 million (31 December 2016: RMB 51,213 million). The carrying amount for individual customers was RMB 24,361 million (31 December 2015: RMB 7,227 million).



## (23) Employee benefits payable

The Group

	Note	31 December 2017	31 December 2016
Short-term employee benefits	(i)	3,130,877	2,664,245
Post-employment benefits	(ii)		
- defined contribution plans		76,165	87,270
Termination benefits		149,830	226,848
Other long-term employee benefits	(iii)	1,193,806	1,065,887
Total	(iv)	4,550,678	4,044,250

(i) Short-term employee benefits

The Group

	2017			
	As at 1 January	Accrued during the year	Payment during the year	As at 31 December
Salaries, bonuses, allowances	2,566,312	4,454,811	(3,988,619)	3,032,504
Staff welfare	38	282,888	(282,782)	144
Social insurance	16,113	308,384	(288,331)	36,166
- Medical insurance	14,698	285,261	(265,373)	34,586
- Work-related injury insurance	1,053	8,066	(7,971)	1,148
- Maternity insurance	362	15,057	(14,987)	432
Housing fund	1,297	300,804	(299,459)	2,642
Labour union fee, staff and workers' education fee	80,485	122,527	(143,591)	59,421
Total	2,664,245	5,469,414	(5,002,782)	3,130,877

	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

(ii) Post-employment benefits – defined contribution plans

The Group

	2017			
	As at 1 January	Accrued during the year	Payment during the year	As at 31 December
Basic pension insurance	10,213	443,547	(444,925)	8,835
Unemployment insurance	1,262	13,580	(12,631)	2,211
Annuity and supplemental pension insurance	75,795	238,880	(249,556)	65,119
Total	87,270	696,007	(707,112)	76,165

	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

(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 2017	31 December 2016	31 December 2017	31 December 2016
Income tax payable	1,324,424	1,744,092	1,211,165	1,654,014
Value-added tax and surcharges payable	683,548	746,030	683,119	745,487
Others	83,386	88,439	82,637	87,045
Total	2,091,358	2,578,561	1,976,921	2,486,546

## (25)Interests payable

Analysed by types of financial liabilities which generate interests payable

	The Group		The Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Deposits from customers	15,200,742	11,910,512	15,189,792	11,899,847
Deposits from banks and other financial institutions	2,224,383	2,455,350	2,224,508	2,455,530
Debt securities issued	893,379	202,818	893,329	202,793
Borrowings from banks and other financial institutions	630,230	476,897	630,230	476,897
Borrowings from central bank	424,009	293,782	95,494	36,695
Financial assets sold under repurchase agreements	100,447	83,691	91,840	58,643
Total	19,473,190	15,423,050	19,125,193	15,130,405

## (26)Debt securities issued

The Group and the Bank

	Note	2017			
		1 January	Issued for the year	Repaid for the year	Amortisation of discounts or premiums
Inter-bank certificates of deposits issued	(i)	107,743,435	487,150,000	(391,750,000)	(3,301,524)
Subordinated debts issued	(ii)	15,000,000	-	-	-
Other financial debts securities issued	(iii)	9,000,000	10,000,000	(1,500,000)	-
Total		131,743,435	497,150,000	(393,250,000)	(3,301,524)

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

(i) As at 31 December 2017, the Group and the Bank held 186 unmaturing inter-bank certificates of deposits that were issued in the inter-bank market. The maximum term is 365 days. The interest rate ranges from 3.94% to 5.14% (As at 31 December 2016, the Group and the Bank held 102 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 2.53% to 4.84%).

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

	Note	31 December 2017	31 December 2016
Subordinated fixed rate bonds maturing in September 2024		12,000,000	12,000,000
Subordinated fixed rate bonds maturing in September 2026 (b)		3,000,000	3,000,000
<b>Total</b>		<b>15,000,000</b>	<b>15,000,000</b>

(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 2017	31 December 2016
Specific financial bonds for small and micro business maturing in July 2017 (a)		-	1,500,000
Specific financial bonds for small and micro business maturing in July 2019 (b)		7,500,000	7,500,000
Ordinary financial fixed rate bonds maturing in July 2020 (c)		6,000,000	-
Ordinary financial fixed rate bonds maturing in July 2022 (d)		4,000,000	-
<b>Total</b>		<b>17,500,000</b>	<b>9,000,000</b>

(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. This specific financial bonds have been matured and paid fully on 24 July 2017.

(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.

(c) The Bank issued 3-years fixed interest rate ordinary financial bonds on 28 July 2014. The coupon interest rate per annum is 4.30% and the interest is settled once a year.

(d) The Bank issued 5-years fixed interest rate ordinary financial bonds on 28 July 2014. The coupon interest rate per annum is 4.50% and the interest is settled once a year.

## (27) Other liabilities

The Group

	31 December 2017	31 December 2016
Suspense account for clearing	5,216,199	3,371,689
Deposit for finance leasing	2,281,142	1,792,936
Deferred Income	1,382,398	1,224,687
Dividend payable	56,457	52,952
Others	461,964	641,096
Total	9,398,160	7,083,360

## (28) Share capital

The Bank

	31 December 2017 and 2016
RMB common stocks (A - Share)	11,544,450

## (29) Other equity instruments

(i) Preference shares that remain outstanding at the end of the year are set out as follows:

Outstanding financial instruments	Issuance date	Accounting classification	Dividend or interest rate	Issuance price (RMB)	Quantity (million share)	Amount (RMB million Yuan)	Maturity	Conditions for Conversion
Domestic Preference Share	2017-11-28	Equity	5.20%	100 / share	200	20,000	None	Mandatory No
Less: Issue fees						(22)		
Book value						19,978		

## (ii) Major terms

### (a) Dividend

Fixed rate for a certain period (5 years) after issuance. Dividend thereafter reset every 5 years (the sum of the benchmark rate and the Fixed Spread). The Fixed Spread will be equal to the spread between the dividend rate at the time of issuance and the benchmark rate. The Fixed Spread will remain unchanged throughout the term of the Preference Shares. Dividends will be paid annually.

### (b) Conditions to distribution of dividends

The Group could pay dividends while the Group still has distributable after-tax profit after making up previous years' losses, contributing to the statutory reserve and making general provisions, and the Group's capital adequacy ratio meets regulatory requirements. Preference shareholders of the Group are senior to the ordinary shareholders on the right to dividends.

The Group may elect to cancel any dividend, but such cancellation will require a shareholder's resolution to be passed.

### (c) Dividend stopper

If the Group cancels all or part of the dividends to the preference shareholders, the Group shall not make any dividend distribution to ordinary shareholders before the Group pays the dividends for the current dividend period to the preference shareholders in full.

### (d) Order of distribution and liquidation method

The preference shareholders will be subordinated to the depositors, ordinary creditors, and holders of Tier 2 capital bonds of the Group, but will be senior to the ordinary shareholders.

### (e) Mandatory conversion trigger events

Upon the occurrence of an Additional Tier 1 Capital Trigger Event (Core Tier 1 Capital Adequacy Ratio of the Group falling to 5.125% or below), the Group shall have the right to convert all or part of the preference shares into A shares, in order to restore the Core Tier 1 Capital Adequacy Ratio of the Group to above 5.125%;

Upon the occurrence of a Non-Viability Trigger Event (Earlier of the two situations: (1) CBRC has determined that the Group would become non-viable if there is no conversion or write-down of capital; or (2) the relevant authorities have determined that a public sector injection of capital or equivalent support is necessary, without which the Group would become nonviable), the Group shall have the right to convert all preference shares into A shares.

If preference shares were converted to A shares, they may not be converted to preference shares again.

### (f) Redemption

After five years have elapsed since the date of issuance under the premise of obtaining the approval of the CBRC and compliance with regulatory requirements, the Group has right to redeem all or some of domestic preference shares. Redemption price is equal to book value plus accrued dividend in current period.

The redemption period of preference shares ranges from the start date of redemption to the date of full redemption or conversion.



**(g) Dividend setting mechanism**

Non cumulative dividend is a dividend on preference shares which does not cumulate upon omission of payment so as to require payment of a passed or omitted dividend of one year out of earnings of a following year. After receiving dividend at agreed dividend rate, preference shareholders of the Group will not participate the distribution of residual profits with ordinary shareholders. Preference shareholders of the Group are senior to the ordinary shareholders on the right to dividends.

The Group shall distribute dividends for the preference shares in cash, based on the total amount of the issued and outstanding preference shares on the corresponding times (i.e. the product of the issue price of preference shares and the number of the issued and outstanding preference shares).

**(iii) Changes in preference shares outstanding**

Financial instrument outstanding	1 January 2017		Additions during the year		31 December 2017	
	Quantity (million shares)	Carrying Value (RMB million)	Quantity (million shares)	Carrying Value (RMB million)	Quantity (million shares)	Carrying Value (RMB million)
Domestic preference share	-	-	200	19,978	200	19,978

**(iv) Relevant information of amounts attributable to holders of equity instruments**

	2017	2016
Equity attributable to shareholders of the Bank	111,144,904	82,665,060
- Equity attributable to ordinary shareholders of the Bank	91,167,074	82,665,060
- Equity attributable to holders of the Bank's other equity instruments	19,977,830	-
Equity attributable to non-controlling shareholders	1,682,879	1,541,906
- Equity attributable to non-controlling ordinary shareholders	1,682,879	1,541,906
- Equity attributable to non-controlling shareholders of other equity instruments	-	-

### (30)Capital reserve

#### The Group

	2017		
	As at 1 January	Additions during the year	As at 31 December
Share premium	16,075,278	-	16,075,278

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

#### The Bank

	2017		
	As at 1 January	Additions during the year	As at 31 December
Share premium	16,072,078	-	16,072,078

	2016		
	As at 1 January	Additions during the year (Note: (i))	As at 31 December
Share premium	10,097,373	5,974,705	16,072,078

(i) 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.

## (31) Other comprehensive income

The Group and the Bank

	2017						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	363,596	(1,730,488)	(26,988)	439,405	(1,318,071)	-	(954,475)

	2016						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	597,276	(285,673)	(25,901)	77,894	(233,680)	-	363,596

## (32) 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
Appropriation	-	1,045,801	1,045,801
As at 31 December 2017	5,959,273	6,184,409	12,143,682

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.

As at 1 January 2017, the balance of the Bank's statutory surplus reserve has exceeded 50% of its registered capital.

## (33) General reserve

	The Group		The Bank	
	2017	2016	2017	2016
As at 1 January	20,705,275	15,715,462	20,657,651	15,699,373
Appropriation	2,264,259	4,989,813	2,076,009	4,958,278
As at 31 December	22,969,534	20,705,275	22,733,660	20,657,651

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, the Bank is required to maintain a general reserve within equity, through the appropriation of profit, which should not be less than 1.5% of the year-end balance of its risk-bearing assets.

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.

## (34) Appropriation of profits

(a) In accordance with the resolution of the general meeting of shareholders of the Bank on 10 April 2017, the shareholders approved the following profit appropriations for the year ended 31 December 2016:

- 10% of the profit after tax for the statutory surplus reserve of year 2016;
- 10% of the profit after tax for the discretionary surplus reserve of year 2016;
- RMB 4.958 billion yuan for the general reserve; and

-RMB 1.78 yuan per 10 shares (before tax), with the aggregate amount of RMB 2,055 million as cash dividend to the shareholders on the register as at 31 December 2016

(b) 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

### (35) Net interest income

	Note	The Group		The Bank	
		2017	2016	2017	2016
Loans and advances to customers		33,401,777	29,711,626	33,343,692	29,644,761
- Corporate loans and advances		23,445,512	21,632,087	23,391,301	21,569,972
- Individual loans and advances		7,710,237	5,107,906	7,706,375	5,103,412
- Discounted bills		2,246,028	2,971,633	2,246,016	2,971,377
Investment in debt instruments		33,185,091	23,925,025	33,202,855	23,943,659
Deposits with banks and other financial institutions		4,515,086	2,643,586	4,522,319	2,653,671
Deposits with central bank		1,989,609	1,891,819	1,988,502	1,890,892
Long-term receivable		1,671,215	1,075,394	-	-
Financial assets held under resale agreements		956,754	541,967	956,754	541,967
Placements with banks and other financial institutions		173,949	185,804	323,196	205,815
Interest income	(i)	75,893,481	59,975,221	74,337,318	58,880,765
Deposits from customers		(20,147,679)	(17,111,032)	(20,134,506)	(17,098,631)
- Corporate customers		(14,720,962)	(12,957,562)	(14,714,405)	(12,951,659)
- Individual customers		(5,426,717)	(4,153,470)	(5,420,101)	(4,146,972)
Deposits from banks and other financial institutions		(13,015,125)	(11,153,368)	(13,020,330)	(11,156,303)
Debt securities issued		(10,016,289)	(3,254,440)	(10,016,289)	(3,254,440)
Financial assets sold under repurchase agreements		(2,041,089)	(1,540,958)	(1,995,408)	(1,461,750)
Placements from banks and other financial institutions		(1,654,082)	(497,115)	(1,652,664)	(496,894)
Borrowings from central bank		(1,179,682)	(874,033)	(386,060)	(397,442)
Others		(24,883)	(299,187)	(24,883)	(299,187)
Interest expense	(i)	(48,078,829)	(34,730,133)	(47,230,140)	(34,164,647)
Net interest income		27,814,652	25,245,088	27,107,178	24,716,118

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

	The Group		The Bank	
	2017	2016	2017	2016
Interest income arising from impaired loans and advances to customers	202,048	192,905	199,414	185,951

### (36) Net fee and commission income

	The Group		The Bank	
	2017	2016	2017	2016
Agency service fees	3,365,347	3,545,429	3,365,347	3,545,233
Bank card fees	1,195,243	912,778	1,195,234	912,764
Custodian and other fiduciary service fees	599,667	505,784	599,667	505,784
Credit commitment fees	471,072	433,654	471,043	433,635
Settlement and clearing fees	94,736	214,180	94,670	214,135
Advisory service fees	6,165	71,056	6,165	71,536
Others	344,741	257,550	42,833	63,531
Fee and commission income	6,076,971	5,940,431	5,774,959	5,746,618
Settlement and clearing charges	(100,662)	(54,797)	(100,648)	(54,783)
Bank card charges	(43,012)	(34,394)	(43,012)	(34,394)
Others	(154,273)	(29,445)	(140,246)	(24,342)
Fee and commission expense	(297,947)	(118,636)	(283,906)	(113,519)
Net fee and commission income	5,779,024	5,821,795	5,491,053	5,633,099

### (37) Investment income

The Group and the Bank

	2017	2016
Net gains during the period in which financial instruments are held	302,926	23,297
- Dividend income from cooperate shares	2,606	6,580
- Dividend income from funds		
Net (losses) / gains from disposal of financial instruments	53,894	-
- Derivative financial instruments	32,004	25,901
- Available-for-sale financial assets	(164,615)	(31,875)
- Financial assets at fair value through profit or loss	1,732	(1,073)
Others	302,926	23,297
Total	228,547	22,830



**(38)Net (losses) / gains from changes in fair value**

The Group and the Bank

	2017	2016
Derivatives	(653,237)	609,303
Financial assets at fair value through profit or loss	(53,155)	(6,726)
Total	(706,392)	602,577

**(39)General and administrative expenses**

	The Group		The Bank	
	2017	2016	2017	2016
Staff costs				
- Salaries and bonuses	4,784,081	4,257,903	4,728,736	4,202,235
- Social insurance and supplemental pension insurance	1,004,391	848,812	998,719	844,990
- Other welfare	720,732	653,441	713,660	647,824
Sub-total	6,509,204	5,760,156	6,441,115	5,695,049
Premises and equipment expenses				
- Depreciation and amortisation	581,089	639,478	577,327	634,651
- Rental and property management expenses	510,800	493,906	506,380	489,255
- Utility charges	80,663	85,852	80,220	85,439
- Others	319,195	369,745	314,171	361,821
Sub-total	1,491,747	1,588,981	1,478,098	1,571,166
Other general and administrative expenses	1,745,448	1,812,008	1,731,030	1,794,002
Total	9,746,399	9,161,145	9,650,243	9,060,217

**(40)Impairment losses**

	The Group		The Bank	
	2017	2016	2017	2016
Loans and advances to customers	8,190,290	6,465,091	8,171,374	6,405,870
Investment securities classified as receivables	1,331,588	936,090	1,331,588	936,090
Long-term receivable	376,400	307,951	-	-
Other assets	25,211	69,540	24,457	68,608
Total	9,923,489	7,778,672	9,527,419	7,410,568

## (41)Income tax expense

### (a)Income tax expense

	The Group		The Bank	
	2017	2016	2017	2016
Current tax	3,060,684	4,340,065	2,871,151	4,266,519
Deferred tax	300,510	(1,562,452)	316,131	(1,554,654)
Adjustments for tax filling	(1,587,600)	109,441	(1,532,637)	122,148
Total	1,773,594	2,887,054	1,654,645	2,834,013

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

	Note	The Group		The Bank	
		2017	2016	2017	2016
Profit before tax		13,789,564	13,523,982	13,314,773	13,292,017
Expected income tax at statutory tax rate of 25%		3,447,391	3,380,996	3,328,693	3,323,004
Tax effect of non-taxable income	(i)	(1,328,347)	(983,718)	(1,328,347)	(983,718)
Tax effect of non-deductible expenses	(ii)	27,837	36,796	24,630	31,422
Adjustments for tax filling and prior years		(373,287)	452,980	(370,331)	463,305
Income tax expense		1,773,594	2,887,054	1,654,645	2,834,013

(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.

## (42)Earnings per share

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

### The Group

	Note	2017	2016
Net Profit attributable to shareholders of the Bank		11,874,997	10,610,579
Minus: declare dividends of preferred shares		-	-
Consolidated net profit attributable to ordinary shareholders of the Bank		11,874,997	10,610,579
Weighted average issued ordinary shares (in thousands)	(i)	11,544,450	10,871,021
Basic and diluted earnings per share (in RMB Yuan)		1.03	0.98

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

The Group

	2017	2016
Number of issued ordinary shares at the beginning of the year	11,544,450	10,390,000
Increase due to initial public offering	-	481,021
Weighted average issued ordinary shares at year end	11,544,450	10,871,021

#### (43) Note to the statement of cash flow

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

	The Group		The Bank	
	2017	2016	2017	2016
Net Profit	12,015,970	10,636,928	11,660,128	10,458,004
Add / (minus) :				
Impairment losses	9,923,489	7,778,672	9,527,419	7,410,568
Unwinding of discount	(202,048)	(192,905)	(199,414)	(185,951)
Depreciation and mortisation	581,089	639,478	577,327	634,651
Net (gains) / losses from disposal of fixed assets, intangible assets and other long-term assets	(83,398)	(96,861)	(83,398)	(96,873)
Net (gains) / losses from changes in fair value	706,392	(602,577)	706,392	(602,577)
Net foreign exchange gains	(438,388)	409,805	(438,388)	409,805
Investment income	(228,547)	(22,830)	(228,547)	(22,830)
Interest income from investment in debt instruments	(33,185,091)	(23,925,025)	(33,202,855)	(23,943,659)
Interest expenses on debt securities issued	10,016,289	3,254,440	10,016,289	3,254,440
Decrease in deferred tax assets	300,510	(1,562,452)	316,131	(1,554,654)
Increase in operating receivables	(144,243,900)	(120,819,382)	(138,597,716)	(103,488,948)
Increase in operating payables	39,699,166	207,120,015	35,422,044	192,974,324
Net cash flow from operating activities	(105,138,467)	82,617,306	(104,524,588)	85,246,300

(b) Changes in cash and cash equivalents:

	The Group		The Bank	
	2017	2016	2017	2016
Cash and cash equivalents at the end of the year	62,181,354	95,436,965	63,165,334	95,610,291
Less: Cash and cash equivalents at the beginning of the year	(95,436,965)	(132,585,785)	(95,610,291)	(132,848,501)
Net decrease in cash and cash equivalents	(33,255,611)	(37,148,820)	(32,444,957)	(37,238,210)

(c)Cash and cash equivalents:

	The Group		The Bank	
	2017	2016	2017	2016
Cash on hand	1,615,834	1,776,683	1,613,279	1,772,767
Unrestricted deposits with central bank	14,246,729	18,671,589	14,245,934	18,671,576
Unrestricted deposits with banks and other financial institutions	30,204,969	63,107,752	30,392,299	63,285,007
Placements with banks and other financial institutions	2,209,117	1,880,941	3,009,117	1,880,941
Financial assets held under resale agreements	13,904,705	10,000,000	13,904,705	10,000,000
Cash and cash equivalents at the end of the year	62,181,354	95,436,965	63,165,334	95,610,291

(44)Pledged assets

(a)Assets pledged as security

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

	The Group		The Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Borrowings from central bank	64,500,000	38,000,000	64,500,000	38,000,000
Placements from banks and other financial institutions	427,622	-	-	-
Financial assets sold under repurchase agreements	56,737,187	59,039,284	56,157,187	55,796,339
Deposits from customers	21,794,000	14,688,000	21,794,000	14,688,000
Other liabilities	311,713	58,000	-	-
Total	143,770,522	111,785,284	142,451,187	108,484,339

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 2017	31 December 2016	31 December 2017	31 December 2016
Securities				
- Government bonds	111,251,496	85,879,207	111,251,496	85,879,207
- Bank and other financial institution bonds	27,793,945	23,845,101	27,793,945	23,845,101
- Corporate bonds	10,335,092	7,859,302	10,335,092	7,859,302
Sub-total	149,380,533	117,583,610	149,380,533	117,583,610
Commercial bills	12,598,333	4,897,922	12,598,333	4,897,922
Long-term receivable	684,536	3,172,641	-	-
Deposits with banks and other financial institutions	181,856	29,000	-	-
Total	162,845,258	125,683,173	161,978,866	122,481,532

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

	The Group		The Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Deposits with banks and other financial institutions	181,856	29,000	-	-
Loans and advances to customers	12,598,333	4,897,922	12,598,333	4,897,922
Available-for-sale financial assets	27,618,799	23,510,512	27,618,799	23,510,512
Held-to-maturity investments	114,470,515	94,073,098	114,470,515	94,073,098
Receivables investment	7,291,219	-	7,291,219	-
Long-term receivables	684,536	3,172,641	-	-
Total	162,845,258	125,683,173	161,978,866	122,481,532

#### (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.

#### (45) 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.

#### Credit asset securitization

The Group sells credit assets to a special purpose trust, which will then issue asset-backed securities to investors. When the Group transfers almost all the risks and rewards of ownership of financial assets to special purpose trusts while retaining the relatively small interest in the trusts or arrangements for the follow-up services of the transferred financial assets, the Group will Termination of the transfer of financial assets. As at 31 December 2017, The carrying amount of the securitised credit assets of the Group was RMB 9,828 million at the date of transfer (31 December 2016: RMB 5,234 million). The rights and other relevant information retained by the group and the bank in these special purpose trusts 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 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016		
Baode Rural Bank (Note ii)	41%	41%	51%	41%	180,000	180,000	Jiangsu, 10 June 2010	Commercial banking
Suyin Finance Leasing	60%	60%	60%	60%	3,000,000	3,000,000	Jiangsu, 13 May 2016	Lease business

(i) 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.

(ii) Pursuant to the group's agreement with other shareholders of Baode Rural Bank, the Bank holds 51% of the voting rights in the shareholders' meeting of Baode Rural Bank. Therefore, the Bank considers it to be in control of Baode Rural Bank, thus includes it in the consolidated financial statements.

Management of the Group assesses whether the Group controls the investees and structured entities according to the elements of control in Accounting Standards for Business.

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 trust plan, wealth management products and asset management 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: trust plan, wealth management products, asset management 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 Accounting Standards for Business and principals described in Note 6(1).

As at 31 December 2017, 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 2017					
	Fair value through profit or loss assets	Available-for-sale financial assets	Held-to maturity investments	Investment securities classified as receivables	Total
Trust plan	-	10,467,374	-	200,144,975	210,612,349
Wealth management products	-	176,472,580	-	-	176,472,580
Asset management plan	-	1,624,692	-	93,286,468	94,911,160
Investment fund	-	19,686,387	-	-	19,686,387
Asset-backed securities	2,727,611	54,479	1,475,041	-	4,257,131
Total	2,727,611	208,305,512	1,475,041	293,431,443	505,939,607

31 December 2016					
	Fair value through profit or loss assets	Available-for-sale financial assets	Held-to maturity investments	Investment securities classified as receivables	Total
Trust plan	-	9,289,906	-	59,490,535	68,780,441
Wealth management products	-	294,177,428	-	-	294,177,428
Asset management plan	-	11,870,522	-	120,096,374	131,966,896
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



The maximum loss exposure of the trust plan, asset management plan and asset-backed securities is the fair value or amortized cost at the reporting date according to the classification it has confirmed in the balance sheet. The maximum loss exposure of the wealth management products and the investment fund is the fair value at the reporting date.

#### (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 2017 and 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 established by third parties through direct investment are as follows:

	Fair value through profit or loss assets	31 December 2017			Total
		Available-for-sale financial assets	Held-to maturity investments	Investment securities classified as receivables	
Trust plan	-	10,467,374	-	200,144,975	210,612,349
Wealth management products	-	176,472,580	-	-	176,472,580
Asset management plan	-	1,624,692	-	93,286,468	94,911,160
Investment fund	-	19,686,387	-	-	19,686,387
Asset-backed securities	2,727,611	-	1,423,009	-	4,150,620
Total	2,727,611	208,251,033	1,423,009	293,431,443	505,833,096

	Fair value through profit or loss assets	31 December 2016			Total
		Available-for-sale financial assets	Held-to maturity investments	Investment securities classified as receivables	
Trust plan	-	9,289,906	-	59,490,535	68,780,441
Wealth management products	-	294,177,428	-	-	294,177,428
Asset management plan	-	11,870,522	-	120,096,374	131,966,896
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

The maximum loss exposure of the trust plan, asset management plan and asset-backed securities is the fair value or amortized cost at the reporting date according to the classification it has confirmed in the balance sheet. The maximum loss exposure of the wealth management products and the investment fund is the fair value 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 2017, the carrying amount of the Group's management fees receivable in the consolidated balance sheet was RMB 101 million (31 December 2016: RMB 77million).

As at 31 December 2017 and 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 established by the Group through direct investment are as follows:

	31 December 2017		
	Available-for-sale financial assets	Held-to-maturity investments	Total
Asset-backed securities	54,479	52,032	106,511

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

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

As at 31 December 2017, 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 2016: 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 balance sheet date:

The structured entities that are no longer included in the consolidated financial statements that the Group no longer enjoys equity at the balance sheet date mainly include the unsecured wealth management products issued by the Group. The Group's fee and commission income from such unsecured wealth management products was RMB 1.329 billion (2016: RMB 969 million) in 2017.

The Group's unsecured wealth management products issued after 1 January 2017 and matured before 31 December 2017 totaled RMB 312.2 billion (unsecured wealth management products issued after 1 January 2016 and matured before 31 December 2016 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, corporate banking 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 and off-site placement and taking transactions, repurchase transactions, investment in debt instruments, derivatives trading, foreign currency etc. It also covers the Group's overall liquidity position management, including the issuance of debts securities, etc.

## 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

	2017				
	Corporate banking	Personal banking	Treasury business	Others	Total
External net interest income	14,740,297	3,413,963	9,660,392	-	27,814,652
Inter-segment net interest income / (expense)	3,664,636	487,252	(4,151,888)	-	-
Net interest income	18,404,933	3,901,215	5,508,504	-	27,814,652
Fee and commission income	3,816,382	1,824,815	435,774	-	6,076,971
Fee and commission expense	(62,007)	(162,706)	(73,234)	-	(297,947)
Net fee and commission	3,754,375	1,662,109	362,540	-	5,779,024
Net investment gains	-	-	228,547	-	228,547
Net gains from changes in fair value	-	-	(706,392)	-	(706,392)
Net foreign exchange gains/(losses)	182,615	768	403,738	-	587,121
Other operating incomes	25	-	-	16,494	16,519
Net gains of asset disposal	-	-	-	83,398	83,398
Other income	-	-	-	36,342	36,342
Operating income	22,341,948	5,564,092	5,796,937	136,234	33,839,211
Business taxes and surcharges	(164,003)	(47,856)	(159,599)	(95)	(371,553)
General and administrative expenses	(7,524,022)	(1,449,263)	(773,114)	-	(9,746,399)
Impairment losses	(8,421,115)	(170,786)	(1,331,588)	-	(9,923,489)
Other operating expenses	-	-	-	(3,294)	(3,294)
Operating expenses	(16,109,140)	(1,667,905)	(2,264,301)	(3,389)	(20,044,735)
Operating profit	6,232,808	3,896,187	3,532,636	132,845	13,794,476
Add: Non-operating income	-	-	-	31,805	31,805
Less: Non-operating expenses	-	-	-	(36,717)	(36,717)
Profit before tax	6,232,808	3,896,187	3,532,636	127,933	13,789,564
Other segment information:					
Depreciation and amortisation	(310,360)	(253,868)	(16,861)	-	(581,089)
Capital expenditure	297,138	243,053	16,143	-	556,334

	2016				
	Corporate banking	Personal banking	Treasury business	Others	Total
Segment assets	639,679,612	215,635,540	915,229,213	6,621	1,770,550,986
Segment liabilities	789,254,373	221,415,229	646,985,298	68,303	1,657,723,203
Other segment information:					
Credit commitments	179,384,012	3,440,568	-	-	182,824,580
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
Net gains of asset disposal	-	-	-	96,861	96,861
Operating income	21,056,931	4,277,380	6,006,077	115,518	31,455,906
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	112,519	13,565,649
Add: Non-operating income	-	-	-	45,693	45,693
Less: Non-operating expenses	-	-	-	(87,360)	(87,360)
Profit before tax	6,842,217	2,437,880	4,173,033	70,852	13,523,982
Other segment information:					
Depreciation and amortisation	(346,238)	(274,940)	(18,300)	-	(639,478)
Capital expenditure	480,437	386,876	26,432	-	893,745

	2016				Total
	Corporate banking	Personal banking	Treasury business	Others	
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

## 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, issued bank acceptances but not yet matured, financial guarantees, letters of credit, finance lease commitment.

The contractual amounts of loans and credit card commitments represent the cash outflows should the contracts be fully drawn upon. 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. 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.

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, credit card limit and finance lease commitment, 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 2017	31 December 2016
Loan commitments	13,188,215	14,028,669
- original contractual maturity less than 1 year	106,900	185,000
- original contractual maturity more than 1 year (inclusive)	13,081,315	13,843,669
Credit card commitment	3,440,568	3,756,004
Sub-total	16,628,783	17,784,673
Bank acceptances	128,733,269	154,262,387
Guarantees	20,631,719	16,774,743
Letters of credit	14,407,420	14,864,214
Finance lease commitments	2,423,389	600,000
Sub-total	166,195,797	186,501,344
Total	182,824,580	204,286,017

## (2) Credit risk weighted amount

The Group

	31 December 2017	31 December 2016
Credit risk weighted amount of credit commitments	53,626,604	52,265,590

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 former 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 2017	31 December 2016
Within 1 year (inclusive)	447,035	399,335
After 1 year but within 2 years (inclusive)	394,668	369,241
After 2 years but within 3 years (inclusive)	345,274	321,577
After 3 years but within 5 years (inclusive)	476,828	484,425
Above 5 years	362,215	424,213
Total	2,026,020	1,998,791

## (4) Capital commitments

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

	31 December 2017	31 December 2016
Contracted for but not paid	402,566	528,327
Authorised but not contracted for	13,026	11,188

## (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 2017	31 December 2016
Redemption commitments	14,429,990	14,662,714

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 2017, there were 51 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 1,145 million (31 December 2016: RMB 698 million). The Group has made provision of RMB 66.39 million (31 December 2016: RMB 60.49 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 2017	31 December 2016
Entrusted loans	127,336,861	149,618,462
Entrusted funds	127,336,861	149,618,462

## 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 determining the Bank's risk appetite, risk management strategy, decision-making risk management policy, organizational structure and basic management system, assuming the ultimate responsibility for risk management, and supervising the implementation of the senior management. The Board has established the Risk Management Committee, which is primarily responsible for performing corresponding risk management authorized by the board of directors. The senior management of the bank is responsible for implementing risk management policies and

basic management systems determined by the Board of Directors, formulating and improving various risk management regulations, managing risks in various business operations of the bank, and regularly reporting to the Board of Directors and the Board of Supervisors the risk status of the bank. The internal control and risk management committee under the senior management of the group is the deliberation and decision-making body of the Bank's internal control and risk management. The Risk Management Department is the functional department that leads the overall risk management.

At the Branch level, the bank established the Internal Control, Risk Management Committee and the Risk Director. Compliance Department are established and led the branch's comprehensive risk management. Director of Risk Management at the Branch shall be assessed by Risk Management Department of the Head Office and the head of the Branch on its dual-line management and double-line assessment, and shall report to the risk management line of the head office and the head of the branch. The Group also sets up a risk management team in the main business department. The risk management team is managed by the business department in terms of personnel relations, and the business is subject to the guidance and supervision of 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.

At the same time, under the framework of the Group's overall risk management policy, each subsidiary of the Group, in line with its own reality, has formulated its own risk management system, established a risk management organizational structure, and set up senior management personnel in charge of risk, which is in accordance with the risk management department of the head office. The subsidiary's comprehensive risk management report are reported regularly as requirements, and comprehensive risk

## (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 former 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 of the on-balance sheet business 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 2017				
	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	-	-	8,258,514	447,150	-
Provision for impairment losses	-	-	(3,663,297)	(159,958)	-
Net value	-	-	4,595,217	287,192	-
Collectively assessed gross amount	-	-	2,295,035	-	-
Provision for impairment losses	-	-	(1,930,489)	-	-
Net value	-	-	364,546	-	-
Overdue but not impaired					
Less than 3 months (inclusive)	-	-	1,700,048	157,389	-
More than 3 months but less than 6 months (inclusive)	-	-	484,444	-	-
Over 6 months	-	-	1,400,381	-	-
Overdue but not impaired	-	-	3,584,873	157,389	-
Provision for impairment losses	-	-	(728,244)	(27,984)	-
Net value	-	-	2,856,629	129,405	-
Neither overdue nor impaired gross amount	83,091,243	14,004,544	733,151,076	734,851,775	46,896,530
Provision for impairment losses	-	-	(13,123,396)	(2,553,339)	(920,665)
Net value	83,091,243	14,004,544	720,027,680	732,298,436	45,975,865
Carrying amount	83,091,243	14,004,544	727,844,072	732,715,033	45,975,865

## 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	-	-	2,738,138	-	-
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

(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. Receivables from inter-banks neither overdue nor impaired are rated with reference to major rating agencies recognised by the PBOC. On the balance sheet date, the book value of accounts receivable due from peers is distributed as follows:

The Group

	31 December 2017	31 December 2016
Neither overdue nor impaired		
- grade A to AAA	84,604,323	85,516,395
- unrated	12,491,464	10,731,427
Carrying amount	97,095,787	96,247,822

### (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 2017	31 December 2016
Impaired		
- unrated	447,150	-
Impaired gross amount	447,150	-
Provision for impairment losses	(159,958)	-
Net value	287,192	-
Overdue but not impaired		
- unrated	157,389	688,910
Overdue but not impaired gross amount	157,389	688,910
Provision for impairment losses	(27,984)	(120,008)
Net value	129,405	568,902
Neither overdue nor impaired		
- AAA	169,801,053	175,641,200
- AA- to AA+	5,824,462	7,168,329
- unrated	559,226,260	499,613,837
Neither overdue nor impaired gross amount	734,851,775	682,423,366
Provision for impairment losses	(2,553,339)	(1,289,685)
Net value	732,298,436	681,133,681
Carrying amount	732,715,033	681,702,583

## (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 former 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 business, 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 monitor 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 2017					
	Non-interest bearing	Within 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Total
<b>Financial assets</b>						
Cash and deposits with central bank	2,816,830	132,622,637	-	-	-	135,439,467
Deposits and placements with banks and other financial institutions	-	51,743,980	30,709,597	637,666	-	83,091,243
Financial assets held under resale agreements	-	14,004,544	-	-	-	14,004,544
Loans and advances to customers (Note a)	-	379,878,817	287,313,578	60,638,531	13,146	727,844,072
Investments (Note b)	20,309,310	113,158,299	194,594,955	246,251,010	178,710,769	753,024,343
Long-term receivables	-	17,675,504	161,201	11,973,390	-	29,810,095
Other financial assets	16,165,770	-	-	-	-	16,165,770
<b>Total financial assets</b>	<b>39,291,910</b>	<b>709,083,781</b>	<b>512,779,331</b>	<b>319,500,597</b>	<b>178,723,915</b>	<b>1,759,379,534</b>
<b>Financial liabilities</b>						
Borrowings from central bank	-	13,000,000	51,560,000	-	-	64,560,000
Deposits and placements with banks and other financial institutions	-	96,326,276	159,869,900	106,030	-	256,302,206
Financial assets sold under repurchase agreements	-	47,252,862	9,404,325	80,000	-	56,737,187
Deposits from customers	-	633,431,273	229,514,706	144,886,881	-	1,007,832,860
Debt securities issued	-	55,540,453	144,301,458	17,500,000	15,000,000	232,341,911
Other financial liabilities	31,780,963	-	-	-	-	31,780,963
<b>Total financial liabilities</b>	<b>31,780,963</b>	<b>845,550,864</b>	<b>594,650,389</b>	<b>162,572,911</b>	<b>15,000,000</b>	<b>1,649,555,127</b>
<b>Gap between assets and liabilities</b>	<b>7,510,947</b>	<b>(136,467,083)</b>	<b>(81,871,058)</b>	<b>156,927,686</b>	<b>163,723,915</b>	<b>109,824,407</b>

	31 December 2016					Total
	Non-interest bearing	Within 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	
<b>Financial assets</b>						
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
<b>Total financial assets</b>	<b>20,042,718</b>	<b>646,994,454</b>	<b>575,715,651</b>	<b>242,052,105</b>	<b>102,405,856</b>	<b>1,587,210,784</b>
<b>Financial liabilities</b>						
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
<b>Total financial liabilities</b>	<b>22,592,843</b>	<b>790,477,162</b>	<b>517,759,225</b>	<b>160,282,669</b>	<b>15,000,000</b>	<b>1,506,111,899</b>
<b>Gap between assets and liabilities</b>	<b>(2,550,125)</b>	<b>(143,482,708)</b>	<b>57,956,426</b>	<b>81,769,436</b>	<b>87,405,856</b>	<b>81,098,885</b>

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 2017 (31 December 2016: The balance is 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 2017 (31 December 2016: 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 2017	31 December 2016
Change in interest rate (basis points)		
+200	2,188,340	2,821,955
-200	(2,167,290)	(2,857,756)

Sensitivity of equity		
	31 December 2017	31 December 2016
Change in interest rate (basis points)		
+200	(1,349,972)	(2,063,255)
-200	1,424,317	2,352,204

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:

- a. 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;
- b. all assets and liabilities that reprice or are due within one year will reprice or are due at the beginning of the respective periods;
- c. the interest rates of deposits with central bank and demand deposits from customers remain unchanged;
- d. there is a parallel shift in the yield curve due to change in interest rates;
- e. there are no other changes to the assets or liabilities portfolio; and
- f. other variables (including foreign exchange rates) remain unchanged; and
- g. 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 2017			
	RMB	USD (RMB equivalent)	Others (RMB equivalent)	Total
<b>Financial assets</b>				
Cash and deposits with central bank	133,085,783	2,317,517	36,167	135,439,467
Deposits and placements with banks and other financial institutions	72,399,335	9,839,050	852,858	83,091,243
Financial assets held under resale agreements	14,004,544	-	-	14,004,544
Loans and advances to customers	712,145,788	13,321,423	2,376,861	727,844,072
Investments (Note a)	745,102,819	7,823,104	98,420	753,024,343
Long-term receivables	29,810,095	-	-	29,810,095
Other financial assets	15,880,846	273,811	11,113	16,165,770
<b>Total financial assets</b>	<b>1,722,429,210</b>	<b>33,574,905</b>	<b>3,375,419</b>	<b>1,759,379,534</b>
<b>Financial liabilities</b>				
Borrowings from central bank	64,560,000	-	-	64,560,000
Deposits and placements with banks and other financial institutions	251,799,439	3,449,402	1,053,365	256,302,206
Financial assets sold under repurchase agreements	56,737,187	-	-	56,737,187
Deposits from customers	975,802,496	31,488,862	541,502	1,007,832,860
Debt securities issued	232,341,911	-	-	232,341,911
Other financial liabilities	27,179,468	4,598,012	3,483	31,780,963
<b>Total financial liabilities</b>	<b>1,608,420,501</b>	<b>39,536,276</b>	<b>1,598,350</b>	<b>1,649,555,127</b>
<b>Net position</b>	<b>114,008,709</b>	<b>(5,961,371)</b>	<b>1,777,069</b>	<b>109,824,407</b>
<b>Credit commitments</b>	<b>161,286,424</b>	<b>17,772,938</b>	<b>3,765,218</b>	<b>182,824,580</b>
<b>Derivative financial instruments (Note b)</b>	<b>12,220,651</b>	<b>(11,376,989)</b>	<b>(860,143)</b>	<b>(16,481)</b>

	31 December 2016			
	RMB	USD (RMB equivalent)	Others (RMB equivalent)	Total
<b>Financial assets</b>				
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
<b>Total financial assets</b>	<b>132,126,085</b>	<b>2,975,804</b>	<b>20,427</b>	<b>135,122,316</b>
<b>Financial liabilities</b>				
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
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
<b>Total financial liabilities</b>	<b>1,465,070,164</b>	<b>37,479,491</b>	<b>3,562,244</b>	<b>1,506,111,899</b>
<b>Net position</b>	<b>89,637,644</b>	<b>(8,533,683)</b>	<b>(5,076)</b>	<b>81,098,885</b>
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

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 2017	31 December 2016
Change in foreign currency exchange rate		
Appreciation against RMB by 5%	(615,804)	33,560
Depreciation against RMB by 5%	615,804	(33,560)

The sensitivity analysis is based on the following assumptions:

a.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;

b.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);

c.the fluctuation of exchange rates by 500 basis points is based on the assumption of exchange rates movement over the next 12 months;

d.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;

e.when calculating the foreign exchange exposures, exposures from foreign currency spot, forward and swap foreign exchange exposures are included;

f.other variables (including interest rates) remain unchanged; and

g.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 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 treasurer established under the Planning and Finance Department is responsible for the specific liquidity risk 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 overall 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 at each balance sheet date:

The Group

	Indefinite	Overdue /repayable on demand	Within 1 month
<b>Financial assets</b>			
Cash and deposits with central bank	119,576,904	15,862,563	-
Deposits and placements with banks and other financial institutions	-	9,914,671	21,227,777
Financial assets held under resale agreements	-	-	13,556,144
Loans and advances to customers	-	9,042,780	66,417,106
Investments (Note i)	19,984,618	446,597	36,620,166
Long-term receivables	-	-	680,779
Others financial assets	-	1,855,127	1,924,393
<b>Total financial assets</b>	<b>139,561,522</b>	<b>37,121,738</b>	<b>140,426,365</b>
<b>Financial liabilities</b>			
Borrowings from central bank	-	-	8,000,000
Deposits and placements with banks and other financial institutions	-	4,306,835	37,806,873
Financial assets sold under repurchase agreements	-	-	44,921,928
Deposits from customers	-	434,863,160	106,104,164
Debt securities issued	-	-	16,028,317
Other financial liabilities	-	5,279,265	4,255,030
<b>Total financial liabilities</b>	<b>-</b>	<b>444,449,260</b>	<b>217,116,312</b>
<b>Net position</b>	<b>139,561,522</b>	<b>(407,327,522)</b>	<b>(76,689,947)</b>
Notional amount of derivative financial instruments	-	-	56,018,892



## 31 December 2017

Between 1 month and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Total
-	-	-	-	135,439,467
20,601,532	30,709,597	637,666	-	83,091,243
448,400	-	-	-	14,004,544
79,694,765	319,211,829	161,545,621	91,931,971	727,844,072
74,260,732	194,644,792	247,889,223	179,178,215	753,024,343
1,478,869	6,464,235	20,836,371	349,841	29,810,095
4,876,383	6,105,833	947,213	456,821	16,165,770
181,360,681	557,136,286	431,856,094	271,916,848	1,759,379,534
5,000,000	51,560,000	-	-	64,560,000
54,212,568	159,869,900	106,030	-	256,302,206
2,330,934	9,404,325	80,000	-	56,737,187
92,463,949	229,514,706	144,886,881	-	1,007,832,860
39,512,136	144,301,458	17,500,000	15,000,000	232,341,911
4,343,075	11,313,259	6,499,146	91,188	31,780,963
197,862,662	605,963,648	169,072,057	15,091,188	1,649,555,127
(16,501,981)	(48,827,362)	262,784,037	256,825,660	109,824,407
66,272,756	130,117,837	7,043,512	-	259,452,997

	Indefinite	Overdue /repayable on demand	Within 1 month
<b>Financial assets</b>			
Cash and deposits with central bank	114,674,044	20,448,272	-
Deposits and placements with banks and other financial institutions	-	8,221,444	41,885,983
Financial assets held under resale agreements	-	-	10,000,000
Loans and advances to customers	-	9,192,925	49,453,933
Investments (Note i)	7,040,376	568,902	46,688,420
Long-term receivables	-	-	595,643
Others financial assets	-	418,120	1,536,305
<b>Total financial assets</b>	<b>121,714,420</b>	<b>38,849,663</b>	<b>150,160,284</b>
<b>Financial liabilities</b>			
Borrowings from central bank	-	-	2,000,000
Deposits and placements with banks and other financial institutions	-	7,225,099	39,156,241
Financial assets sold under repurchase agreements	-	-	52,121,354
Deposits from customers	-	412,759,094	108,171,300
Debt securities issued	-	-	2,787,813
Other financial liabilities	-	3,879,794	3,519,403
<b>Total financial liabilities</b>	<b>-</b>	<b>423,863,987</b>	<b>207,756,111</b>
<b>Net position</b>	<b>121,714,420</b>	<b>(385,014,324)</b>	<b>(57,595,827)</b>
Notional amount of derivative financial instruments	-	-	28,905,095

(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.

## 31 December 2016

Between 1 month and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Total
-	-	-	-	135,122,316
18,588,246	17,020,545	531,604	-	86,247,822
-	-	-	-	10,000,000
79,801,239	303,274,788	128,784,038	62,047,968	632,554,891
66,983,446	287,414,713	177,523,054	102,524,048	688,742,959
1,219,065	4,464,100	18,433,517	86,507	24,798,832
2,749,639	4,337,748	518,727	183,425	9,743,964
169,341,635	616,511,894	325,790,940	164,841,948	1,587,210,784
2,000,000	34,030,000	-	-	38,030,000
66,574,194	232,832,288	1,506,029	-	347,293,851
3,465,030	1,074,509	2,378,391	-	59,039,284
71,872,240	165,711,603	148,898,249	-	907,412,486
22,344,797	84,110,825	7,500,000	15,000,000	131,743,435
3,120,142	6,751,223	5,295,561	26,720	22,592,843
169,376,403	524,510,448	165,578,230	15,026,720	1,506,111,899
(34,768)	92,001,446	160,212,710	149,815,228	81,098,885
37,889,949	61,276,807	3,429,434	-	131,501,285

## (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

	Carrying amount	Undiscounted cash flow	Indefinite	Overdue /repayable on demand
Non-derivative financial liabilities				
Borrowings from central bank	64,560,000	66,642,723	-	-
Deposits and placements from banks and other financial institutions	256,302,206	264,317,541	-	4,321,909
Financial assets sold under repurchase agreements	56,737,187	57,128,150	-	-
Deposits from customers	1,007,832,860	1,035,938,043	-	435,018,467
Debt securities issued	232,341,911	246,850,800	-	-
Other financial liabilities	7,872,120	7,872,120	-	5,279,265
Total non-derivative liabilities	1,625,646,284	1,678,749,377	-	444,619,641
Derivative financial instruments				
Derivative financial instruments settled on gross basis of which				
- Total inflow		247,769,527	-	-
- Total outflow		(247,900,810)	-	-
Derivative financial instruments settled on net basis		116,373	-	-
Total derivative financial instruments		(14,910)	-	-
Credit commitments		182,824,580	-	7,493,534

	Carrying amount	Undiscounted cash flow	Indefinite	Overdue /repayable on demand
Non-derivative financial liabilities				
Borrowings from central bank	38,030,000	38,984,257	-	-
Deposits and placements from banks and other financial institutions	347,293,851	354,244,242	-	7,324,631
Financial assets sold under repurchase agreements	59,039,284	59,579,408	-	-
Deposits from customers	907,412,486	919,254,352	-	418,145,660
Debt securities issued	131,743,435	142,600,300	-	-
Other financial liabilities	5,732,590	5,732,590	-	3,879,794
Total non-derivative liabilities	1,489,251,646	1,520,395,149	-	429,350,085
Derivative financial instruments				
Derivative financial instruments settled on gross basis of which				
- Total inflow		130,541,553	-	-
- Total outflow		(130,082,742)	-	-
Derivative financial instruments settled on net basis		178,328	-	-
Total derivative financial instruments		637,139	-	-
Credit commitments		204,286,017	-	4,439,736

## 31 December 2017

	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
	8,246,375	5,159,181	53,237,167	-	-
	38,382,945	55,607,143	165,871,943	133,601	-
	45,036,191	2,350,645	9,655,262	86,052	-
	109,511,706	95,092,510	238,056,014	158,259,346	-
	16,060,000	39,870,000	150,772,000	22,888,000	17,260,800
	73,998	213,615	137,700	2,076,354	91,188
	217,311,215	198,293,094	617,730,086	183,443,353	17,351,988
	55,213,420	64,766,666	127,491,790	297,651	-
	(55,172,731)	(64,926,111)	(127,501,076)	(300,892)	-
	-	-	58,774	57,599	-
	40,689	(159,445)	49,488	54,358	-
	34,773,748	31,825,945	86,923,307	9,625,093	12,182,953

## 31 December 2016

	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
	2,066,083	2,045,067	34,873,107	-	-
	39,645,759	67,678,735	237,819,516	1,775,601	-
	52,208,885	3,510,774	1,209,990	2,649,759	-
	109,582,951	72,810,183	167,874,164	150,841,394	-
	2,790,000	22,490,000	87,063,500	12,060,000	18,196,800
	-	59,860	47,763	1,718,453	26,720
	206,293,678	168,594,619	528,888,040	169,045,207	18,223,520
	29,015,980	61,853,352	1,136,448	38,535,773	-
	(29,001,583)	(61,779,494)	(1,101,197)	(38,200,468)	-
	-	37	59,504	118,787	-
	14,397	73,895	94,755	454,092	-
	32,430,342	37,384,703	106,673,429	13,975,472	9,382,335

#### (4)Operational risk

Operational risk refers to the risk of loss caused by incomplete or problematic internal procedures, employees and information technology systems, and external events. Including legal risks but not tactical risks and reputational risks.

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, collect loss data, and identify defects;
- adopts early warning monitoring platform to strengthen automated monitoring of operational risk ;
- and clarifies functions and responsibilities
- implement the quality guidance book online, "Intensify Internal Control, Check for Missing and Missing Leakage" Activities, 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 2017, 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 2017			
	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	-	8,427,521	-	8,427,521
Derivative financial assets	-	4,306,727	113,018	4,419,745
Available-for-sale financial assets				
- Investment in debt instruments	-	33,321,685	188,289,954	221,611,639
- Investment in equity instruments	19,919,851	-	324,692	20,244,543
Total assets measured at fair value on a recurring basis	19,919,851	46,055,933	188,727,664	254,703,448
Liabilities				
Derivative financial liabilities	-	4,435,653	-	4,435,653
Total liabilities measured at fair value on a recurring basis	-	4,435,653	-	4,435,653

	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
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



## (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 asset-backed security 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 market are used for exchange rates and commodity prices. These interest rate curves and quotations are observable input values that reflect market conditions.

## (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 2017	Valuations technique	Unobservable inputs	Range/ value
Wealth management products	176,472,580	Discounted cash flow method	Risk-adjusted discount rate	[2.30%, 5.95%]
Trust plan	10,467,374	Discounted cash flow method	Risk-adjusted discount rate	[5.20%, 7.20%]
Asset management plan	1,624,692	Discounted cash flow method	Risk-adjusted discount rate	[2.70%, 7.30%]
Interest rate swap	113,018	Discounted cash flow method	Risk-adjusted discount rate	[4.50%, 5.50%]
Investment fund	50,000	Discounted cash flow method	Risk-adjusted discount rate	7.00%

	Fair value at 31 December 2016	Valuations technique	Unobservable inputs	Range/ value
Wealth management products	294,177,428	Discounted cash flow method	Risk-adjusted discount rate	[2.85%, 5.10%]
Trust plan	9,289,906	Discounted cash flow method	Risk-adjusted discount rate	[4.20%, 6.00%]
Asset management plan	11,870,522	Discounted cash flow method	Risk-adjusted discount rate	[2.70%, 3.97%]
Interest rate swap	164,353	Discounted cash flow method	Risk-adjusted discount rate	[4.95%, 5.50%]

Valuation of the Group's wealth management products, trust plan, asset management plan, interest rate swap and investment fund 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 2017 and 2016, 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

## 2017

	Total gains and losses during the year			Additions and settlements		As at 31 December	For asset held and liabilities assumed at the end of the year, unrealized gains or losses recognised in profit or loss during the year
	As at 1 January	Recognised in profit or loss	Recognised in other compre- hensive income	Additions	Settlement		
<b>Assets</b>							
Derivative financial assets							
- Interest rate derivative instruments	164,353	7,143	-	-	58,478	113,018	(51,335)
Available-for-sale financial assets							
- Investment in debt instruments	315,337,856	11,445,602	-	813,508,500	952,002,004	188,289,954	-
- Investment in equity instruments	-	9,692	-	315,000	-	324,692	-
<b>Total</b>	<b>315,502,209</b>	<b>11,462,437</b>	<b>-</b>	<b>813,823,500</b>	<b>952,060,482</b>	<b>188,727,664</b>	<b>(51,335)</b>

## 2016

	Total gains and losses during the year			Additions and settlements		As at 31 December	For asset held and liabilities assumed at the end of the year, unrealized gains or losses recognised in profit or loss during the year
	As at 1 January	Recognised in profit or loss	Recognised in other compre- hensive income	Additions	Settlement		
<b>Assets</b>							
Derivative financial assets							
- Interest rate derivative instruments	-	164,353	-	-	-	164,353	164,353
Available-for-sale financial assets							
- Investment in debt instruments	184,420,750	9,547,836	-	944,635,116	823,265,846	315,337,856	-
- Investment in equity instruments	184,420,750	9,712,189	-	944,635,116	823,265,846	315,502,209	164,353

Details of the above gains or losses charged to profit or loss recognised by the Group in 2017 and 2016 are as follows:

	2017		2016	
	Item	Amount	Item	Amount
Realised gains and losses recognised in profit or loss during the year	Interest income	11,455,294	Interest income	9,547,836
	equity earnings	58,478	N/A	-
Unrealised gains and losses recognised in profit or loss during the year	Loss on changes in fair value	(51,335)	Profit and loss on changes in fair value	164,353
Total		11,462,437		9,712,189

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, trust plan, asset management plan, interest rate swap and investment fund 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 and other factors. 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.

## (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 2017 and 31 December 2016.

	31 December 2017			
	Level 2	Level 3	Fair value	Carrying amount
Financial assets				
Held-to-maturity investments	195,575,035	-	195,575,035	199,502,908
Investment securities classified as receivables	10,058,646	292,770,162	302,828,808	303,172,965
Total	205,633,681	292,770,162	498,403,843	502,675,873
Financial liabilities				
Debt securities issued	231,798,316	-	231,798,316	232,341,911

	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

For the above financial assets and liabilities not measured at fair value, the Group mainly used the following methods to determine their fair value:

(a) Fair value of held-to-maturity financial assets, bond under securities classified as receivables, asset backed securities 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.

(b) 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 2017	31 December 2016
Jiangsu International Trust Corporation Limited ( "Jiangsu Trust" )	7.73%	7.73%
Jiangsu Phoenix Publishing & Media Group Corporation Limited ( "Phoenix Group" )	7.56%	7.56%
Huatai Securities Co., Ltd ( "Huatai Securities" )	5.54%	5.54%

As stated in Note 1, the Bank issued 1,154,450,000 commons 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:

	Jiangsu International Trust and its subsidiaries	Phoenix Media and its subsidiaries	Huatai Securities and its subsidiaries
Significant transactions amount in 2017:			
Interest income	2,851,573	-	1,306,759
Interest expense	(4,229)	(5,729)	(84,584)
Fee and commission income	-	-	-
Fee and commission expense	-	-	(8,400)
Net gains on changes of fair value	-	-	-
General and administrative expenses	-	-	(7,187)
Issuance expenses paid	-	-	(7,600)
The balances of transactions with related parties as at 31 December 2017:			
Interests receivable	258,025	-	547,314
Loans and advances to customers	-	-	-
Available-for-sale financial assets	1,633,396	-	1,464,692
Held-to-maturity investments	-	-	-
Investment securities classified as receivables	61,385,929	-	32,204,075
Deposits from banks and other financial institutions	(327,938)	-	(508,923)
Deposits from customers	-	(195,493)	(350)
Interests payable	(2,860)	(79)	(3,353)
Significant off-balance sheet items as at 31 December 2017:			
Loan commitments	-	-	-
Credit card commitments	-	-	-
Entrusted funds	-	-	6,699,300
Letter of guarantee	-	-	-
Credit line	-	-	-

Company of the key management personnel (Note i) (excluding the above shareholders)	Others	Total	Percentage of associated transaction amount / balances
671,731	38	4,830,101	6.36%
(302,867)	(85)	(397,494)	0.83%
322	-	322	0.01%
-	-	(8,400)	2.82%
20,196	-	20,196	8.84%
-	-	(7,187)	0.07%
-	-	(7,600)	Not applicable
276,201	23	1,081,563	10.94%
2,472,465	18,387	2,490,852	0.33%
5,930,663	-	9,028,751	3.73%
100,000	-	100,000	0.05%
9,256,123	-	102,846,127	33.62%
(666,562)	-	(1,503,423)	0.66%
(1,315,062)	(6,095)	(1,517,000)	0.15%
(26,635)	(30)	(32,957)	0.17%
1,820,000	-	1,820,000	13.80%
-	4,008	4,008	0.12%
4,656,500	-	11,355,800	8.92%
1,394	-	1,394	0.01%
4,293,859	22,395	4,316,254	Not applicable

	Jiangsu International Trust and its subsidiaries	Phoenix Media and its subsidiaries	Huatai Securities and its subsidiaries
Significant transactions amount in 2015:			
Interest income	2,092,672	-	298,457
Interest expense	(250)	(2,554)	(3,832)
Fee and commission income	-	-	-
Net gains on changes of fair value	-	-	-
General and administrative expenses	-	-	(4,437)
Issuance expenses paid	-	-	(17,130)
The balances of transactions with related parties as at 31 December 2016:			
Deposits with banks and other financial institutions	-	-	-
Financial assets at fair value through profit or loss	-	-	-
Interests receivable	466,665	-	177,337
Loans and advances to customers	-	-	-
Available-for-sale financial assets	1,170,598	-	3,240,000
Held-to-maturity investments	-	-	-
Investment securities classified as receivables	36,941,341	-	13,776,080
Deposits from banks and other financial institutions	(27,449)	-	(353,516)
Deposits from customers	-	(281,734)	(65,101)
Interests payable	(0)	(75)	(482)
Significant off-balance sheet items as at 31 December 2016:			
Loan commitments	-	-	-
Credit card commitments	-	-	-
Bank acceptance	-	-	-
Entrusted funds	-	-	4,230,000
Credit line	-	-	-

(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.



Company of the key management personnel (Note i) (excluding the above shareholders)	Others	Total	Percentage of associated transaction amount / balances
723,182	441	3,114,752	5.19%
(200,620)	(96)	(207,352)	0.60%
302	-	302	0.01%
2,823	-	2,823	0.47%
-	-	(4,437)	0.05%
-	-	(17,130)	Not applicable
1,000,000	-	1,000,000	1.24%
979,804	-	979,804	20.93%
99,360	48	743,410	10.90%
4,553,896	20,237	4,574,133	0.70%
1,723,765	-	6,134,363	1.72%
100,000	-	100,000	0.07%
4,995,731	-	55,713,152	29.32%
(10,569,705)	-	(10,950,670)	3.44%
(2,175,893)	(7,529)	(2,530,257)	0.28%
(96,370)	(20)	(96,947)	0.63%
300,000	-	300,000	2.14%
-	2,242	2,242	0.06%
487,007	-	487,007	0.32%
3,711,500	250	7,941,750	5.31%
5,340,903	22,479	5,363,382	Not applicable

### (3) Transactions with its key management personnel

Remuneration of key management personnel:

	2017	2016
Payment for remuneration of key management personnel	15,092	13,587

The group's 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. The group conduct normal banking transactions with these key management personnel during the ordinary business. The transactions and balance between the group and key management personnel are not significant for the year ended 31 December 2017 and 2016.

### (4) Transactions with subsidiaries

Significant transactions amounts with subsidiaries during the reporting period are set out as follows:

	2017	2016
Interest income	158,336	29,892
Interest expense	(5,208)	(3,745)
Fee and commission income	-	480
Other operating incomes	2,609	2,883
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	190,000	180,000
Placements with banks and other financial institutions	800,000	650,880
Interests receivable	10,051	3,410
Deposits from banks and other financial institutions	(119,003)	(98,750)
Interests payable	(125)	(176)

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 former 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 former 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 2017	31 December 2016
Adequacy ratio of core tier one capital	8.54%	9.01%
Adequacy ratio of tier one capital	10.40%	9.02%
Capital adequacy ratio	12.62%	11.51%
Constituent parts of capital		
Core tier one capital:		
Share capital	11,544,450	11,544,450
Capital reserve which may be included	15,120,803	16,438,874
Surplus reserve	12,143,682	11,097,881
General risk reserve	22,969,534	20,705,275
Retained earnings	29,388,605	22,878,580
The portion of minority shareholders' capital which may be included	987,021	900,812
Total core tier one capital	92,154,095	83,565,872
Adjustments:		
- other intangible assets excluding right to use land(deferred tax liabilities deducted)	(43,408)	(43,526)
- Net deferred tax assets caused by operating losses depending on future profits	(11,792)	-
Net core tier one capital	92,098,895	83,522,346
Other tier one capital (Note (i))	19,977,830	-
Net tier one capital	112,208,328	83,600,786
Tier two capital:		
- Tier two capital instruments and their premium	14,800,000	15,000,000
- Extra loan impairment provision	8,891,877	7,901,309
- The portion of minority shareholders' capital which may be included	263,206	178,774
Net capital	136,163,411	106,680,869
Total risk weighted assets	1,078,766,573	927,193,262

## 14. Subsequent events after the balance sheet date

The profit appropriation plan for the year ended 31 December 2017 was approved by the Bank's board of directors on 24 April 2018 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	2017	2016
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 gains from asset disposals, other income, 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	
	2017	2016	2017	2016
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





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