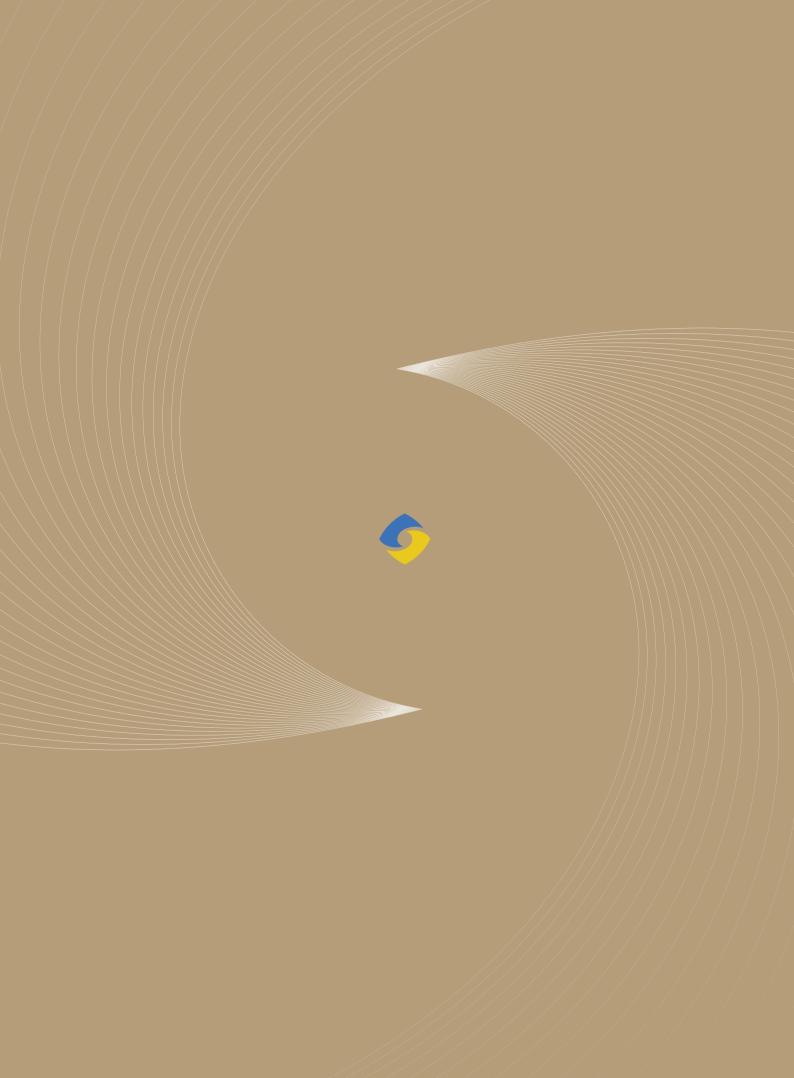


A-share Stock Code: 600919



Important Notice

I. The Board of Directors, the Board of Supervisors, Directors, Supervisors and Senior Management Personnel of the Company hereby certify that the contents of the Annual Report are authentic, accurate and complete, and will be jointly liable for any false representations, misleading statements or important omissions.

II. All directors of the Company attended the board meeting to review the Annual Report and its summary.

III. KPMG (Special General Partnership) issued a standard and unqualified audit report for the Company.

IV. Mr. XIA Ping, Legal Representative and Chairman of the Company, together with Mr. JI Ming, President and Head of Accounting, and Mr. LUO Feng, General Manager of Financial Planning Department, hereby acknowledged that the financial report contained in the Annual Report is authentic, accurate and complete.

V. Proposal for profit distribution of this Reporting Period or proposal for converting the capital reserve into share capital deliberated by the Board of Directors

The Company intends to distribute cash dividends to all shareholders with specific information as follows: cash dividends of RMB 2.78(tax-inclusive) shall be distributed every 10 shares with total cash dividends of RMB 3,209 million on the basis of total capital stock of 11,544,499,981 shares by the end of 2019. Since the convertible bonds issued by the Company are in the conversion period, the total distributed cash dividends will be determined according to the total number of shares registered on equity registration date. The above-mentioned proposal remains to be approved by the Shareholders' Meeting.

VI. Declaration of risks on forward-looking statements

The forward-looking statements in this Report, including future plans and development strategies, do not indicate substantive commitments made by the Company to investors. Investors are advised to be cautious about investment risks.

VII. During the Reporting Period, there is no controlling shareholders of the Company and other relevant parties who used the Company's funds for non-operating businesses and no provision of external guarantees that violated decision making principles.

VIII. Significant risk warning

The Company had no foreseeable major risks. To learn more about risk management of the Company, please refer to the relevant contents of "Risk Management" in Section III "Discussion and Analysis of Business Situation".

Definitions

In the Report, the following words and expressions shall bear the following meanings unless the context otherwise requires:

| 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 | People's Bank of China | | |
| CBIRC, China Banking and Insurance Regulatory Commission | Refer to | China Banking and Insurance Regulatory Commission | | |
| China Banking and Insurance Regulatory Commission, Jiangsu Office | Refer to | China Banking and Insurance Regulatory Commission, Jiangsu Office | | |
| CSRC, China Securities Regulatory Commission | Refer to | China Securities Regulatory Commission | | |
| China Securities Regulatory Commission, Jiangsu Office | Refer to | China Securities Regulatory Commission, Jiangsu Office | | |
| Shanghai Stock Exchange, Exchange | Refer to | Shanghai Stock Exchange | | |
| Suyin Financial Leasing | Refer to | Suyin Financial Leasing Co., Ltd. | | |
| Baode County Bank of Jiangsu Danyang | 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 | BOCI Securities Limited Co., Ltd. | | |
| Huatai United Securities | Refer to | Huatai United Securities Co., Ltd. | | |
| КРМС | Refer to | KPMG (Special General Partnership) | | |
| Yuan | Refer to | RMB yuan | | |

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Message from the Chairman

Shareholders:

The journey ahead is full of challenges; we will forge ahead for outstanding progress.

In 2019, despite of the complicated situation of rising risks and challenges at both domestic and global levels, the Bank is firmly committed to the guidance of XI Jinping's Socialist Thought with Chinese Characteristics in the New Era and is dedicated to implementing the policies from from the central government and Provincial Party Committee and provincial government of Jiangsu. With the vision of building a "wisdom, characteristic, international and comprehensive" bank with leading services, we implemented a new round of development strategic planning, coordinated all aspects of operating management, and achieved better than expected results. The growth rate of operating revenue reached a new high, the net profit attributable to shareholders of listed companies has maintained double-digit growth for four consecutive years, and the quality of assets and the ability to resist risks continued to improve. Since going public, we continued to reward investors with stable dividends, showing good growth potential. The Company ranked 92nd among the "1,000 largest banks in the world" in the British magazine *The Banker* and was selected into Forbes' World's Best Banks. The brand value continued to improve.

We made progress while staying true to our mission, and strengthened our market role while striving to pursue high-quality development through supporting high-quality economic and social development. We made process in the midst of changes. We are committed to being sensitive to policies, keen on the markets and quick in actions. We actively responded to opportunities and challenges while endowing growth with new era connotation.

We became stronger and our business development reached a new level through in-depth integration with local economy. General Secretary XI Jinping pointed out, "if finance is alive, economy is alive; if finance is stable, economy is stable. If economy is prosperous, finance is prosperous; if economy is strong, finance is strong." Bank of Jiangsu is deeply rooted in the fertile soil of Jiangsu province, relying on the three economic circles of Yangtze River Delta, Pearl River Delta and Bohai. With its advantages in resource endowment, Bank of Jiangsu steadily improved the quality and efficiency of serving the real economy. We continued to increase our investment in public loans, focusing on advanced manufacturing and strategic emerging industries. Firmly upholding the concept of sustainable development and actively practicing the "Equator Principle", we achieved simultaneous improvements of the social effects and economic benefits of green finance. By vigorously supporting small and micro private enterprises, the balance of our small and micro enterprise loans in Jiangsu Province has ranked first in market share for several years in a row. Technology finance and talent finance ranked among the top at provincial levels. The market share of loans for private enterprises has increased year after year. We served the national and local development strategies, actively participated in the construction of 5G and Internet of Things industrial chain projects,

and served the revitalization of villages and increased efforts to poverty alleviation. In 2019, the total assets of the Group exceeded 2 trillion yuan, with its loan balance exceeded 1 trillion yuan, and its business scale leapt to a new level.

We improved our services and achieved new breakthroughs in comprehensive management through in-depth integration with customer needs. The Bank can only be valuable by creating value for customers, and achieve its own future by satisfying customers. Focusing on customer needs, we further promoted structural reforms on the supply side of financial services, made great efforts to create a "commercial bank + investment bank" model, continued to enrich service means and improved service levels. We continued to develop trading banks to help customers improve the efficiency and effectiveness of capital operations. Supply chain finance and cash management businesses developed rapidly. We made good use of professional advantages, optimized the allocation of resources, and greatly improved underwriting debt financing instruments and asset securitization business. The scale of custody business has leapt to the top of city commercial banks. Breakthroughs have been made in the fund agency business. We officially launched the agency system and implemented a number of new businesses. Closely focusing on the main principle of "continue to satisfy the growing needs of the people for a better life", we stepped up scene expansion and online services, and continued to expand the scene ecological circle serving residents' health, travel and learning. We focused on improving investment and research capabilities and accelerating the transformation of net wealth management. We achieved double-digit growth for wealth customers and private bank customers. The scale of asset management business ranked first among city commercial banks, and for 16 consecutive guarters, ranked first among city commercial banks in Evaluation of Comprehensive Asset Management Ability of Puyi Standard. The service capability of the Group was further strengthened. Financial leasing companies and parent banks cooperated to serve the real economy. The quality and efficiency of development have improved year after year. The financial subsidiary company has been officially approved and the preparation work has progressed smoothly.

We optimized genes and new kinetic energy of scientific and technological innovation bursted out through in-depth integration with technological progress. With the accelerating application of new technologies, financial services, financial consumption behaviors and habits are changing. In recent years, we have made great efforts to build "the bank with the most Internet big data genes". We have

put "wisdom" at the top of our strategy. We have taken basic platform construction, data value creation, customer scene service and intelligent marketing implementation as our guidance, highlighted technology application, and enabled product service, risk prevention and control, and internal management. We have set up a financial science and technology innovation committee, created a series of project teams, and vigorously promoted agile transformation. In 2019, our investment in financial science and technology further increased compared with the previous year, and the professional team of financial science and technology continued to grow. We improved the financial science and technology innovation mechanism, established a supporting assessment system, and continuously improved organizational synergy. We accelerated the application and upgrading of new technologies, further expanded the application fields of technologies such as blockchain, Internet of Things and artificial intelligence, and created more highvalue scenarios. We responded quickly to customer needs, speeded up iterative upgrading, and achieved simultaneous increase in both quantity and efficiency of innovative products. The online loan product "Shui e Rong" for small and micro enterprises, which is based on tax data, has accumulated more than 50 billion yuan in loans and more than 30,000 customers. In 2019, the number of monthly active users of mobile banking ranked first among city commercial banks, and the number of retail banking customers ranked first in the industry. The turnover of "e Rong Pay" and the increase amount in Internet of Things finance both exceeded 10 billion vuan.

We improved governance through in-depth integration with cultural construction, and lean growth highlighted a new pattern. In recent years, we are firmly committed to implementing the new development concept, maintain strategic concentration, and adhere to the core values of "integration of innovation, pragmatic responsibility and lean growth". We took the strategic vision and objectives as the guidance, actively explored development paths that meet the requirements of high-quality development, and initially established a governance system with its own characteristics. We integrated the leadership of the Party into all aspects of corporate governance, closely combining the overall leadership of the Party, efficient decisionmaking by the Board of Directors and the performance of duties and responsibilities by all governance subjects. We established an assessment and evaluation system oriented by high-quality development. which creates a strong atmosphere for officers to start their own businesses and effectively stimulates the potential and vitality of the team. With the goal of accuracy and effectiveness, we strengthened integrated risk management, continued to improve the system, implemented the responsibilities of all employees, and enhanced the application of technologies. We consciously accepted supervision from investors and market, engaged in in-depth exchanges with investors, actively responded to market concerns, and earnestly performed well in information disclosure. The increasingly improved governance and favorable growth of the Bank have been recognized by the market. In 2019, 20 billion yuan of convertible bonds were successfully issued and were rated as the best convertible bond project by New Fortune.

At the beginning of the New Year, COVID-19 epidemic suddenly occurred. Under the strong leadership of the Party, our country is determined to fight and win the battle against the epidemic by mobilizing all resources and blocking the spread of the virus. Bank of Jiangsu actively fulfilled its corporate social responsibility, by donating 10 million yuan in the first batch, providing special financing for Huoshenshan Hospital and Leishenshan Hospital construction enterprises, arranging 30 billion yuan of credit funds to support

enterprises to resume work and production, and comprehensively upgrading online non-contact services. We will take on more responsibilities and provide better financial services to join the "war against the epidemic" and contribute to the final victory.

We can still have expectations for the future in spite of the long journey ahead.

2020 is the year when China will build a moderately prosperous society in all respects and the final year of the 13th Five-Year Plan. It is also the starting year for the construction of a new Jiangsu with "strong wealth, enhanced beauty". We will continue to deepen our supply-side reforms. In the process of firmly implementing the development strategic plan, we will further consolidate the good growth momentum, optimize the structure and mechanism, improve the quality and efficiency, strengthen the overall empowerment of science and technology, establish brands of services, products, technologies and management, and return all sectors of society with better performance.

Chairman of the Bank of Jiangsu: XIA Ping April 10, 2020

Message from the President

Shareholders:

In 2019, Bank of Jiangsu Bank is firmly committed to the guidance of XI Jinping's Socialist Thought with Chinese Characteristics in the New Era. The Bank is dedicated to implementing the policies from the Party Central Committee, the State Council and local Party committees and governments, and strictly implementing various regulatory requirements. We worked hard to achieve our own high-quality development in serving the high-quality development of the economy and society, and handed over a better-than-expected scoreboard.

We highlighted strategic guidance and implemented strategic planning in an orderly manner. 2019 is the year when the Bank of Jiangsu starts to implement its new five-year development strategic plan. We focused on the strategic vision of building a "wisdom, characteristic, international and comprehensive" bank with leading services, defined objectives, implemented responsibilities and pushed forward the implementation of the plan through projects. Through improving the strategic management system, establishing and improving the management mechanism, and strengthening the analysis and follow-up evaluation of strategic operation, we achieved the annual objectives of strategic projects.

We made improvements towards stable operations and witnessed sturdy while sound business development. We actively adapted to new trends, adjusted our business strategies in a timely manner, and strived to promote the steady development of various businesses. By the end of 2019, the total assets of our Group were RMB 2.07 trillion, a year-on-year increase of 7.23%; various deposits were RMB 1.21 trillion, a year-on-year increase of 10.27%; and various loans were RMB 1.04 trillion, a year-on-year increase of 17.01%. During the entire year, the Group achieved an operating revenue of RMB 44.974 billion, a year-on-year increase of 27.68%. Net profit was 14.960 billion yuan, a year-on-year increase of 12.80%; achieved net profits attributable to shareholders of listed companies of RMB 14.619 billion yuan, a year-on-year increase of 11.89%; and achieved basic earnings per share of RMB 1.18.

We deepened structural adjustment and continued to improve the quality of our operations. We strived to seize opportunities and optimize the business structure and continued to improve the operating efficiency. With our deep roots in the community, we enhanced the quality and efficiency of serving the real economy, and strengthened the investment in resources for key projects, key enterprises and inclusive financial services. By the end of 2019, credit assets accounted for 50%. Breakthroughs have been made in retail business, with balance of retail loan accounting for more than 1/3 and savings deposits accounting for more than 1/4. The growth momentum of large capital management business is favorable, with the underwriting of debt financing instruments increased by 85%, the custody scale of public funds grew rapidly, and non-interest income accounting for more than 40% of operating income.

We focused on innovation breakthroughs and, as a result, our scientific and technological empowerment became increasingly strong. We continued to enhance the construction of "wisdom" with focus on financial technology and steady accumulation of innovation momentum. We set up a financial technology innovation committee and established a regular deliberation mechanism and a sensitive development model. We coordinated innovative projects and achieved "emerging evolution" through quick verification and quick launching and bringing them online. We increased investment in financial technology resources and, as a result, the proportion of financial technology investment in net profit further increased in 2019. We further promoted the construction and application of innovative scenarios such as car service, learning and education, and medical and health care, and the turnover

increased significantly. With "making customer experience smoother and service more convenient" as our objective, we accelerated the expansion of the application of new technologies such as blockchain, Internet of Things and artificial intelligence.

We kept the bottom line of risks and saw steady improvement in asset quality. We are dedicated to strengthen basic management, highlight risk prevention and control, and steadily improve the level of risk control. We improved the credit business process, established and enhanced the re-inspection mechanism for major risks in credit business for corporate, with focus on key industries and key branches, and as a result, new non-performing loans are effectively controlled. By the end of the year, the non-performing loan ratio and overdue interest rate of the Group were both lower than that at the beginning of the year. The provision coverage rate was increased, and its ability to resist risks was further strengthened.

We focused on consolidating the foundation and improved our management efficiency significantly. We insisted on looking inward for the difference from the standard, strengthened our weaknesses, and steadily improved our management efficiency. We set up a task-oriented team with customers as the center, established a comprehensive marketing mechanism integrating front, middle and back platforms, and continued to strengthen internal coordination. We improved and optimized the assessment mechanism, accurately conducted assessment guidance, and stimulated business vitality. We enhanced the pricing mechanism and promoted structural optimization and efficiency improvement. We steadily pushed forward the transformation of counter business and improved the level of business intelligence.

In 2020, under the guidance of XI Jinping's Socialist Thought with Chinese Characteristics in the New Era, we will seize every minute, actively forge ahead, implement the requirements of the Board of Directors, push forward supplyside reform within our Bank, and stride forward towards our pursuit of a "wisdom, characteristic, international and comprehensive" bank with leading services.

> President of the Bank of Jiangsu: JI Ming April 10, 2020

BANK OF JIANGSU

ANNUAL REPORT 2019

Section I

Company Profile

Company Profile

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I. Basic Information

| Туре | A share | Prefer | red share | Convertible bond | | |
|---|-------------------------|------------|-------------------------------------|---------------------------|--|--|
| Abbreviation | Bank of Jiangsu | Suyinyou 1 | | Convertible Bond of Suyin | | |
| Code | 600919 | 360026 | | 110053 | | |
| Listing location | Shanghai Stock Exchange | Shangh | nai Stock Exchange | Shanghai Stock Exchange | | |
| Chinese Name of | f the Company | | 江苏银行股份有限公司 | | | |
| Abbreviation of the Chinese Name of the Company | | | 江苏银行 | | | |
| English Name of the Company | | | Bank of Jiangsu Co.,Ltd. | | | |
| Abbreviation of the English Name of the Company | | | Bank of Jiangsu | | | |
| Registered Address/Office Address | | | No. 26, Zhonghua Road, Nanjing City | | | |
| Registered Address/Post Code of Office Address | | | 210001 | | | |
| Legal representative | | | XIA Ping | | | |
| Secretary of the Board | | WU Dianjun | | | | |
| Securities affairs representative | | YANG Yi | | | | |

BANKOFU

| Media designated for information disclosure | <i>China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily</i> |
|---|---|
| Website address designated by China Securities Regulatory Commission for the publication of the Annual Report | Website of Shanghai Stock Exchange (www.sse.com.cn) Website of the Company (www.jsbchina.cn) |
| Place where the Annual Report of the Company is prepared | Board Office of the Company |
| Website | http://www.jsbchina.cn |
| E-mail | dshbgs@jsbchina.cn |
| Contact Number of Investors | (86)25-52890919 |
| Fax | (86)25-58588273 |
| Customer Service and Complaint Phone | 95319 |

II. Securities Service Institution

| | Name | KPMG (Special General Partnership) | | |
|---|---|--|--|--|
| Accounting firm engaged by the Company (within the territory) | Office address | Floor 8, KPMG Tower, Oriental Plaza, No. 1, East Chang'an Street, Beijing | | |
| | Name of signatory accountant | SHI Haiyun, WANG Yang | | |
| | | BOCI Securities Co., Ltd. | | |
| Sponsor institution performing continuous supervision duty during the Reporting Period | Name | Huatai United Securities Co., Ltd. | | |
| | Office address | Floor 39, No. 200, Yincheng Middle Road, Pudong New Area, Shanghai Floor 6, Tower A, Fengming International Building, No. 22, Fengsheng Alleyway, Xicheng District, Beijing | | |
| | Name of signatory sponsor representative | WANG Bing, LIU Guoqiang CHEN Shi and ZHOU Jiwei | | |
| | Period of continuous supervision | April 3, 2019 to December 31, 2020 | | |

III. Company Profiles

Bank of Jiangsu was officially listed and opened on January 24, 2007, headquartered in Nanjing, Jiangsu Province. On August 2, 2016, the bank was listed on the main board of Shanghai Stock Exchange with the stock code 600919.

Adhering to the mission of "creating better life" and the core values of "integration and innovation, pragmatic responsibility and lean growth", Bank of Jiangsu is committed to building a leading service bank that is "wisdom, characteristic, international and comprehensive". Bank of Jiangsu has 17 branches under its banner and two subsidiaries of Suyin Financial Leasing Co., Ltd., and Baode County Bank of Jiangsu Danyang. The service network radiates three economic circles of the Yangtze River Delta, Pearl River Delta, and Bohai Rim, and achieves full coverage of counties in Jiangsu Province, with more than 530 business outlets and more than 15,000 employees.

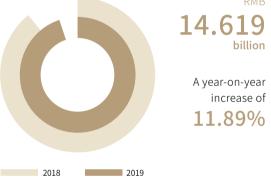
By the end of 2019, its total assets were RMB 2.07 trillion, and the net profit attributable to shareholders of listed companies reached RMB 14.619 billion in 2019, a yearon-year increase of 11.89%. In the 2019 ranking of the top 1,000 global banks by the British magazine The Banker, it ranked 92nd by tier one capital, continued to enter the top 100 of global banks, and ranked 18th in China. It ranked 86th by brand value in the 2020 ranking of the top 500 global banks released by Brand Finance, a British brand value research institution.

IV. 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 longterm 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 and 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 deposits; foreign exchange loans; foreign exchange remittance; foreign currency exchange; foreign exchange settlement and sale at sight and forwards; 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

| By the end of 2019 | |
|--------------------|-------------------|
| Business Outlets | More than 530 |
| Employees | more than 15,000 |
| Total Assets | RMB 2.07 trillion |





than stocks; undertaking credit investigation, consulting, witness services; providing online banking; handling other businesses approved by China's banking regulatory authorities 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.)

V. Company Culture

Mission: To Create a Better Life

Vision: To build itself into a leading service bank that is "wisdom, characteristic, international and comprehensive".

Core Values: Integration of Innovation, Practical Responsibility and Lean for Growth

VI. Development Strategy Planning

In 2018, the Company made a new five-year development strategic plan. During the planning period, the Company will continue to give full play to its location, scale, brand and innovation advantages, so as to make good use of its strengths to make up for its weaknesses, and focus on "six big development strategies" including strengthening company business and building industry expertise; developing retail business and deepening customer management; optimizing market business and establishing leading advantages; accelerating technological innovation and enhancing value contribution; expanding regional layout and forming service characteristics; and promoting comprehensive management and implementing mergers and acquisitions as opportunities arose. We will strengthen the supporting system and concentrate on building "six core competences" of market-oriented talent management, scientific and accurate performance appraisal, strategic-driven resources allocation, innovation-led technology construction, professional and efficient agile organization, and advanced and comprehensive risk management. By focusing on the implementation of planning measures, we will build a bank with solid political quality, leading services, intelligent innovation, employee satisfaction and of the most valuable.

VII. Core Competition advantage

Our Bank takes building itself into a leading service bank that is "wisdom, characteristic, international and comprehensive" as its strategic vision. By deeply cultivating the local market and focusing on characteristic building, the differentiation advantage keeps improving with clear strategic thinking and obvious core competitive advantage.



(I) The main business scope is concentrated in Jiangsu, which enjoys developed economy and rich financial resources with huge development potential.

Jiangsu has a prosperous economy and abundant financial resources. The Bank is the largest legal person bank in Jiangsu Province and its business is rooted in Jiangsu. A full county coverage of the organizations in the county areas has been achieved and a solid customer base has been laid.

(II) The flexible and efficient institutional mechanism has been established with strong financial service capabilities.

With its customers as the center focus, 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.

(V) Deepening institutional mechanism 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.

(VI) Steadily implement the talent development plan, and the team of professional talents who are responsible for starting their own businesses increasingly grew.

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.

VIII. Major Honors and Awards Obtained by the Company during the Reporting Period

In 2019, the Bank has obtained many honors and awards in various selection activities organized by domestic and foreign institutions, among which:

| In January 2019 | The bank was awarded the "Culture Construction Advanced Unit of National Financial System in China" awarded by the Research Association of Ideological and Political Work of China Financial Institutions. |
|--|--|
| | The bank was awarded the "Best growth bank in international business" and "Most innovative bank in international business" awarded by Jiangsu Banking Association. |
| | The bank was awarded the "Top 50 Hurun New Finance" awarded by Hurun Report. |
| | The bank was awarded the "Outstanding Contribution Unit for Promoting Local Economy in 40 Years of Reform and Opening-up" and "Outstanding Contribution Unit for Financial Services for Private Enterprises of the Year" by the <i>Public Securities Journal</i> . |
| • In February 2019 | The bank was awarded the "Outstanding Contribution Award for the Integration of Informatization and Industrialization in Jiangsu Province" by Jiangsu Development and Reform Commission and Department of Finance of Jiangsu Province. |
| In April 2019 | The bank was awarded the "Advanced Unit of Financial Services for Small and Micro Enterprises in Jiangsu Province" by China Banking and Insurance Regulatory Commission, Jiangsu Office. |
| | The bank was selected into Forbes World's Best Banks List; |
| | The bank was awarded the "Best Financial Innovation Award", "Top Ten Investment Bank Innovation Award", "Top Ten Consumer Financial Innovation Award", and "Top Ten Financial Technology Innovation Award" selected by <i>The Banker</i> magazine. |
| In May 2019 | The bank was awarded the "2019 Jiangsu Financial Innovation Award" awarded by Jiangsu Provincial Department of Finance, Jiangsu Provincial Financial Supervision Bureau, Nanjing Branch of the People's Bank of China, Jiangsu Banking and Insurance Supervision Bureau, Jiangsu Securities Supervision Bureau, etc. |
| | In the three rankings of Puyi Standard "Comprehensive Financial Management Ability", "Risk Control Ability" and "Information Disclosure Standardization", The bank ranked first among city commercial banks in the country. |
| • In June | The bank ranked 92nd in UK's <i>The Banker</i> 's Global 1000 ranking of banks by Tier 1 capital. |
| 2019 | The bank was awarded the "Tianji Award for City Commercial Banks", "Tianji Award for Bank Branding", "Tianji Award for Green Finance Banks", and "Junding Award for Asset Management Brand among City Commercial Banks in China" by <i>Securities Times</i> . |

www.jsbchina.cn

| In July 2019 | The bank was awarded the "Best Inclusive Financial Effectiveness Award" awarded by the China Banking Association. |
|---------------------|--|
| In November 2019 | The bank was awarded the "Award for Outstanding Brand of China's Listed Company", "Award for Excellent Case for Precision Poverty Alleviation of China's Listed Company" and "Award for Governance Practice of China's Listed Company" awarded by JRJ.com. |
| | The bank was awarded the "Top 100 Financial Enterprises with Outstanding Brand Power in China" selected by <i>The Economic Observer</i> and <i>Modern Advertising</i> magazine. |
| | The bank was awarded the "Outstanding Corporate Citizen of the Year Award" by <i>National Business Daily</i> . |
| | The bank was awarded the "Special Contribution Award to Corporate Governance" at the 15th Golden Round Table Award of the Board of Directors of Listed Companies in China by <i>Directors & Boards</i> magazine. |
| In December 2019 | The bank was awarded the 2019 China Securities Market Golden Steed Award for "Outstanding Service to the Real Economy Award" and "Gold Medal Board Secretary Award" by <i>Securities Daily</i> . |
| | The bank was awarded the 2019 Listed Companies Golden Quality Award for "Corporate Governance Award" by <i>Shanghai Securities News</i> . |
| | The bank was awarded the "2019 Golden Sail Award for Outstanding Board of Directors" by <i>21st Century Business Herald</i> . |
| | The bank was awarded the "Contribution to Inclusive Finance Award" by Xinhua Daily. |
| | The bank was awarded the "Best Brand Building Small-and Medium-sized Bank" and "Best Service and High-quality Development Center Bank" by <i>Financial Times</i> . |
| | The bank was awarded the "Outstanding Competitiveness Risk Management Bank" by <i>China Business Journal</i> . |
| | The bank was awarded the "Financial Technology Innovation Bank" by China Times. |
| | The bank was awarded the "Most Growing Bank" by www.eastmoney.com. |
| | |

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BANK OF JIANGSU

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Section II

Financial Summary



Financial Summary

I. Major Accounting Data and Financial Indicators in Recent Three Years

| Business performance indicators (RMB 1,000) | 2019 | 2018 | Increase/decrease compared between the period and the same period of previous year (%) | 2017 |
|---|-------------|-------------|---|--------------|
| Operating income | 44,974,014 | 35,223,988 | 27.68 | 33,839,211 |
| Net profit attributable to shareholders of listed company | 14,618,609 | 13,064,935 | 11.89 | 11,874,997 |
| Net profit attributable to shareholders of listed companies after deducting non- recurring profits and losses | 14,493,934 | 12,989,738 | 11.58 | 11,791,947 |
| Net cash flow from operating activities | -57,957,767 | -92,048,408 | -37.04 | -105,138,467 |

| Index per share (yuan/share) | 2019 | 2018 | Increase/decrease compared between the period and the same period of previous year (%) | 2017 |
|---|------|------|---|------|
| Basic earnings per share | 1.18 | 1.04 | 13.46 | 1.03 |
| Diluted earnings per share | 1.04 | 1.04 | Flat | 1.03 |
| Basic earnings per share after deducting non-recurring profits and losses | 1.17 | 1.04 | 12.50 | 1.02 |

| Financial ratio indicator (%) | 2019 | 2018 | Increase/decrease compared between the period and the same period of previous year | 2017 |
|--|-------|-------|--|-------|
| Weighted average return on equity | 12.65 | 12.43 | Increased by 0.22% | 13.72 |
| Weighted average return on net assets after deducting non-recurring profits and losses | 12.53 | 12.35 | Increased by 0.18% | 13.62 |

| Scale indicators (RMB 1,000) | End of 2019 | End of 2018 | Increase or decrease at the end of this period over the same period of last year (%) | End of 2017 |
|---|---------------|---------------|--|---------------|
| Total assets | 2,065,058,387 | 1,925,823,214 | 7.23 | 1,770,550,986 |
| Total liabilities | 1,928,622,466 | 1,801,318,288 | 7.07 | 1,657,723,203 |
| Shareholders' equity | 136,435,921 | 124,504,926 | 9.58 | 112,827,783 |
| Owner's equity attributable to shareholders of listed companies | 132,792,385 | 122,624,474 | 8.29 | 111,144,904 |
| Total deposits | 1,185,480,495 | 1,093,327,642 | 8.43 | 1,007,832,860 |
| Enterprise current deposit | 326,458,502 | 338,243,370 | -3.48 | 358,374,713 |
| Enterprise time deposit | 453,701,748 | 381,867,632 | 18.81 | 283,624,189 |
| Savings current deposit | 67,131,218 | 59,444,575 | 12.93 | 51,313,259 |
| Savings time deposit | 226,403,333 | 156,509,215 | 44.66 | 136,380,139 |
| Total loans | 1,040,497,278 | 889,208,996 | 17.01 | 747,289,498 |
| Enterprise loan | 572,385,874 | 531,476,430 | 7.70 | 486,318,783 |
| Retail loans | 375,949,815 | 270,529,394 | 38.97 | 187,847,083 |
| Discount | 92,161,589 | 87,203,172 | 5.69 | 73,123,632 |
| Net capital | 172,327,211 | 151,334,388 | 13.87 | 136,163,411 |
| Core tier 1 capital | 114,769,890 | 103,886,972 | 10.48 | 92,098,895 |
| Other tier 1 Capital | 20,246,699 | 20,149,965 | 0.48 | 20,109,433 |
| Tier 2 capital | 37,343,403 | 27,297,451 | 36.80 | 23,955,083 |
| Total weighted risk assets | 1,336,504,047 | 1,206,116,984 | 10.81 | 1,078,766,573 |
| Loan loss reserves | 33,421,949 | 25,231,479 | 32.46 | 19,445,426 |

| Regulatory indicators (%) | Criteria | 2019 | 2018 | 2017 |
|------------------------------------|----------|--------|--------|--------|
| Capital adequacy ratio | ≥ 10.5 | 12.89 | 12.55 | 12.62 |
| Tier 1 capital adequacy ratio | ≥ 8.5 | 10.10 | 10.28 | 10.40 |
| Core tier 1 capital adequacy ratio | ≥ 7.5 | 8.59 | 8.61 | 8.54 |
| Non-performing loan ratio | ≤ 5 | 1.38 | 1.39 | 1.41 |
| Liquidity ratio | ≥ 25 | 62.07 | 52.23 | 52.75 |
| Single biggest customer loan ratio | ≤ 10 | 2.90 | 1.61 | 1.67 |
| Top 10 Customer Loan Ratio | ≤ 50 | 14.18 | 11.88 | 11.95 |
| Provision coverage | ≥ 150 | 232.79 | 203.84 | 184.25 |
| Loan allocation ratio | ≥ 2.5 | 3.21 | 2.84 | 2.60 |
| Cost to income ratio | ≤ 45 | 25.64 | 28.68 | 28.80 |

II. Main Quarterly Financial Data for 2019

Unit: RMB 1,000 Currency: RMB

| Key Financial Data | First quarter | Second quarter | Third quarter | Fourth quarter |
|---|---------------|----------------|---------------|----------------|
| Operating income | 11,124,835 | 10,791,865 | 11,303,103 | 11,754,211 |
| Net profit attributable to shareholders of listed company | 3,771,083 | 4,100,131 | 4,008,904 | 2,738,491 |
| Net profit after deducting non- recurring profits and losses attributable to shareholders of listed companies | 3,726,079 | 4,071,769 | 3,984,886 | 2,711,200 |
| Net cash flow from operating activities | 24,051,674 | -40,042,213 | -19,477,087 | -22,490,141 |

III. Non-recurring Profit and Loss Items and Amounts

Unit: RMB 1,000 Currency: RMB

| Unit: Not 1,000 currency. | | | |
|---|----------------|----------------|----------------|
| Non-recurring profit and loss items | Amount of 2019 | Amount of 2018 | Amount of 2017 |
| Profits and losses on disposal of non-current assets | 102,134 | 102,509 | 83,398 |
| Documents that are authorized beyond authority or without formal approval, or occasional tax rebates and reductions | - | - | 1,079 |
| Government subsidies included in the current profits and losses, except for government subsidies that are closely related to the company's normal business operations, comply with national policy regulations, and are continuously enjoyed by a fixed amount or amount according to a certain standard | 131,133 | 154,275 | 35,263 |
| Other profit and loss items that meet the definition of non-recurring profits and losses | -63,344 | -149,431 | -4,912 |
| Influence amount of minority shareholders' equity | -535 | -1,943 | -871 |
| Influence amount of income tax | -44,713 | -30,213 | -30,907 |
| Total | 124,675 | 75,197 | 83,050 |

IV. Items Measured at Fair Value

| | | | Unit: RMB 1,000 Currency: RMB |
|---|-------------------|----------------|-------------------------------|
| Item name | 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 | 15,061,645 | Not applicable | Not applicable |
| Derivative financial assets | 3,711,050 | 1,827,159 | -1,883,891 |
| Trading financial assets | Not applicable | 229,755,366 | Not applicable |
| Other creditors' investment | Not applicable | 76,082,306 | Not applicable |
| Other equity instruments investment | Not applicable | 137,676 | Not applicable |
| Available-for-sale financial assets | 334,771,654 | Not applicable | Not applicable |
| Total | 353,544,349 | 307,802,507 | -45,741,842 |

V. Capital Composition at the End of the Reporting Period

Unit: RMB 1,000 Currency: RMB

| Item | Group | The bank |
|---|---------------|---------------|
| 1. Net gross capital | 172,327,211 | 165,130,069 |
| 1.1 Core tier 1 capital | 114,831,070 | 111,564,441 |
| 1.2 Core tier 1 capital deductions | 61,180 | 2,590,680 |
| 1.3 Core tier 1 net capital | 114,769,890 | 108,973,761 |
| 1.4 Other tier 1 Capital | 20,246,699 | 19,977,830 |
| 1.5 Other tier 1 capital deductions | 32,781 | 32,781 |
| 1.6 Tier 1 net capital | 134,983,808 | 128,918,810 |
| 1.7 Tier 2 capital | 37,343,403 | 36,211,259 |
| 1.8 Tier 2 capital deductions | 0 | 0 |
| 2. Credit risk weighted assets | 1,247,858,967 | 1,199,712,015 |
| 3. Market risk weighted assets | 17,752,844 | 17,752,844 |
| 4. Operational risk weighted assets | 70,892,236 | 68,016,874 |
| 5. Total risk weighted assets | 1,336,504,047 | 1,285,481,733 |
| 6. Core tier 1 capital adequacy ratio (%) | 8.59 | 8.48 |
| 7. Tier 1 capital adequacy ratio (%) | 10.10 | 10.03 |
| 8. Capital adequacy ratio (%) | 12.89 | 12.85 |

VI. Leverage Ratio

| | | Unit: % |
|----------|-------------------|-------------------|
| Item | December 31, 2019 | December 31, 2018 |
| Group | 5.95 | 5.91 |
| The bank | 5.80 | 5.81 |

Last DMD 1 000 Course

VII. Liquidity Coverage Rate

| | | Unit: RMB 1,000 Currency: RMB |
|----------|---|-------------------------------|
| | Item | December 31, 2019 |
| | Liquidity coverage ratio (%) | 212.48 |
| Group | Qualified and high-quality current assets | 163,964,814 |
| | Ending value of net cash outflow amount in future 30 days | 77,168,408 |
| | Liquidity coverage ratio (%) | 215.61 |
| The bank | Qualified and high-quality current assets | 163,956,489 |
| | Ending value of net cash outflow amount in future 30 days | 76,041,629 |

VIII. Net Stable Funding Ratio

The net stable funding ratio aims to ensure that commercial banks have sufficient stable capital sources to meet the demand for stable capital for various assets and off-balance sheet risk exposures. The net stable funding ratio is the ratio of available stable funds to required stable funds. Available stable funds refer to the sum of the products of the book values of various capital and liability items of commercial banks and their corresponding available stable funds coefficients. The required stable capital refers to the sum of the book value of various asset items of commercial banks and the product of off-balance sheet risk exposure and its corresponding required stable capital coefficient. At the end of 2019, the Group's net stable funding ratio was 105.32%, the available stable fund was 1095.182 billion yuan, and the required stable fund was 1039.825 billion yuan, which meets the regulatory requirements.

 Item
 December 2019
 September 2019

 Group
 Available funding ratio (%)
 105.32
 105.93

 Required stable funds
 1,095,181,660
 1,117,483,835

IX. Average Rate of Return on Interest-bearing Assets and Average Rate of Interest-bearing Liabilities

Unit: RMB 1,000 Currency: RMB

| | 2019 | | | |
|--|-----------------|------------------------------|------------------------------|--|
| Item | Average balance | Interest income/ expenses | Average interest rate (%) | |
| Assets | | | | |
| Issue of loans and advances ¹ | 995,719,940 | 52,975,730 | 5.32 | |
| Financial investment | 560,915,610 | 23,994,841 | 4.28 | |
| Deposit money from the central bank | 134,649,190 | 2,077,920 | 1.54 | |
| Other interest-bearing assets | 89,530,215 | 2,313,584 | 2.58 | |
| Among which: Inter-bank deposits and offers ² | 53,392,515 | 1,485,246 | 2.78 | |
| Financial assets purchased for resell | 36,137,700 | 828,338 | 2.29 | |
| Total interest-bearing assets | 1,780,814,956 | 81,362,075 | 4.57 | |
| Liabilities | | | | |
| Deposit taking | 1,171,920,172 | 29,938,955 | 2.55 | |
| Issued debt securities | 362,160,832 | 13,029,124 | 3.60 | |
| Borrowings from Central Bank | 108,581,803 | 3,602,400 | 3.32 | |
| Other interest-bearing liabilities | 298,832,216 | 9,254,939 | 3.10 | |
| Among which: Interbank borrowing ³ | 241,691,853 | 7,824,850 | 3.24 | |
| Selling and repurchasing financial assets | 57,140,363 | 1,388,669 | 2.43 | |
| Total interest-bearing liabilities | 1,941,495,023 | 55,825,418 | 2.88 | |
| Net interest income | | 25,536,657 | | |
| Net profit margin | | | 1.72 | |
| Net interest margin | | | 1.94 | |

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

2. Deposited and released interbank assets include interbank deposits and lending funds;

3. Interbank borrowing liabilities include deposits and borrowing funds from interbanks and other financial institutions;

4. After the implementation of the new Financial Instrument Standards, the income generated during the holding period of financial assets measured at fair value and whose changes are included in the profits and losses of the current period will no longer be included in interest income; The net interest margin and net profit margin are calculated according to the net interest income of the reduction caliber, taking into account the fund investment income and its tax-free effect reduction factors;

5. The average balance of interest-bearing assets and interest-bearing liabilities is the average daily balance.

X. Changes in Shareholders' Equity

Unit: RMB 1,000 Currency: RMB

| Item | Beginning balance | Increase and decrease in current period | Closing balance |
|---|-------------------|--|-----------------|
| Capital stock | 11,544,450 | 50 | 11,544,500 |
| Other equity instruments | 19,977,830 | 2,787,904 | 22,765,734 |
| Capital reserve | 16,075,278 | 76,918 | 16,152,196 |
| Other comprehensive income | 578,161 | 1,066,690 | 1,644,851 |
| Surplus reserve | 14,475,708 | 2,558,320 | 17,034,028 |
| General risk reserve | 25,376,162 | 3,009,348 | 28,385,510 |
| Undistributed profit | 34,596,885 | 668,681 | 35,265,566 |
| Total amount of shareholders' equity vested in the parent company | 122,624,474 | 10,167,911 | 132,792,385 |
| Minority stockholder's equity | 1,880,452 | 1,763,084 | 3,643,536 |
| Total shareholders' equity | 124,504,926 | 11,930,995 | 136,435,921 |

BANK OF JIANGSU

ANNUAL REPORT 2019

Section III

Discussion and Analysis of Business Situation



Discussion and Analysis of Business Situation

I. Overview

According to the data of the China Banking Regulatory Commission, by the end of 2019, the local and foreign currency assets of China's banking financial institutions were 290 trillion yuan, up 8.1% year-on-year. Local and foreign currency liabilities totaled 266 trillion yuan, up 7.7% year-on-year. Commercial banks (legal persons, the same below) have accumulated net profits of 1993.3 billion yuan, up 8.91% year-on-year. The average profit margin on assets was 0.87%, and the average profit margin on capital was 10.96%. The balance of non-performing loans was 2.41 trillion yuan, with a non-performing loan ratio of 1.86%. The balance of loan loss reserve was 4.49 trillion yuan, with a provision coverage rate of 186.08% and a loan provision rate of 3.46%. The core tier-one capital adequacy ratio was 10.92%, tier-one capital adequacy ratio was 11.95%, and capital adequacy ratio was 14.64%. The liquidity ratio was 58.46%, the RMB excess reserve ratio was 2.61%, and the deposit-loan ratio (RMB domestic standard) was 75.40%.

In 2019, Bank of Jiangsu realized 44.974 billion yuan of operating income, up 27.68% year-on-year. Net profit

attributable to shareholders of listed companies was 14.619 billion yuan, up 11.89% year-on-year, maintaining double-digit growth for four consecutive years. At the end of the Reporting Period, the non-performing loan ratio was 1.38%, down 0.01% from the beginning of the Reporting Period, and the provision coverage rate was 232.79%, up 28.95% from the beginning of the Reporting Period.

| By the end of 201 | 19 |
|-------------------|------------------------|
| Operating Income | RMB 44,974 billion |
| | Up 27.68% year-on-year |

II. Main Business Conditions

(I) Financial business of the Company

The Company strives to improve the quality and efficiency of serving the real economy, closely follows the policy guidance, serves the national development strategy, focuses on key areas, continuously increases support for manufacturing, green industries and other fields, and provides financing services for small, micro and private

enterprises. Vigorously promote the financial, cash management, e-banking and other businesses in supply chains, create a "commercial bank+investment bank" model, and provide customized and personalized financial service programs for customers.

As of the end of the Reporting Period, the Company's deposit balance was 780.2 billion yuan, up 8.34% year-on-year. The company's loan balance was 572.4 billion yuan, up 7.70% year-on-year. The balance of manufacturing loans in the province was 108.9 billion yuan, with advanced manufacturing loans accounting for more than 40% of the total manufacturing industry. Build the brand of Equator Bank, the balance of green credit was 86 billion yuan, up 17.79% for 12.9% of public loans. The average daily deposit balance of the trading banks was 80.1 billion yuan, up 17.79% from the beginning of the year; the volume of supply chain finance business was 21.7 billion yuan, up 37.1% from the beginning of the year.

There were 41,217 small and micro enterprise loan customers with a balance of 396.7 billion yuan, of which the total credit amount of single households was 10 million yuan and the balance of small and micro enterprise loans was 65.8 billion yuan, realizing "two increases and two controls". The balance of loans from private enterprises was 347.4 billion yuan, accounting for 42.3% of new loans. "Shui e Rong" online loan products have served 31,000 small and micro enterprises with a loan amount of 54.4 billion yuan. Relying on big data and artificial intelligence technology, the "Golden Eye" risk control system has been independently developed to further improve its comprehensive services and intelligent risk control capabilities.

The international settlement volume was 112 billion US dollars and the cross-border investment and financing volume was 31.7 billion US dollars. The wealth version of "Cross-border e Dian Tong" and "Cross-border Mao e Chi" and other products were innovatively launched. 40 "the Belt and Road" projects were launched, covering more than 20 countries and regions along the route. The total assets of FTZ business were 33.63 billion yuan, up 70% from the beginning of the year, and the deposit balance was 30.7 billion yuan, up 81% from the beginning of the year. For the tenth consecutive year, it was rated as Class A bank in the assessment of the implementation of foreign exchange management regulations for designated banks within the jurisdiction of Jiangsu Branch of the State Administration of Foreign Exchange.

Using a variety of financial instruments to serve the real economy, the principal underwriting amount of debt financing instruments increased by 23.935 billion yuan compared with 2018, the market share continued to increase, and the linkage with liabilities, custody and other businesses was further strengthened. As an initiator, the Company issued three issues of credit asset-backed securities with a total issuance size of 4.974 billion yuan.

(II) Retail financial business

The company focuses on the main line of "continuously meeting the growing needs of the people for a better life" and accurately serves the subdivision of consumer finance. Closely adhering to the strategic goal of "expanding retail business and deepening customer management", insisting on taking customers as the center and continuously and deeply promoting the optimization of business structure; giving full play to the leading role of science and technology, continuously deepening the transformation and development of "smart retail" both online and offline, and achieving a new historical breakthrough in the scale and benefits of retail financial business.

By the end of the Reporting Period, retail deposits were 293.5 billion yuan, up 35.92% year-on-year. The balance of retail loans was 375.9 billion yuan, up 38.96% year-on-year. We will continue to optimize customer group management, innovate customer service modes, promote community management and overseas study services, deepen 'entrepreneur+investor' services, innovate and establish Yuanrong Entrepreneur College, actively promote family trust services, and use 5G technology to launch remote investment consulting services. The number of wealth customers increased by 16.79% from the beginning of the year, private bank customers increased by 22.18% from the beginning of the year, and the total number of wealth and private customers exceeded 40,000. It was awarded "China's Best

Regional Private Bank" and "Business Breakthrough Award" by the China Banking Association.

Cooperate with the comprehensive consumption scenario platform to launch joint credit cards, continuously enrich the credit card product system, launch ETC projects, further promote the application of big data and customer life cycle management, and enhance cross-linkage and accurate marketing capabilities. A total of 3.08 million credit cards were issued, up 85.61% year-on-year. The overdraft balance of credit cards was 18.3 billion yuan, up 15.23% year-on-year. The non-performing rate of credit card business was 1.34%, down 0.29% year-on-year.

Make full use of Internet, big data, artificial intelligence, biology and image recognition technologies, launch mobile banking app 5.0 and direct selling bank 5.0 upgrade version, realize "card-free" business at intelligent counters, open up the dual platforms of "PC+applets", and continuously expand the ecosystem of online retail application scenarios; With the help of artificial intelligence and other technologies, we have continued to speed up the deployment of anti-fraud measures on the Internet, and ensured the safety and stability of online financial operations. By the end of the Reporting Period, the total number of mobile banking users exceeded 7 million. According to statistics from third-party institutions, the number of monthly active customers ranked first among city commercial banks, with a cumulative transaction amount of over 2 trillion yuan during the year. Direct selling banks ranked first in the list of direct selling banks in the banking industry in 2019 published by *Internet Weekly*, Chinese Academy of Sciences.

(III) Capital businesses

The Company insists on returning its business to its original source, strives to enhance its investment, research and trading capabilities, strengthens the coordinated development of interbanks, and continuously improves its system construction. The role of capital business in serving the overall development and expanding new growth points continues to emerge, and its market position continues to improve.

Pay close attention to market changes, flexibly adjust trading strategies, and make full use of product tools such as repurchase, issuance of inter-bank certificates of deposit, precious metals and foreign exchange derivatives to effectively reduce the cost of liabilities. The trading volume of cash bonds was close to 6 trillion yuan, with a year-onyear increase of 2.38 times, and the market activity and influence increased significantly. New products such as landing currency swap, onshore US dollar interest rate swap and RMB interest rate swap linked to LPR have successfully issued 10 billion yuan of green financial bonds and 20 billion yuan of secondary capital bonds. The new generation of fund business processing system has been put into operation successfully, and the data docking with the interbanking CRM system has been realized, and the system support has been further strengthened.

Actively adjust the variety structure of interbank business, improve various systems and business processes, and strengthen the in-depth operation of interbank customers around interbank investment and financing, direct posting and transfer of bills, three-party depository and underwriting of financial bonds. Upgrade the inter-bank financial cooperation platform of Ronglianchuang and attract high-quality members. Obtain the qualification of bill brokerage business, further demonstrates the advantages of standardized bill business. Rely on the big data platform, establish and improve the early warning function of interbank customers and interbank business systems to effectively prevent risks.

Efforts will be made to strengthen market research, further promote product transformation, continuously improve the system and team building, and continuously improve the overall asset allocation capability. During the Reporting Period, a total of 2,368 wealth management products were issued, including a series of net worth products such as "Rongxiang", "Ronghe", "Rongda" and "Ronghui Cash" designed and issued according to the requirements of the new asset management regulations, with a total raised amount of 579.8 billion yuan. At the end of the Reporting Period, the survival scale of wealth management products was 372.9 billion yuan, with net worth products accounting for more than 50%, individual customers accounting for 88.47%, institutional customers accounting for 10.03%, and interbank customers accounting for 1.5%. For 16 consecutive quarters, it has been awarded the first place by domestic city commercial banks in "Evaluation of Comprehensive Asset Management Ability" of *Puyi standard*. In December 2019,

the Company's financial subsidiary was approved for preparation.

Adhering to the main line of "collaborative marketing, wise system and value-added service", we have strengthened the forward-looking research on policies and seized new markets and opportunities. The asset custody business has achieved good development results. At the end of the Reporting Period, the entrusted assets amounted 2519.913 billion yuan, an increase of 13.88% over the beginning of the year, ranking the first in the city commercial banks in terms of scale, and the accumulated income from custody intermediary business reached 469 million yuan.

(IV) Support system

The Company continues to strengthen the construction of smart operations, strengthen operational risk control to ensure the stable development of various businesses. Perfect the process, optimize the combination, realize seamless connection between online and offline businesses, and remarkable results were achieved in the transformation of tellers. Vigorously promote the construction of smart outlets, accelerate the paperless reform of counters, shorten business processing time, and create a light, efficient and safe customer service experience. Open a new mode of smart centralized authorization and gradually realize centralized authorization by the Head Office, with intelligent authorization accounting for 60%. Optimize the account business process, pay attention to the personalized needs of customers, and pay equal attention to innovation and customer experience. We will use big data to build an operational risk early warning system and an operational data mart, promote business data sharing and risk monitoring throughout the process, and continuously improve the quality and efficiency of operational risk management and control.

Implement the Five-Year Plan for Talent Development, adhere to the new development concept, stick to the highquality orientation, insist all-round and full-cycle evaluation, and continuously improve the mechanisms of gathering talents and cultivating talents, knowing people, cultivating talents, encouraging and stimulating them. Focusing on making breakthroughs in key tasks, and improving in weak links. Young cadres emerge continuously, outstanding talents gather continuously, and team vitality stimulates continuously, providing organizational guarantee and talent support for the high-quality development of various undertakings.

(V) Financial science and technology

The company puts the "wise" construction at the top of the "four modernizations" strategy, grasps the trend of digital development, closely follows the development and application of cutting-edge technologies, stimulates vitality, enhances momentum, and strives to create a financial science and technology ecosystem. The role of science and technology empowerment in product research and development, process reengineering, operation and management and other fields continues to be demonstrated. We will continue to deepen the integration mode of technology and business, establish an agile operation mode, optimize the assessment and incentive mechanism, and continuously improve the overall synergy under the guidance of science and technology. We will continue to optimize the IT governance system, speed up the construction of major innovative projects, continue in-depth research on 5G, block chain, artificial intelligence and other technologies, and expand the scope of products landing in the fields of Internet loans, intelligent investment, online bill discount, online movable property pledge, cross-border business etc.. We aim to be included in the national block chain information service filing list of the National Network Information Office. During the Reporting Period, 689 million yuan was invested in financial science and technology, accounting for 4.71% of the net profit attributable to shareholders of the parent company.

III. Income and Cost Analysis

(I) Major items of income statement

During the Reporting Period, the Group realized operating income of 44.974 billion yuan and 14.619 billion yuan of net profit attributable to shareholders of the parent company, up 27.68% and 11.89% respectively over the same period of the previous year.

| ltem | 2019 | 2018 | Increase/decrease changes | Year-on-year increase or decrease (%) |
|--|------------|------------|------------------------------|--|
| I. Operating income | 44,974,014 | 35,223,988 | 9,750,026 | 27.68 |
| Including: net interest income | 25,536,657 | 25,446,907 | 89,750 | 0.35 |
| Net income of handling charges and commissions | 6,022,914 | 5,222,292 | 800,622 | 15.33 |
| II. Operating expenses | 29,295,184 | 20,807,156 | 8,488,028 | 40.79 |
| Including: business and management fees | 11,530,571 | 10,103,863 | 1,426,708 | 14.12 |
| III. Operating profit | 15,678,830 | 14,416,832 | 1,261,998 | 8.75 |
| IV. Total profit | 15,615,486 | 14,267,401 | 1,348,085 | 9.45 |
| V. Net profit | 14,959,779 | 13,262,508 | 1,697,271 | 12.80 |
| Including: net profit attributable to shareholders of the parent company | 14,618,609 | 13,064,935 | 1,553,674 | 11.89 |

(II) Items with a change range of more than 30% in the income statement and the reasons for the change

Unit: RMB 1,000 Currency: RMB

Unit: RMB 1,000 Currency: RMB

| Item | 2019 | 2018 | Increase or decrease (%) | Main cause |
|---------------------------|-------------------|-------------------|-----------------------------|---|
| Return on investment | 12,971,956 | 3,833,811 | 238.36 | After the investment income growth of the fund and the implementation of the new standard, the impact of the income generated during the holding period of financial assets measured at fair value and whose changes are included in the current profit and loss. |
| Other business income | 49,629 | 17,791 | 178.96 | Increase in other business income |
| Net exchange income | 342,602 | 610,281 | -43.86 | To implement the new standards of the Ministry |
| Credit impairment loss | 17,215,920 | Not applicable | Not applicable | of Finance and the Notice on Revising and Issuing the Format of Financial Statements of Financial |
| Assets impairment loss | Not applicable | 10,260,267 | Not applicable | <i>Enterprises for 2018</i> (CaiKuai [2018] No. 36) to adjust the presentation of some statement items. |
| Other business costs | 21,913 | 1,944 | 1027.21 | Increase in other operating costs |
| Non-operating income | 19,393 | 7,874 | 146.29 | Increase in non-operating income |
| Non-operating expenses | 82,737 | 157,305 | -47.40 | Decrease in non-operating expenses |
| Income tax expense | 655,707 | 1,004,893 | -34.75 | Reduction in income tax expenses |

(III) Net interest income

During the Reporting Period, the Group realized a net interest income of 25.537 billion yuan, which was the main component of the Group's operating income.

| Unit: RMB 1,000 Currency: F | | | | |
|--|------------|-----------|------------|-----------|
| ltem | 203 | 19 | 201 | 8 |
| item | Amount | Ratio (%) | Amount | Ratio (%) |
| Interest income | | | | |
| Issue of loans and advances | 49,978,208 | 61.43 | 41,316,352 | 50.54 |
| -Enterprise loan | 28,517,778 | 35.05 | 26,106,179 | 31.93 |
| -Personal loans | 18,597,415 | 22.86 | 11,238,595 | 13.75 |
| -Notes discounted | 2,863,015 | 3.52 | 3,971,578 | 4.86 |
| Debt instrument investment | 23,994,841 | 29.49 | 32,676,416 | 39.97 |
| Long-term receivables | 2,997,522 | 3.68 | 2,048,280 | 2.51 |
| Deposits in the Central Bank | 2,077,920 | 2.55 | 2,188,535 | 2.68 |
| Lending funds | 1,144,667 | 1.41 | 406,695 | 0.50 |
| Financial assets purchased for resell | 828,338 | 1.02 | 1,154,331 | 1.42 |
| Funds deposited by interbank and other financial institutions | 340,579 | 0.42 | 1,962,057 | 2.40 |
| Interest income | 81,362,075 | 100.00 | 81,752,666 | 100.00 |
| Interest expenditure | | | | |
| Deposit taking | 29,938,955 | 53.63 | 26,187,792 | 46.5 |
| -Corporate customers | 21,025,177 | 37.66 | 18,797,562 | 33.38 |
| -Individual customers | 8,913,778 | 15.97 | 7,390,230 | 13.13 |
| Issued debt securities | 13,029,124 | 23.34 | 13,587,918 | 24.13 |
| Deposit of interbank funds and other financial insti- tutions funds | 6,021,963 | 10.79 | 9,003,757 | 15.99 |
| Borrowings from Central Bank | 3,602,400 | 6.45 | 2,776,885 | 4.93 |
| Borrowing funds | 1,802,887 | 3.23 | 1,748,606 | 3.1 |
| Financial assets sold for repurchase | 1,388,669 | 2.49 | 2,950,228 | 5.24 |
| Others | 41,420 | 0.07 | 50,573 | 0.09 |
| Interest expenditure | 55,825,418 | 100.00 | 56,305,759 | 100.0 |
| Net interest income | 25,536,657 | - | 25,446,907 | |

Discussion and Analysis of Business Situation

(IV) Net income from handling fees and commissions

The Group continued to push forward its strategic transformation, strictly implemented various policies and management regulations on service charges, and further optimized its income structure. During the Reporting Period, the net income from handling fees and commissions achieved 6.023 billion yuan.

| | | Unit: RMB 1,000 Currency: RMB |
|---|-----------|-------------------------------|
| Item | 2019 | 2018 |
| Item | 2019 | 2018 |
| Agency fee income | 3,591,153 | 2,912,495 |
| Bank card handling fee income | 1,149,229 | 905,333 |
| Commission income from custody and other entrusted businesses | 586,533 | 727,848 |
| Credit commitment fee and commission income | 407,371 | 417,461 |
| Income from settlement and clearing fees | 66,016 | 73,571 |
| Income from consultants and consulting fees | 5,130 | 4,474 |
| Others | 489,157 | 421,336 |
| Fee and commission income | 6,294,589 | 5,462,518 |
| Settlement and clearing fee expenses | 141,723 | 117,005 |
| Bank card handling fee expenses | 36,499 | 52,253 |
| Others | 93,453 | 70,968 |
| Fees and commission expenses | 271,675 | 240,226 |
| Net income of handling charges and commissions | 6,022,914 | 5,222,292 |

(V) Business and management fees

During the Reporting Period, the Group spent 11.531 billion yuan on business and management fees, up 14.12% year-on-year. The cost-income ratio was 25.64%, maintaining a reasonable level.

| | | Unit: RMB 1,000 Currency: RMB |
|--|-----------|-------------------------------|
| Item | 2019 | 2018 |
| Employee costs | 7,805,020 | 7,016,787 |
| -Wages and bonuses | 5,593,528 | 5,167,434 |
| -Social insurance premiums and supplementary insurance | 1,321,230 | 1,076,209 |
| -Other benefits | 890,262 | 773,144 |
| Expenses on property and equipment | 1,557,793 | 1,464,773 |

Unit: RMB 1,000 Currency: RMB

| ltem | 2019 | 2018 | |
|--|------------|------------|--|
| -Depreciation and amortization | 598,293 | 573,155 | |
| -Leasing and property management fees | 547,972 | 533,521 | |
| -Public utility fees | 70,834 | 76,291 | |
| -Others | 340,694 | 281,806 | |
| Other office and administrative expenses | 2,167,758 | 1,622,303 | |
| Total | 11,530,571 | 10,103,863 | |

IV. Analysis of Assets and Liabilities

(I) Major balance sheet items

As of the end of the Reporting Period, the Group's total assets were 2065.1 billion yuan, up 139.2 billion yuan or 7.23% from the beginning of the year. The total liability was 1,928.6 billion yuan, up 127.3 billion yuan or 7.07% from the beginning of the year. The business scale grew steadily and evenly.

Item December 31, 2019 December 31, 2018 Increase or decrease (%) Cash and deposits in the Central Bank 132,252,100 143,645,706 -7.93 Interbank Assets¹ 72,178,017 54,775,905 31.77 Derivatives and financial investments² -2.09 784,776,005 801,525,149 Issued loans and advances 17.01 1,010,901,288 863,977,517 Total assets 7.23 2,065,058,387 1,925,823,214 Borrowings from Central Bank 123,517,336 110,446,000 11.84 Interbank liabilities³ -1.51 217,432,919 220,776,453 10.27 Deposit taking 1,205,562,442 1,093,327,642 Issued debt securities 332,774,490 8.19 360,021,324 **Total liabilities** 7.07 1,928,622,466 1,801,318,288

Note: 1. Interbank assets include deposits with interbanks and other financial institutions, lending funds and buying and reselling financial assets;

2. Derivative and financial investments include derivative financial assets, transactional financial assets, creditor's rights investments, other creditor's rights investments and other equity instrument investments at the end of 2019; and at the end of 2018, the investments includes derivative financial assets, financial assets measured at fair value and whose changes are included in the profits and losses of the current period, available-for-sale financial assets, held-to-maturity investments and receivables investments.

3. Interbank liabilities include interbank and other financial institutions depositing and borrowing funds and selling repurchased financial assets.

(II) Items in the balance sheet that have changed by more than 30% and the reasons for the change

| Item | December 31, 2019 | December 31, 2018 | Increase or decrease (%) | Main cause | | |
|---|----------------------|----------------------|-----------------------------|--|--|--|
| Funds deposited by interbank and other financial institutions | 33,103,578 | 24,100,785 | 37.35 | Optimize the allocation of resources and increase the amount of funds deposited among interbanks. | | |
| Lending funds | 32,914,906 | 22,189,135 | 48.34 | Increased funds lent to non-bank institutions. | | |
| Derivative financial assets | 1,827,159 | 3,711,050 | -50.76 | The size of the derivative business and changes in valuation. | | |
| Financial assets measured at their fair value with their variation recorded into the profits and losses of the current period | Not applicable | 15,061,645 | Not applicable | | | |
| Trading financial assets | 229,755,366 | Not applicable | Not applicable | | | |
| Creditors' investment | 476,973,498 | Not applicable | Not applicable | To implement the new standards of the Ministry of Finance and the <i>Notice</i> | | |
| Other creditors' investment | 76,082,306 | Not applicable | Not applicable | on Revising and Issuing the Format of Financial | | |
| Other equity instruments investment | 137,676 | Not applicable | Not applicable | <i>Enterprises for 2018</i> (CaiKuai [2018] No. 36) to adjust the presentation of some statement items. | | |
| Available-for-sale financial assets | Not applicable | 334,771,654 | Not applicable | | | |
| Hold-to-maturity investment | Not applicable | 214,513,444 | Not applicable | | | |
| Investment in receivables | Not applicable | 233,467,356 | Not applicable | | | |
| Deferred income tax assets | 8,861,428 | 5,221,180 | 69.72 | To implement the new financial instruments standard, the increase in the asset impairment provision resulted in a larger increase in deductible temporary differences. | | |
| Borrowing funds | 41,215,852 | 30,304,402 | 36.01 | Increased borrowing. | | |
| Derivative financial liabilities | 1,763,479 | 4,047,070 | -56.43 | The size of the derivative business and changes in valuation. | | |
| Dues payable | 3,701,526 | 2,394,732 | 54.57 | To implement the new financial instruments standard, the increase in the asset impairment provision resulted in a larger increase in deductible temporary differences. | | |
| Estimated liability | 589,761 | 63,891 | 823.07 | The implementation of the new financial instrument standards has increased the provision for impairmen of off-balance-sheet assets. | | |

| | December 31, 2019 | December 31, 2018 | Increase or decrease (%) | Main cause |
|---|----------------------|----------------------|-----------------------------|---|
| | 1,644,851 | 578,161 | 184.50 | The implementation of new financial instrument standards, the fair value of financial assets measured at fair value and changes included in other consolidated income are affected by changes in fair value. |
| 5 | 3,643,536 | 1,880,452 | 93.76 | The increase in the profits of subsidiaries and the decrease in the shareholding ratio of Suyin Leasing Company after the Bank's capital increase and stock expansion. |

(III) Major asset items

Item

Other comprehensive

Minority stockholder's

income

equity

1. Issued loans and advances

At the end of the Reporting Period, the book value of loans and advances issued by the Group was 1010.901 billion yuan, up 17.01% from the end of last year. The total amount of loans and advances (excluding accrued interest) was 1040.497 billion yuan, up 17.01% from the end of last year.

(1) At the end of the Reporting Period, loans and advances issued are analyzed by nature.

| | | Unit: RMB 1,000 Currency: RMB |
|--|-------------------------------------|-------------------------------|
| Item | December 31, 2019 | December 31, 2018 |
| Measured at amortized cost | | |
| Enterprise loans and advances | 572,361,083 | 531,476,430 |
| Personal loans and advances | 375,949,815 | 270,529,394 |
| -Housing mortgage loans | 172,850,177 | 127,542,031 |
| -Personal consumption loans | 162,767,536 | 105,645,569 |
| -Personal operating loan | 22,011,540 | 21,441,441 |
| -Credit card | 18,320,562 | 15,900,353 |
| Notes discounted | 11,007,498 | 87,203,172 |
| Subtotal | 959,318,396 | 889,208,996 |
| Measured at fair value and its changes are inc | cluded in other consolidated income | |
| Enterprise loans and advances | 24,791 | Not applicable |
| Notes discounted | 81,154,091 | Not applicable |
| Subtotal | 81,178,882 | Not applicable |
| Total loans and advances issued | 1,040,497,278 | 889,208,996 |
| Accrued interest | 3,825,959 | Not applicable |
| Minus: Depreciation reserves | 33,421,949 | 25,231,479 |
| Book value | 1,010,901,288 | 863,977,517 |

(2) Distribution of the industries issuing loans and advances at the end of the Reporting Period

| | | | Unit: RMB 1,000 |) Currency: RMB |
|---|---------------|-----------|-----------------|-----------------|
| | December 3 | 31, 2019 | December 3 | 1, 2018 |
| Industry Distribution | Amount | Ratio (%) | Amount | Ratio (%) |
| Leasing and commercial service | 131,822,520 | 12.67 | 121,568,872 | 13.67 |
| Manufacturing industry | 122,876,823 | 11.81 | 122,403,584 | 13.77 |
| Wholesale and retail industry | 86,477,933 | 8.31 | 80,971,945 | 9.11 |
| Water conservancy, environment and public facility management industry | 59,488,699 | 5.72 | 60,467,787 | 6.80 |
| Real estate | 58,452,939 | 5.62 | 39,028,515 | 4.39 |
| Construction industry | 33,609,940 | 3.23 | 34,335,348 | 3.86 |
| Transportation, warehousing and mail business | 18,392,971 | 1.77 | 14,777,421 | 1.66 |
| Electricity, heat, gas and water production and supply industries | 12,820,728 | 1.23 | 11,412,168 | 1.28 |
| Agriculture, forestry, animal husbandry, sideline occupations and fishery | 11,390,106 | 1.09 | 11,025,946 | 1.24 |
| Information transmission, software and information technology services industry | 9,795,077 | 0.94 | 9,139,965 | 1.03 |
| Scientific research and technology services | 6,419,209 | 0.61 | 6,265,692 | 0.70 |
| Neighborhood service, repair and other service industries | 5,166,247 | 0.50 | 5,667,642 | 0.64 |
| Cultural, sports and entertainment industry | 4,012,093 | 0.39 | 4,087,591 | 0.46 |
| Sanitation and social work | 2,702,597 | 0.26 | 2,594,003 | 0.29 |
| Accommodation and catering industry | 2,588,935 | 0.25 | 2,782,694 | 0.31 |
| Education | 2,274,778 | 0.22 | 2,358,381 | 0.27 |
| Others | 4,094,279 | 0.39 | 2,588,876 | 0.29 |
| Subtotal of corporate loans and advances | 572,385,874 | 55.01 | 531,476,430 | 59.77 |
| Personal loans and advances | 375,949,815 | 36.13 | 270,529,394 | 30.42 |
| Notes discounted | 92,161,589 | 8.86 | 87,203,172 | 9.81 |
| Total loans and advances issued | 1,040,497,278 | 100.00 | 889,208,996 | 100.00 |

| Unit: RMB 1,000 Currer | | | | | |
|---|---------------|-----------|-------------------|-----------|--|
| Pogion | December 3 | 31, 2019 | December 31, 2018 | | |
| Region | Amount | Ratio (%) | Amount | Ratio (%) | |
| Jiangsu area | 850,818,769 | 81.77 | 702,295,302 | 78.98 | |
| Bohai Rim Region | 66,528,742 | 6.39 | 67,474,087 | 7.59 | |
| Yangtze River Delta Region (Excluding Jiangsu Region) | 66,263,909 | 6.37 | 62,702,324 | 7.05 | |
| Pearl River Delta Region | 56,885,858 | 5.47 | 56,737,283 | 6.38 | |
| Total loans and advances issued | 1,040,497,278 | 100.00 | 889,208,996 | 100.00 | |

(3) Distribution of loans and advances by region at the end of the Reporting Period

(4) Distribution of loans and advances issued by way of guarantee at the end of the Reporting Period

| Unit: RMB 1,000 Currency: RMB | | | | | | |
|-------------------------------|---------------|-----------|-------------------|-----------|--|--|
| ltem | December | 31, 2019 | December 31, 2018 | | | |
| | Amount | Ratio (%) | Amount | Ratio (%) | | |
| Credit loan | 239,289,247 | 23.00 | 174,917,855 | 19.67 | | |
| Guaranteed loan | 306,868,120 | 29.49 | 296,622,661 | 33.36 | | |
| Loan with collateral | 494,339,911 | 47.51 | 417,668,480 | 46.97 | | |
| Including: mortgage loan | 303,788,510 | 29.20 | 251,505,080 | 28.28 | | |
| Pledged loan | 190,551,401 | 18.31 | 166,163,400 | 18.69 | | |
| Total loans | 1,040,497,278 | 100.00 | 889,208,996 | 100.00 | | |

(5) Top 10 loan customers of the Bank

| | | | | | - |
|-----|------------|--|-----------------|-------------------------------|-------------------------------|
| No. | Borrower | Trade | Loan balance | Proportion of total loans (%) | Proportion of net capital (%) |
| 1 | Customer A | Wholesale and retail industry | 5,000,000 | 0.48 | 2.90 |
| 2 | Customer B | Real estate | 4,000,000 | 0.38 | 2.32 |
| 3 | Customer C | Leasing and commercial service | 2,198,560 | 0.21 | 1.28 |
| 4 | Customer D | Leasing and commercial service | 2,123,768 | 0.20 | 1.23 |
| 5 | Customer E | Water conservancy, environment and public facility management industry | 2,090,000 | 0.20 | 1.21 |
| 6 | Customer F | Manufacturing industry | 2,008,000 | 0.19 | 1.17 |
| 7 | Customer G | Real estate | 1,850,000 | 0.18 | 1.07 |
| 8 | Customer H | Leasing and commercial service | 1,759,200 | 0.17 | 1.02 |
| 9 | Customer I | Construction industry | 1,709,700 | 0.16 | 0.99 |
| 10 | Customer J | Leasing and commercial service | 1,700,000 | 0.16 | 0.99 |
| | | Total | 24,439,228 | 2.35 | 14.18 |

Unit: RMB 1,000 Currency: RMB

2. Financial assets purchased for resell

At the end of the Reporting Period, the book value of financial assets bought and resold by the Group was 6.160 billion yuan, down 27.42% year-on-year.

| | | Unit: RMB 1,000 Currency: RMB |
|--|-------------------|-------------------------------|
| Item | December 31, 2019 | December 31, 2018 |
| Securities | | |
| -Chinese government bonds | 1,748,400 | 700,950 |
| -Bonds of banks and other financial institutions | 3,822,790 | 7,785,035 |
| -Corporate bonds | 597,000 | - |
| Subtotal | 6,168,190 | 8,485,985 |
| Accrued interest | 3,967 | Not applicable |
| Minus: Depreciation reserves | 12,624 | - |
| Total | 6,159,533 | 8,485,985 |

3. Financial investment

(1) Trading financial assets

At the end of the Reporting Period, the book value of the Group's transactional financial assets was 229.755 billion yuan.

Unit: RMB 1,000 Currency: RMB December 31, 2019 Item Bond investments (by issuer): Within Chinese territory -Governments 3,170,442 -Policy Banks 8,995,485 -Commercial banks and other financial institutions 930,921 -Other institutions 6,796,600 Subtotal 19,893,448 Beyond the Chinese border -Commercial banks and other financial institutions 1,006,474 -Other institutions 44,494 Subtotal 1,050,968 Fund Investment 126,890,447 Investment in wealth management products 67,350,600 Asset management plan and trust plan investments 11,303,458 Equity investment 409,818 Other investments 2,856,627 Total 229,755,366

(2) Creditors' investment

At the end of the Reporting Period, the book value of the Group's creditor's rights investment was 476.973 billion yuan.

| | Unit: RMB 1,000 Currency: RMB |
|--|-------------------------------|
| Item | December 31, 2019 |
| Bond investments (by issuer): | |
| Within Chinese territory | |
| -Governments | 225,367,857 |
| -Policy banks | 17,776,504 |
| -Commercial banks and other financial institutions | 3,369,912 |
| -Other institutions | 18,685,872 |
| Subtotal | 265,200,145 |
| Beyond the Chinese border | |
| -Commercial banks and other financial institutions | 486,452 |
| -Other institutions | 14,414,499 |
| Subtotal | 14,900,951 |
| Bond investment subtotal | 280,101,096 |
| Asset management plan and trust plan investments | 193,161,121 |
| Other investments | 7,990,472 |
| Total | 481,252,689 |
| Accrued interest | 5,545,026 |
| Minus: Depreciation reserves | 9,824,217 |
| Book value | 476,973,498 |

(3) Other creditors' investment

At the end of the Reporting Period, the book value of the Group's other creditor's rights investments was 76.082 billion yuan.

| Unit: | RMB | 1,000 | Currency: | RMB |
|-------|-----|-------|-----------|-----|
|-------|-----|-------|-----------|-----|

| Item | December 31, 2019 |
|--|-------------------|
| Bond investments (by issuer): | |
| Within Chinese territory | |
| -Governments | 37,646,663 |
| -Policy banks | 24,531,394 |
| -Commercial banks and other financial institutions | 501,547 |
| -Other institutions | 2,129,836 |
| Subtotal | 64,809,440 |
| Beyond the Chinese border | |
| -Other institutions | 7,663,569 |
| Bond investment subtotal | 72,473,009 |
| Asset management plan and trust plan investments | |
| Other investments | 2,435,965 |
| Total | 74,908,974 |
| Accrued interest | 1,173,332 |
| Book value | 76,082,306 |

(4) Other equity instruments investment

At the end of the Reporting Period, the book value of the Group's investment in other equity instruments was 138 million yuan.

(IV) Major Liabilities

1. Deposit taking

At the end of the Reporting Period, the book value of the Group's deposit taking was 1205.562 billion yuan, up 10.27% from the end of the previous year. Among them, the total amount of deposits taking (excluding accrued interest) was 1185.480 billion yuan, up 8.43% from the end of last year.

| | | | Unit: RMB 1,000 Currency: RMB | | |
|------------------------------|---------------|------------------|-------------------------------|-----------|--|
| | December | 31, 2019 | December 31, 2018 | | |
| Item | Amount | Amount Ratio (%) | | Ratio (%) | |
| Corporate deposits | | | | | |
| Current deposit | 326,458,502 | 27.54 | 338,243,370 | 30.94 | |
| Fixed time deposit | 453,701,748 | 38.27 | 381,867,632 | 34.93 | |
| Subtotal | 780,160,250 | 65.81 | 720,111,002 | 65.87 | |
| Personal deposits | | | | | |
| Current deposit | 67,131,218 | 5.66 | 59,444,575 | 5.44 | |
| Fixed time deposit | 226,403,333 | 19.10 | 156,509,215 | 14.31 | |
| Subtotal | 293,534,551 | 24.76 | 215,953,790 | 19.75 | |
| Other deposits | | | | | |
| Book value of deposit taking | 60,264,296 | 5.08 | 49,453,581 | 4.52 | |
| Remittances outstanding | 171,289 | 0.01 | 304,366 | 0.03 | |
| Fiscal deposits | 405,260 | 0.03 | 548,221 | 0.05 | |
| Outward remittance | 647,412 | 0.05 | 157,148 | 0.01 | |
| Treasury deposit | 7,563,000 | 0.64 | 15,788,000 | 1.44 | |
| Customer financing fund | 42,734,437 | 3.60 | 91,011,534 | 8.33 | |
| Subtotal | 111,785,694 | 9.43 | 157,262,850 | 14.38 | |
| Total deposits taking | 1,185,480,495 | 100.00 | 1,093,327,642 | 100.00 | |
| | | | | | |

2. Deposit of interbank funds and other financial institutions funds

During the Reporting Period, on the premise of maintaining stable growth in business scale, the Group paid attention to the matching of interbank liabilities and continuously optimized the interbank business structure. As of the end of the Reporting Period, the balance of deposits in the interbanks and other financial institutions was 135.3 billion yuan, down 10.35% from the beginning of the year.

Unit: RMB 1,000 Currency: RMB

| Item | December 31, 2019 | December 31, 2018 | |
|-------------------------------|-------------------|-------------------|--|
| Within Chinese territory | | | |
| -Banks | 26,509,521 | 24,341,829 | |
| -Other financial institutions | 108,781,582 | 126,569,173 | |
| Total | 135,291,103 | 150,911,002 | |

V. Risk Management

(I) Overview of various types of risk management

1. Credit risk

Credit risk refers to the risk that one party of a financial instrument fails to perform its obligations and causes financial losses to the other party.

The Group has designed an effective organizational structure, credit policies and processes for credit risk management and implemented systematic control procedures specifically for identifying, evaluating, monitoring and managing credit risks. The Group has continuously improved its risk management system, optimized and adjusted the approval process for credit and non-credit businesses, strengthened the management and control of credit risks in the process, and clarified the functions and responsibilities of the approval process for credit and non-credit businesses. During the Reporting Period, in the face of changes of the external situation, the Group took various measures to strengthen credit risk management and control to ensure the sustained and steady development of various businesses. The first is to formulate guidelines for asset quality management and control in 2019, focusing on "high objectives, practical measures and quick actions", to clarify the work measures of reducing the old and controlling the new, strengthen the risk classification and impairment management, and strictly control the asset quality. The second is to formulate annual credit investment guidelines, strengthen the monitoring of policy implementation, and effectively guide the whole bank to adjust and optimize the credit structure. The third is to intensify the investigation of credit risks in key areas, industries and customers in combination with the large-scale risk investigation carried out every six months, so as to discover, intervene and resolve the risks as early as possible. The fourth is to further improve the full-scale and full-process credit risk management system and strengthen unified credit management and penetration management. The fifth is to optimize the system functions of early risk warning system, internal evaluation system, risk mitigation management system, information management system, credit reporting system, etc., and widely apply intelligent decision-making of risk control model. The sixth is to improve the centralized management system of non-performing assets and improve the efficiency of collection and disposal. The seventh is to strict internal control, continuously promote business suspension and resumption, issuing red and yellow cards for asset quality, appointment talks, performance withholding of the first responsible person and other control measures so as to strengthen responsibility constraints.

2. Liquidity risk

Liquidity risk refers to the risk that although commercial banks have solvency, they cannot obtain sufficient funds in time or at reasonable cost to cope with asset growth or pay due debts.

In 2019, the Bank continues to adhere to a sound and prudent liquidity risk management strategy, pay close attention to various influencing factors faced by liquidity risks, coordinate local and foreign currency, on-balance-sheet and offbalance-sheet liquidity risk management, and take various measures to ensure the stability and safety of the Group's liquidity. The first is to establish a complete liquidity risk management governance structure. The Group's liquidity risk management governance structure consists of a decision-making system, an implementation system and a supervision system. Among them, the decision-making system include the Board of Directors, the Risk Management Committee of the Board of Directors and its senior management staff. The implementation system includes the bank-wide liquidity management, asset and liability business, information and technology departments, etc. The supervision system includes the Board of Supervisors, the internal audit department and the risk management department. The abovementioned system performs the functions of decision-making, execution and supervision respectively according to the division of responsibilities. The second is to adhere to a sound liquidity management strategy and clarify the overall objectives, management modes and main policies and procedures of liquidity management. The Group formulates liquidity risk management policies according to regulatory requirements, external macro-operating environment and business development, etc. to effectively balance liquidity, safety and efficiency on the premise of ensuring liquidity safety. The third is to formulate scientific liquidity risk management methods. The Group has established an early warning index system that integrates internal and external indicators and complements the liquidity limit index system to enhance the forward-looking risk identification function and ensure strict adherence to the bottom line of liquidity risks. Continue to strengthen the market research and judgment and dynamic monitoring of liquidity gap, and analyze the business nature of liquidity gaps, deposit and loan changes, capital interbank business development and other business on a daily basis. Smooth the market financing channels, ensure sufficient reserve of high-quality liquid assets, maintain a reasonable level of provision, and meet various payment requirements. Continue to optimize the construction and application of the liquidity management system, enhance the effectiveness of monitoring, early warning and control, and continuously improve the level of fine management. The fourth is to adhere to effective liquidity risk stress tests. According to the principle of prudence, liquidity risk stress tests are conducted quarterly to test the bank's risk tolerance in case of extreme small probability events and other adverse circumstances, and stress testing methods are continuously improved according to regulatory and internal management requirements. The stress test results show that the Group's liquidity risk is always under control under a variety of scenario stress assumptions.

3. Market risk

Market risk refers to the risk of losses to the Company's on-balance-sheet and off-balance-sheet businesses due to adverse changes in market prices (interest rates, exchange rates and other prices).

The Group carries out risk identification, measurement and monitoring management on market risks in various businesses through risk monitoring methods such as gap analysis, exposure analysis, sensitivity analysis, scenario analysis and stress test analysis, and uses the market risk limit system composed of business limit, stop loss limit and risk limit to monitor the use of market risk limit of various businesses. At the same time, strengthen the daily management, monitoring, analysis and reporting of authorization and limit to ensure that authorization and limit are strictly observed. Interest rate risk is mainly managed through interest rate repricing gap analysis, sensitivity analysis, asset portfolio construction and adjustment, profit and loss analysis, etc., and exchange rate risk is managed by setting foreign exchange exposure limits to closely monitor risk exposure. During the Reporting Period, market risks were stable and controllable.

4. Operational risk

Operational risk refers to the risk of losses caused by imperfect or problematic internal procedures, employees and information technology systems, and external events.

Includes legal risk but excludes strategic risk and reputational risk. Through a series of measures, such as constantly improving rules and regulations, promoting system process optimization, strengthening risk investigation and rectification tracking, strengthening staff training and strict violation points management, the Group has strictly controlled the risk, continuously improved the ability of operational risk control, enhanced the overall risk management awareness, and gradually standardized the business management and operation, and the overall operational risk control was in good condition. The first is to improve the unified system of institutional management; The second is to continuously optimize the functions of the internal control compliance and operational risk management system (GRC) and add in-process risk early warning and monitoring indicators. The third is to continuously promote the networking of work instructions; The fourth is to strengthen the application of the three management tools of operational risks. The fifth is to strengthen the daily inspection and management of operational risks; The sixth is to further strengthen internal control inspection and rectification tracking; The seventh is to promote compliance culture and strengthen compliance awareness. During the Reporting Period, the operational risks were generally controllable and the operational risk loss data remained at a relatively low level.

5. Other risks

(1) Information technology risk

Information technology risk refers to the operational, legal and reputation risks caused by natural factors, human factors, technical loopholes and management defects during the operation of information technology in commercial banks. The Group's information technology risk management work is guided by regulatory policies and based on safe operation and maintenance, highlighting IT business continuity, Internet security, data security, IT outsourcing and other work, adhering to the direction of wisdom and continuously promoting autonomy and controllability. During the Reporting Period, information technology risks were generally controllable, and no major science and technology risk losses occurred. At the end of the Reporting Period, the science and technology risk limit indicators were all within the scope of regulatory requirements.

(2) Reputation risk

Reputation risk refers to the risk of negative evaluation of the company by stakeholders caused by the company's operation, management and other behaviors or external events. The Group has established and improved its reputation risk management mechanism, revised its media crisis emergency plan, optimized its public opinion response mechanism, and improved its ability to judge, analyze and deal with public opinions. We have strengthened the investigation of potential reputational risks, continuously improve the ability and level of reputational risk management, and create brand images of smart finance and responsible finance. Actively carry out public opinion management to avoid reputation loss. Organize and carry out reputation risk management training, popularize relevant knowledge in the field of reputation risk management, and strengthen the reputation risk awareness of all employees. During the Reporting Period, the reputation risk situation was overall stable.

(II) Five-level classification of loans

Unit: RMB 1,000 Currency: RMB

Unit: %

| Five-level classification | Amount | Ratio (%) | Increase or decrease compared with the end of last year (%) |
|---------------------------|---------------|-----------|---|
| Normal loans | 1,005,953,276 | 96.68 | 0.32 |
| Special mention loans | 20,186,956 | 1.94 | -0.31 |
| Subprime loans | 5,472,259 | 0.53 | -0.28 |
| Doubtful loans | 7,498,846 | 0.72 | 0.31 |
| Loss loans | 1,385,940 | 0.13 | -0.04 |
| Total | 1,040,497,277 | 100 | |

Note: According to the regulatory five-level classification policy, the Group's non-performing loans include loans classified as sub-prime, doubtful and loss. Faced with external situation changes, the Group adjusted its credit policy in due course, defined customer access standards, actively promoted business restructuring, innovated risk management modes, strengthened asset quality management, and accelerated the disposal of non-performing loans in stock. In 2019, the Group's asset quality was generally stable. As at the end of the Reporting Period, the Group's total non-performing loans were 14.357 billion yuan, accounting for 1.38% of non-performing loans, down 0.01 percentage points from the beginning of the year. The total amount of special mention loans was 20.187 billion yuan, and the proportion of special mention loans was 1.94%, which was 0.31 percentage points lower than that at the beginning of the year.

(III) Migration rate data

| Item | 2019 | 2018 | 2017 | |
|---|-------|-------|-------|--|
| Migration rate of normal loans | 2.72 | 3.08 | 2.72 | |
| Migration rate of special mention loans | 43.77 | 39.57 | 48.05 | |
| Migration rate of subprime loans | 68.53 | 27.82 | 18.86 | |
| Migration rate of doubtful loans | 24.33 | 9.02 | 12.3 | |

Note: The migration rate is calculated according to relevant regulatory regulations.

Migration rate of normal loans balance of normal loans at the beginning of the period converted into the last four types of loans at the end of the period/the part of normal loans at the beginning of the period which are still loans at the end of the period×100%;

Migration rate of special mention loans=balance of non-performing loans converted into non-performing loans at the end of the beginning of the period/the part of special mention loans at the beginning of the period which are still loans at the end of the period $\times 100\%$;

Migration rate of sub-prime loans=balance of doubtful and loss loans at the end of the period of the beginning of the period of sub-prime loans/the part of sub-prime loans at the beginning of the period which are still loans at the end of the period ×100%;

Migration rate of doubtful loans=balance of doubtful loan at the beginning of the period turned into loss loan at the end of the period/the part of doubtful loans at the beginning of the period which are still loans at the end of the period $\times 100\%$.

(IV) Loan asset quality with custom classification standards

| | Unit: RMB 1,000 Currency: RM | | | |
|---|------------------------------|-----------|--|--|
| Classification | Amount | Ratio (%) | | |
| Agriculture, forestry, animal husbandry, sideline occupations and fishery | 258,544 | 1.80 | | |
| Mining | 100,406 | 0.70 | | |
| Manufacturing industry | 3,810,426 | 26.54 | | |
| Production and supply of electricity, heat, gas and water | 0 | 0.00 | | |
| Construction industry | 355,408 | 2.48 | | |
| Wholesale and retail industry | 3,840,612 | 26.75 | | |
| Transportation, warehousing and mail business | 366,262 | 2.55 | | |
| Accommodation and catering industry | 106,815 | 0.74 | | |
| Information transmission, software and information technology services industry | 193,103 | 1.35 | | |
| Finance industry | 0 | 0.00 | | |
| Real estate | 336,397 | 2.34 | | |
| Leasing and commercial service | 2,285,929 | 15.92 | | |
| Scientific research and technical services | 0 | 0.00 | | |
| Water conservancy, environment and public facility management industry | 93,676 | 0.65 | | |
| Neighborhood service, repair and other service industries | 191 | 0.00 | | |
| Education | 3,699 | 0.03 | | |
| Sanitation and social work | 0 | 0.00 | | |
| Cultural, sports and entertainment industry | 129,950 | 0.91 | | |
| Public administration, social security and social organizations | 0 | 0.00 | | |
| International organizations | 0 | 0.00 | | |
| Personal operating loan | 620,322 | 4.32 | | |
| Personal loans | 1,855,304 | 12.92 | | |
| Total | 14,357,044 | 100.00 | | |

(V) Restructured loans and overdue loans

| | | | Unit: RMB 1,000 Currency: RMB |
|--------------------|-------------------|----------------|-------------------------------|
| Classification | Beginning balance | Ending balance | Percentage (%) |
| Restructured loans | 2,938,805 | 3,037,205 | 0.29 |
| Overdue loans | 14,161,379 | 15,497,966 | 1.49 |

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At the end of the Reporting Period, the ratio of loan balance overdue for more than 90 days to non-performing loans was 88.22(%); The ratio of loan balance overdue for more than 60 days to non-performing loans was 89.48(%)

Note: 1. Restructured loans refer to the adjustment of the original loan terms due to the deterioration of the borrower's finance or failure to repay the loan on schedule, including extending the loan term, Borrowing for Repaying, and conversion; 2. Overdue loans refer to the principal amount of loans whose principal or interest is overdue.

(VI) Measures to be taken against non-performing loans

During the Reporting Period, in order to optimize the structure of credit assets, control new non-performing loans and resolve existing non-performing loans, the Group, on the one hand, strengthened the application of big data in the "three checks" of credit, strictly controlled credit access and strictly prevented new non-performing loans; on the other hand, insisted on taking multiple measures simultaneously and continuously increased the collection and disposal of existing non-performing loans: first, strengthened the management of non-performing loan collection and litigation collection processes, accurately grasped the best litigation timing, and increased the collection and disposal of litigation; second, strengthened cooperation with asset management companies, strictly followed market principles to carry out creditor's rights transfer business, and improved disposal efficiency; third, strengthened the management of bad debt write-off plan, strictly identified the conditions of identification, and approved the bad debt loans; fourth, enforced the examine and approval procedures, and actively promoted the restructuring of nonperforming loan customers with basically normal production and operation, relatively simple debt structure and the possibility of revitalizing; fifth, followed the merit-based and non-payment of premium principle, and appropriately collected repayment assets with clear property rights, complete warrants, independent use functions and good ability to preserve value.

(VII) Changes in the provision for impairment of loans

The Group has implemented the new Accounting Standards for Financial Instruments from January 1, 2019, and adopted the "Expected Credit Loss" model to measure the provision for impairment of financial instruments. Financial instruments are divided into three stages to measure the credit impairment loss in the next 12 months or the whole duration. The changes in the provision for the impairment of loans in the current period are as follows:

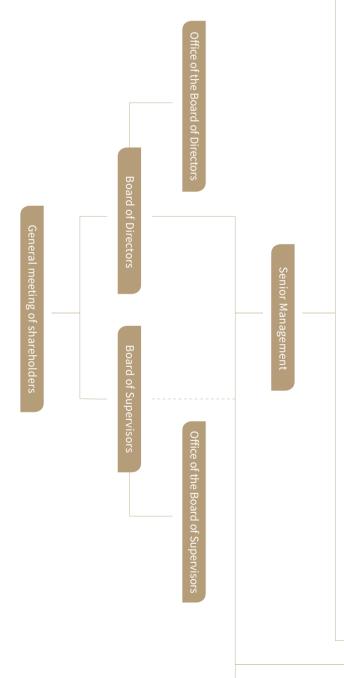
| | | | | | Unit: RMB 1,000 | Currency: RMB | | |
|---|--|------------|------------|--|-----------------|---------------|-----------|---------|
| Item | Changes in provision for impairment of loans and advances measured at amortized cost | | | Changes in provision for impairment of loans and advances measured at fair value and whose changes are included in other comprehensive income | | | | |
| | Stage I | Stage II | Stage III | Total | Stage I | Stage II | Stage III | Total |
| Beginning balance | 12,184,518 | 5,477,135 | 6,961,980 | 24,623,633 | 775,262 | 22,767 | - | 798,029 |
| Transfer of the current period: | | | | | | | | |
| To Stage I | 2,125,834 | -2,111,623 | -14,211 | | - | - | - | |
| To Stage II | -846,045 | 1,030,332 | -184,287 | | -2,352 | 2,352 | - | |
| To Stage III | -22,278 | -1,432,097 | 1,454,375 | | - | - | - | |
| Provision of the current period | 4,654,969 | 2,678,404 | 5,338,237 | 12,671,610 | 155,087 | -15,058 | - | 140,029 |
| Write-off of the current period | - | - | -4,071,922 | -4,071,922 | - | - | - | |
| Recovery of the original written- off loan in the current period | | | 198,628 | 198,628 | | | | |
| Ending balance | 18,096,998 | 5,642,151 | 9,682,800 | 33,421,949 | 927,997 | 10,061 | - | 938,058 |

Note: The Stage I financial instruments are financial instruments of which the credit risk has not increased significantly since the initial confirmation; the Stage II financial instruments are those of which the credit risk has increased significantly since the initial confirmation, but there is no objective evidence of impairment; the Stage III financial instruments are those with objective impairment evidence on the balance sheet date.

Provision for impairment of loans and advances measured at fair value and whose changes are included in other comprehensive income shall be recognized in other comprehensive income, and the impairment losses shall be included in current profits and losses, which will not reduce the book value of financial assets listed in the balance sheet.

VI. Organizational Structure and Institutions at All Levels

(I) Organization Structure at the End of the Reporting Period





Baode County Bank of Jiangsu Danyang Co., Ltd.

(II) Hierarchical management and the number and regional distribution of branches at various levels

As of the end of the Reporting Period, the Company had 539 branches, including: Head Office, 17 tier-one branches, 1 franchised institution and 520 sub-branches (including 2 small and micro sub-branches). The Head Office and branches are as follows:



Bank of Jiangsu Regional Distribution Diagram

| No. | Institution name | Address | Number of institutions |
|-----|-----------------------|---|------------------------|
| 1 | Head Office | No. 26, Zhonghua Road, Nanjing City | 1 |
| 2 | Suzhou Branch | No. 157, Suya Road, Suzhou Industrial Park | 48 |
| 3 | Wuxi Branch | No. 18, Jinrong 7th Street, Wuxi City | 108 |
| 4 | Nanjing Branch | No. 55, Hongwu North Road, Xuanwu District, Nanjing City | 29 |
| 5 | Nantong Branch | No. 118, Gongnong South Road, Chongchuan District, 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 | 25 |
| 9 | Zhenjiang Branch | No. 12, Guancheng Road, Zhenjiang City | 31 |
| 10 | Taizhou Branch | No. 10, Dongjin East Road, Taizhou City | 8 |
| 11 | Huai'an Branch | No. 16, Shuidukou Avenue, Huai'an City | 32 |
| 12 | Yancheng Branch | No. 269, Jiefang South Road, Yancheng City | 34 |
| 13 | Lianyungang Branch | No. 1, Yingzhou Road, Haizhou District, Lianyungang City | 27 |
| 14 | Suqian Branch | No. 58, Qinghaihu Road, Sucheng District, Suqian City | 12 |
| 15 | Shanghai Branch | No. 1128, Shiji Avenue, Pudong New Area, Shanghai | 15 |
| 16 | Shenzhen Branch | No. 2, Lanxiang 1st Street, Zhongxin Road, Nanshan District, Shenzhen City | 26 |
| 17 | Beijing Branch | Building 1, Guangxi Jiayuan, Chaoyang District, Beijing | 23 |
| 18 | Hangzhou Branch | No. 38-42, Tianmushan Road, Xihu District, Hangzhou City | 11 |
| 19 | Fund operation center | No. 18, Dongfang Road, Pudong New Area, Shanghai | 1 |
| | | Total | 539 |

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(III) Foreign equity investment

The long-term equity investment of the Company mainly includes the investment in Suyin Financial Leasing Company and Danyang Baode County Bank. As of the end of the Reporting Period, the equity investment balance of the Company was 2.5338 billion yuan. Among them, the ending balance of equity investment in Suyin Financial Leasing Company was 2.46 billion yuan, with the shareholding ratio of 51.25%. The ending balance of equity investment in Baode County Bank was 73.8 million yuan, with the shareholding ratio of 41%. During the Reporting Period, the Company made an additional equity investment of 500 million yuan in Suyin Financial Leasing Company. The ending balance of equity investment increased from 1.96 billion yuan to 2.46 billion yuan, and the shareholding ratio decreased from 60% to 51.25%.

(IV) Analysis of holding and joint stock companies

1. 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 4 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 the banking and insurance regulatory authorities.

During the Reporting Period, Suyin Financial Leasing Co. has total assets amounted to RMB 50,223 million, in which, the balance of leasing business was RMB 49,194 million, and a provision rate of 3.97%. By the end of the Reporting Period, achieved net profits of RMB 828 million, a year-on-year increase of 96.21%. The five key sectors including happiness industry, green finance, transportation logistics, high-end manufacturing and technology finance accounted for 97.22% in the newly added business of the company; the level of operation and management continued to improve, the internal control management has been continuously strengthened, and the main supervision index maintained in good status.

2. 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 the banking and insurance regulatory authorities.

As of the end of the Reporting Period, the balance of various deposits in Danyang Baode County Bank was 739 million yuan, with an increase of 122 million yuan over the beginning of the year; the balance of various loans was 1.238 billion yuan, with an increase of 165 million yuan over the beginning of the year, of which the balance of loans for small and micro enterprises was 995 million yuan, accounting for 80.37%; the balance of family farm loans was 19.77 million yuan, accounting for 1.6%. The balance of loans of farmers was 9.6931 million yuan.

VII. Prospect

In 2020, The company will unswervingly implement the new development concept, adhere to the general tone of seeking progress while maintaining stability, rely on the leadership of the Party, optimizing the mechanism, leading by technology and working together, further improve the corporate governance system, marketing service system, financial innovation system, assessment and rating system, risk management system and team building system. On the basis of continuously improving the "stable quality, stable development and stable benefits" and promoting the "excellent structure, excellent products, poor quality reduction, cost reduction and short board repair", efforts shall be made to realize "stable operation, quality improvement, optimization and engergization" and to strive to achieve its own high-quality development in serving the high-quality development of economy and society.

Actively forge ahead to achieve stable development. Further clarify the positioning of each business sector and develop its strengths so as to steadily adapt to the changes and promote stability through progress. Strive to achieve more solid and dynamic "stability" by grasping the "progress" of policy opportunities, strengthening the "progress" of new bright spots and new supports, and improving the "progress" of development quality and efficiency, so as to accumulate potential energy for future development and build long-term competitiveness.

Increase momentum by innovation. On the basis of the existing innovation advantages, further receive momentum from new products, new technologies and new mechanisms to stimulate the vitality of innovation and development. Accelerate the iterative upgrading of new products, accelerate the application of new technologies, and promote the new mechanism to play a better role.

Strictly control risks. Carry out risk prevention and control activities of "big investigation, big disposal and big improvement", continue to consolidate asset quality, prevent risks in key areas, and resolutely fight against risks. Strengthen the active control of asset quality, prevent risks and further improve the level of intelligent risk control.

Persist in strengthening the foundation. Further "lay down the figure" to consolidate the basic customer base and grass-roots management, and strive to consolidate the foundation. Tap the potential inward to optimize the customer base, strengthen the corporate governance foundation, and strive to improve the management level of branches and sub-branches.

Focus on Party building by strengthening the foundation. Always adhere to the leadership of the Party committee over the work of the whole bank, continuously stimulate positive energy, lead and ensure high-quality development with high-quality Party building. Continue to strengthen Party building, vigorously carry forward the spirit of struggle, and highlight the strengthening of discipline and style of work.

VIII. Other Information disclosed According to Regulatory Requirements

(I) Capital for debt payment

Unit: RMB 1,000 Currency: RMB

| | End of | period | Beginning | g of period |
|---|--------|--------|-----------|----------------------------------|
| Category | Amount | Amount | | Provision for impairment made |
| Non-financial capital for debt payment | 6,303 | - | 6,303 | - |
| Total | 6,303 | | 6,303 | - |

(II) Balance of related transactions with related natural persons and their risk exposure

| ltem | End of 2019 | Ratio in amount/balance End of 2019 of transaction of the same kind | | Ratio in amount/balance of transaction of the same kind | |
|---------------------------|----------------|---|---------|---|--|
| Issued loans and advances | 143,921 | 0.0138% | 17,523 | 0.0020% | |
| Deposit taking | 116,776 | 0.0097% | 175,583 | 0.0161% | |
| Unused credit limit | 62,093 | 0.3716% | 4,382 | 0.0706% | |
| Interest receivable | Not applicable | Not applicable | 44 | 0.0004% | |
| Interest payable | Not applicable | Not applicable | 1,831 | 0.0079% | |

Unit: RMB 1,000 Currency: RMB

Unit: RMB 1,000 Currency: RMB

| Item | 2019 | Ratio in amount of transaction of the same kind | 2018 | Ratio in amount of transaction of the same kind | |
|----------------------|-------|---|-------|---|--|
| Interest income | 4,488 | 0.0055% | 882 | 0.0011% | |
| Interest expenditure | 4,541 | 0.0081% | 2,683 | 0.0048% | |

(III) Off-balance sheet items that have a significant impact on the financial situation and operating results

Unit: RMB 1,000 Currency: RMB

| Item | End of period | Beginning of period | | |
|--------------------------------|---------------|---------------------|--|--|
| Credit commitment | 266,641,183 | 194,958,707 | | |
| Including: | | | | |
| Loan commitment | 25,319,537 | 6,768,064 | | |
| Bank acceptance | 202,556,016 | 152,133,545 | | |
| Issue a letter of guarantee | 22,306,252 | 18,933,188 | | |
| Open a letter of credit | 16,459,378 | 14,838,910 | | |
| Financial lease commitment | - | 2,285,000 | | |
| Operating lease commitment | 1,813,548 | 2,024,524 | | |
| Capital expenditure commitment | 369,296 | 513,629 | | |

(IV) Types and amounts of financial bonds held

| Category | Amount |
|-------------------------------------|------------|
| Policy financial bonds | 51,303,383 |
| Financial bonds of commercial banks | 6,295,306 |
| Other financial bonds | 49,734,870 |

Among them, the ten financial bonds with the largest face value:

| | | | Unit: RMB 1,000 Currency: RMB |
|-----------|------------|--------------------------|-------------------------------|
| Bond name | Face value | Annual interest rate (%) | Maturity date |
| 190305 | 4,110,000 | 3.28 | 2024-2-11 |
| 190215 | 4,010,000 | 3.45 | 2029-9-20 |
| 190404 | 1,840,000 | 3.51 | 2024-4-3 |
| 170309 | 1,810,000 | 4.11 | 2022-7-10 |
| 100224 | 1,600,000 | 1.95 | 2020-8-26 |
| 190406 | 1,350,000 | 3.74 | 2029-7-12 |
| 170304 | 1,310,000 | 4.05 | 2022-3-20 |
| 180310 | 1,250,000 | 4.89 | 2028-3-26 |
| 100222 | 1,240,000 | 1.95 | 2020-8-11 |
| 160206 | 1,180,000 | 2.96 | 2021-2-18 |

Unit: RMB 1,000 Currency: RMB

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Section IV

Important Matters

Important Matters

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I. Plan for Profit Distribution of Common Shares or Increase of Capital Reserves by Transferring

(I) Formulation, implementation or adjustment of the cash dividend policy

1. The Articles of Association of the Company clearly stipulate the profit distribution policy: From the perspective of paying attention to the reasonable return on investment for investors and conducive to the long-term development of the company, the Company can distribute dividends in cash, stock or a combination of the two. Under the condition of meeting the regulatory requirements and meeting the capital needs of the normal production and operation of the Company, if there are no major investment plans or major investment cash expenditures and other matters, the Company shall distribute dividends in cash. If the Company distributes dividends in stock, it shall have real and reasonable factors such as the growth of the Company and the dilution of net assets per share. Under the condition of meeting the standards of major regulatory indicators such as bank capital adequacy ratio and relevant requirements for dividend distribution by the banking regulatory authorities, the annual profit distributed in cash of the Company shall not be less than 10% of the distributable profit realized in the current year.

The formulation and revision of the profit distribution policy of the Company shall be proposed by the Board of Directors of the Company to the shareholders' meeting of the Company. The profit distribution policy proposed by the Board of Directors shall be approved by more than 2/3 of all directors of the Board of Directors and by more than 2/3 of independent directors. The independent directors shall express independent opinions on the formulation or revision of the profit distribution policy. Independent directors may solicit opinions from small and medium shareholders, put forward dividend proposals, and directly submit them to the Board of Directors for deliberation. The Board of Supervisors of the Company shall review the profit distribution policy formulated and revised by the Board of Directors, which shall be approved by more than half of the supervisors and all external supervisors. The Board of Directors and the Board of Supervisors shall review and approve the profit distribution policy and submit it to the shareholders' meeting for review and approval. Before the shareholders' meeting of the Company deliberates the proposal to formulate the profit distribution policy, it shall communicate with the small and medium shareholders through the website of the Company, public mailbox or visiting reception and other channels, fully listen to the opinions and demands of the small and medium shareholders, and promptly answer the concerns of the small and medium shareholders' meeting deliberates and approves the proposal on the profit distribution policy, it shall be passed by more than 2/3 of the voting rights held by the shareholders present at the shareholders' meeting.

2. During the Reporting Period, after the deliberation and approval by the 2018 Annual General Meeting of Shareholders of the Company, the 2018 Profit Distribution Plan of the Company is as follows: Based on the total share capital of record date that implements profit distribution of 11.54445 billion shares, cash dividends of 3.40 yuan (including tax) will be distributed to all registered shareholders for every 10 shares, with a total cash dividend of 3,925.113 million yuan. The plan was distributed and implemented on July 12, 2019.

3. The profit distribution plan of the Company for 2019 has been reviewed and approved at the 23rd meeting of the 4th Board of Directors. The Board of Directors recommended: Cash dividends were to be distributed to all shareholders, with 2.78 yuan (including tax) for every 10 shares. Based on the total number of shares of 11,544,499,981 of the Company at the end of 2019, the total cash dividend was 3.209 billion yuan. Since the convertible bonds issued by the Company were in the conversion period, the total amount of cash dividends actually distributed would be determined according to the total number of shares registered at the date of record. The plan has yet to be reviewed and approved by the 2019 annual general meeting of shareholders of the Company.

4. The cash dividends of the Company this year are mainly determined by the following factors: first, meet the regulatory requirements for capital adequacy ratio; second, retained profits are used to enhance risk resistance; third, continuously improve the value creation ability and provide long-term returns for investors.

The *Proposal on the 2019 Profit Distribution Plan of Jiangsu Bank Co., Ltd.* of the Company has been deliberated and approved at the 23rd meeting of the 4th Board of Directors of the Company.

Independent directors of the Company expressed the following opinions on the profit distribution plan:

The deliberation procedure of the *Proposal on the 2019 Profit Distribution Plan of Jiangsu Bank Co., Ltd.*, which was deliberated and approved at the 23rd meeting of the 4th Board of Directors of the Company, is legal and effective. The profit distribution plan is not only conducive to the sustainable and stable development of the Company, but also fully considers the returns of investors, and at the same time, ensure that the capital adequacy ratio of the Company in 2020 meets the regulatory requirements and is in line with the interests of all shareholders. This proposal is agreed to submit to the shareholders' meeting of the Company for deliberation.

(II) Plan or pre-arranged planning for the distribution of common stock dividends and the plan or pre-arranged planningfor the increase of capital reserves to share capital by transferring in the past three years (including the Reporting Period) of the Company

| Dividend year | Bonus shares per 10 shares (Shares) | Dividends per 10 shares (RMB) (including tax) | Transfers per 10 shares (Shares) | Amount of cash dividends (including tax) | Net profit attributable to shareholders of common stock of listed companies in the annual consolidated statement of dividends | Ratio of net profit attributable to common shareholders of listed companies in consolidated statements (%) |
|------------------|---|--|---|--|---|--|
| 2019 | 0 | 2.78 | 0 | 3,209,370,995 | 14,618,609,000 | 21.95 |
| 2018 | 0 | 0 3.40 | | 3,925,113,000 | 13,064,935,000 | 30.04 |
| 2017 | 0 | 1.80 | 0 | 2,078,000,000 | 11,874,997,000 | 17.50 |

Unit: RMB Currency: RMB

II. Implementation of Commitments

(I) The commitments made by the actual controllers, shareholders, related parties, purchasers and other related parties of the Company during or until the Reporting Period

| Commitment back ground | Type of commitment | Commitment party | Content of commitment | Commitment time and term | Is there a time limit for performance | Whether it is strictly implemented in a timely manner | If the performance is not completed in time, the specific reasons for the failure shall be stated | If it is not fulfilled in time, state the next plan |
|---|-------------------------------------|---|---------------------------|---|---|---|--|--|
| | Restricted on sales of shares | The largest shareholder is Jiangsu International Trust Co., Ltd. | See Note 1 for details | August 2, 2016 to August 1, 2019 | Yes | Yes | Not applicable | Not applicable |
| | Restricted on sales of shares | Before the public offering, the top 14 shareholders (except Jiangsu International Trust Co., Ltd., the largest shareholder) held more than 51% of the total shares of the Company. | See Note 2 for details | August 2, 2016 to August 1, 2019 | Yes | Yes | Not applicable | Not applicable |
| Commitments related to initial public offerings | Restricted on sales of shares | Internal employee shareholders holding more than 50,000 shares of the Company | See Note 3 for details | August 2, 2016 to August 1, 2024 | Yes | Yes | Not applicable | Not applicable |
| | Restricted on sales of shares | TANG Jingsong and YANG Kai, current and outgoing directors, supervisors and senior management shareholders of the Company | See Note 4 for details | August 2, 2016 to the term of office established at the time of his appointment and at the end of six months after his resignation | Yes | Yes | Not applicable | Not applicable |
| | Solve horizontal competition | Jiangsu Trust | See Note 5 for details | During the period when Jiangsu Trust was the largest shareholder of Jiangsu Bank, | Yes | Yes | Not applicable | Not applicable |

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| Commitment back ground | Type of commitment | Commitment party | Content of commitment | Commitment time and term | Is there a time limit for performance | Whether it is strictly implemented in a timely manner | If the performance is not completed in time, the specific reasons for the failure shall be stated | If it is not fulfilled in time, state the next plan |
|---|--|---|---------------------------|--------------------------------|---|---|--|--|
| Refinancing- related commitments | Others | Directors and senior managers | See Note 6 for details | Since November 29, 2016 | No | Yes | Not applicable | Not applicable |
| Commitment related to the implementation of stock price stabilization plan | Restricted on sales of shares | Then non- independent directors and senior managers of the Bank who received remuneration from the Bank | See Note 7 for details | July 2018-July 2020 | Yes | Yes | Not applicable | Not applicable |
| Other commitments | Extend the lock-in of restricted shares | The largest shareholder is Jiangsu International Trust Co., Ltd. and its person acting in concert is Jiangsu Guoxin Group Co., Ltd., the second largest shareholder is Jiangsu Phoenix Publishing Media Group Co., Ltd. and its person acting in concert is Jiangsu Fenghuang Asset Management Co., Ltd. | See Note 8 for details | Since August 2, 2019 | Yes | Yes | Not applicable | Not applicable |

Note 1: Within 36 months from the date of stock exchange listing of the Company, the Company shall not transfer or entrust others to manage the shares of the Company it already holds, nor shall the Company repurchase the shares of the Company it holds; within 12 months after the expiration of the lock-up period of the shares of the Company, the number of shares it reduces shall not exceed 25% of the number of shares it holds; within the 13th to 24th months after the expiration of the lock-up period of the shares of the Company, the number of shares it reduces shall not exceed 25% of the number of shares it holds at the beginning of the 13th month after the expiration of the lock-up period of the shares of the Company.

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: From the date of listing of the Company, the lock-up period for share transfer shall not be less than 3 years. After the expiration of the lock-up period, the shares that can be sold each year shall not exceed 15% of the total number of shares held, and shall not exceed 50% of the total number of shares held within 5 years.

Note 4: Neither transfer nor 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 5: in a bid to avoid horizontal competition with the Bank in the future due to the performance of function of state-owned asset management and other reasons, Jiangsu Trust, the first majority largest shareholder of the Bank has issued letter of commitment letter, and main contents are as follows:

1. Bank of Jiangsu and its branches mainly engaged in commercial bank business. Current main businesses of the Company and its subordinate enterprises of the Company (wholly-owned and holding companies and the enterprises on which the Company has actual control 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.

2. In business carried out in future, the Company will not carry out horizontal competition with the Bank of Jiangsu, namely, the Company and its subordinate enterprises will not directly or indirectly carry out business activities enjoying horizontal competition with main businesses of Bank of Jiangsu and its branches in any forms. The Company will supervise its subordinate enterprises in accordance with this committee in accordance with the commitment and exercise necessary rights to urge them to abide by this commitment.

3. At the director's meeting or Shareholders' Meeting of the Bank of Jiangsu to confirm whether it has horizontal competition with the Company, the Company undertakes that the related directors and shareholders' representatives of the Company will withdraw as per the provisions and will not participate in voting. If it is confirmed that the business that the Company and its subordinate enterprises are engaged in or will engage in has horizontal competition with that of the Bank of Jiangsu, the Company and its subordinate enterprises will timely transfer or suspend the said business after Bank of Jiangsu proposes acceptance request, the Company and its subordinate enterprises will preferentially transfer the said businesses and assets to Bank of Jiangsu as per fair price audited or appraised by qualified intermediary institutions under the same condition.

4. The company promises to strictly comply with the relevant regulations of the China Securities Regulatory Commission and Stock Exchange, Articles of Association of Bank of Jiangsu and corporate management system, including related-party transaction system, exercise shareholder's rights and perform shareholder's obligations with other shareholders, not seek illegal profit by using status of 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 6: Commitment of directors and senior management personnel of the Bank on filling measures to sight return of dilution of preferred shares of nonpublic 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 conditions, nor 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 and consumption activities irrelevant to the performance of duties.

4. Promise to try best to urge the realization of the measures of complementing sight return, fulfill duties to urge linkage between remuneration system formulated by the Board of Directors or the remuneration committee and implementation of complementing 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 future to be linked with implementation of complementary return measures.

Note 7: The shares of this increased are locked for two years from the date of purchase, and strictly abide by the relevant regulations of the China Securities Regulatory Commission and Shanghai Stock Exchange regarding the trading of stocks of the Company.

Note 8: Lock the relevant shares of the Bank held by the Company for one year from August 2, 2019. For details, please refer to the Announcement on Locking Shares of Principal Shareholders of Bank of Jiangsu Co., Ltd. by the company on the website of Shanghai Stock Exchange (www.sse.com.cn) on July 24, 2019.

III. The Company's Explanation and Analysis on the Reasons 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 and influences of changes in accounting policies and accounting estimates

In 2019, the Group implemented the following revised accounting standards to the Accounting Standards for Business Enterprises and relevant provisions issued by the Ministry of Finance in recent years:

-No. 22 of Accounting Standards for Business Enterprises-Recognition and Measurement of Financial Instruments (Revision), No. 23 of Accounting Standards for Business Enterprises-Transfer of Financial Assets (Revision), No. 24 of Accounting Standards for Business Enterprises-Hedge Accounting (Revision) and No. 37 of Accounting Standards for Business Enterprises-Presentation of Financial Instruments (Revision)(hereinafter collectively referred to as "New Financial Instruments Standards")

-Notice on Revising and Issuing Format of Financial Statements of Financial Enterprises of 2018(C. K. [2018] No. 36)

-No. 7 of Accounting Standards for Business Enterprises-Exchange of Non-Monetary Assets (Revision)

-No. 12 of Accounting Standards for Business Enterprises-Debt Restructuring (Revision)

The Group has not yet implemented the *No. 14 of Accounting Standards for Business Enterprises-Revenue* and *No. 21 of Accounting Standards for Business Enterprises-Leases* revised by the Ministry of Finance in 2017 and 2018 respectively.

IV. Situation of Appointment and Dismissal of Accounting Firms

| Unit: RMB 10,000 Currency: RMB |
|------------------------------------|
| Present appointment |
| KPMG (Special General Partnership) |
| 436.33 |
| 4 years |
| |

| Item | Name | Remuneration |
|--|------------------------------------|--------------|
| Internal control audit accounting firm | KPMG (Special General Partnership) | 53.12 |

V. Significant Litigation and Arbitration

The Company had no significant litigation and arbitration matters during the Reporting Period.

By the end of the Reporting Period, among the cases remaining to be finally judged of the Company, there are a total of 6 cases with the amount of more than RMB 10 million for each case and the amount of money involved in the cases is RMB 658 million. The Company believes that the final ruling and execution results of such events will not have a significant impact on the Company's financial status or operating results.

VI. Integrity of the Company, its Controlling Shareholders and Actual Controllers during the Reporting Period

By the end of the Reporting Period, the Company had no controlling shareholders or actual controllers.

VII. Significant Related-party Transactions

In 2019, the related-party transactions of the Company were carried out in accordance with the relevant regulations of the regulatory authorities and in accordance with the general commercial terms, fair and reasonable, and in line with the overall interests of the Company and shareholders. In accordance with the relevant provisions of the *Measures for the Administration of Related-Party Transactions between Commercial Banks, Insiders and Shareholders* issued by the China Banking Regulatory Commission, the Company summarized the implementation of the related-party transactions management system and related-party transactions in 2019, and formed the *2019 Related-Party Transactions Report*. The report will be submitted to the shareholders' meeting for deliberation after being submitted to the Board of Directors for review. See notes to financial statements for the situation of significant related-party transaction between the Bank and related parties during Reporting Period.

VIII. 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 during the Reporting Period, or the situation happened in previous period but continued to the Reporting Period.

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

IX. Situation of Active Performance of Social Responsibility

(I) Poverty alleviation work of the Company

1. Targeted poverty alleviation planning

With the goal of "the government has recognition, farmers have public praise, achievements have figures, and risk control is guaranteed", the Company took the special action of "Financing Prospers Village" as an effective means, deepened the "Five in One" poverty support system driven by industry, supported by entrepreneurship, with project as focus, party member as model and poverty alleviation for public welfare, and constantly consolidated the effectiveness of financial poverty alleviation.

2. Summary on annual targeted poverty alleviation

The Company closely focuses on the northern Jiangsu area of Jiangsu, drives low-income farmers to increase income and poverty alleviation in economically weak villages, and explores a financial poverty alleviation model with the characteristics of Bank of Jiangsu.

Strengthen the construction of financial poverty alleviation system.

Improve the promotion mechanism for poverty alleviation and issue the *Implementation Opinions on Strategy of Financial Services for Rural Revitalization and Support the Priority Development of Agriculture and Rural Areas.*

Focus on industrial targeted poverty alleviation.

During the Reporting Period, the poverty alleviation loans of the Bank exceeded RMB 24 billion. Actively support projects such as distributed photovoltaic power generation, grain drying and standardized industrial workshops, etc. in Huai'an, Lianyungang and other economically weak villages in order to increase the income sources.

Rely on science and technology to explore poverty alleviation through consumption.

Independently develop online "Benefiting Farmers Supermarket" to promote poverty alleviation through consumption and help a number of agriculture-related enterprises in northern Jiangsu to enter the city with high-quality agricultural products.

Strengthen rural public welfare poverty alleviation.

For three consecutive years, the Bank has donated to the "Dripping Water Building Dreams" organized by the "Three Conferences" of the provincial poverty alleviation every year to support 1,200 poor students in 12 key counties (districts) in northern Jiangsu to complete their high school studies. Continue to issue 511 public welfare financial products of "Integrating Dreams and Benefiting Family Members".

3. Achievements in targeted poverty alleviation

Unit: RMB 10,000 Currency: RMB

| Index | Quantity and situation of implementation |
|---|--|
| . Overall situation | |
| 1. Funds | 2,407,612 |
| 2. Number of poor and low-income population helped | 9,012 |
| I. Sub-item input | |
| 1. Personal targeted poverty alleviation loan | |
| 1.1 Number of poor population (persons) established with cards for archives served | 124 |
| 1.2 Balance of personal targeted poverty alleviation loan | 5,745 |
| 2. Industrial targeted poverty alleviation loan | |
| 2.1 Number of households of industrial targeted poverty alleviation loans (households) | 378 |
| 2.2 Balance of industrial targeted poverty alleviation loan | 1,059,257 |
| 2.3 Number of poor and low-income population helped | 6,866 |
| 3. Loans for driving and serving the impoverished population | |
| 3.1 Number of impoverished population driven by industrial loans (households) | 618 |
| 3.2 Balance for impoverished population driven by industrial loans | 1,342,230 |
| 3.3 Number of driven impoverished population (persons) established with cards for archives served | 822 |
| 4. Poverty alleviation in education | |
| 4.1 Investment amount of to poor students aided financially | 240 |
| 4.2 Number of poor students aided financially (persons) | 1,200 |
| 5. Social poverty alleviation | |
| Among them: the investment amount in fixed-point poverty alleviation work | 140 |

4. Follow-up targeted poverty alleviation plan

The Company will continue to increase the financial support for targeted poverty alleviation, steadily strengthen the investment of agriculture-related loans, single household credit of less than RMB 10 million of inclusive agriculture-related loans and financial targeted poverty alleviation loans, continue to increase credit support for key financial poverty alleviation projects, and promote the continuous in-depth development of poverty alleviation work; enrich the supply of targeted financial services for poverty alleviation, rely on financial science and technology and grass-roots organizations to carry out product innovation, and guide credit funds to accurately support the development of industries of low-income farmers, economically weak villages and low-income villages in northern Jiangsu; and explore a new mode of developing financial services to overcome poverty and develop the industry, steadily implement the industry development mechanism based on counties, expanding to towns and extending to villages, so as to further push financial services further to everywhere thoroughly.

(II) Social responsibility

The Company has been continuously establishing and improving the social responsibility management system, integrating corporate social responsibility into the whole process of development strategy and operation, actively fulfilling social responsibilities, and actively exploring social responsibility implementation methods that cater to its own characteristics, and strive to share the development results with customers, shareholders and employees to create value for the society. During the Reporting Period, it honorably won the "Award for Most Socially Responsible Financial Institution in China Banking Industry" issued by China Banking Association. Please refer to the full text of the Social Responsibility Report of 2019 on the website of Shanghai Stock Exchange (www.sse.com.cn) disclosed by the Company on April 11, 2020 for the details.

(III) Consumer rights and interests protection work

The Company earnestly implements regulatory requirements and actively carries out consumer rights and interests protection work; continues to complete the systems and mechanism, continuously strengthens process management and control, vigorously deepens knowledge and publicity, further improves customer experience, and protects the legitimate rights and interests of consumers with its practical actions. During the Reporting Period, the Customer Service Center of the Company was rated by the Customer Service Committee of China Banking Association as the "Unit of Outstanding Value Contribution".

X. Progress of Other Important Events During the Reporting Period

(I) Financial management subordinate company got approval for establishment

In December 2019, the Company received the *Reply of China Banking and Insurance Regulatory Commission on the Establishment of Suyin Financial Management Co., Ltd.* (Y. B. J. F. [2019] No. 1158) and got approval to prepare the establishment of Suyin Financial Management Co., Ltd.

(II) Issuance of convertible bonds

See the Section VI of this report, "Relevant information on convertible corporate bonds" for details.

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Section V

Changes in Ordinary Shares and Information about Shareholders

Changes in Ordinary Shares and Information about Shareholders

I. Changes in Capital of Ordinary Shares

(I) Statement of changes in ordinary shares

| | | | | | | | | Unit: Shares |
|---|---------------|----------------------|---------------------------|--|---|----------------|--------------|--------------|
| | Prior to this | Prior to this change | | Increases and decreases (+,-) in this change | | | After this c | hange |
| | Quantity | Ratio (%) | Issue of new shares | Scrip issue | Conversion of public reserve funds into shares | Others | Quantity | Ratio (%) |
| I. Shares with limited sales conditional | 5,536,223,607 | 47.96 | 0 | 0 | 0 | -5,397,500,884 | 138,722,723 | 1.20 |
| 1. Shares held by the state | 68,209,834 | 0.59 | 0 | 0 | 0 | -68,209,834 | 0 | 0.00 |
| 2. Shares held by state- owned legal persons | 4,381,201,261 | 37.95 | 0 | 0 | 0 | -4,381,201,261 | 0 | 0.00 |
| 3. Shares held by other domestic holding | 1,086,812,512 | 9.41 | 0 | 0 | 0 | -948,089,789 | 138,722,723 | 1.20 |
| Including: shares held by domestic non- state-owned legal persons | 923,664,351 | 8.00 | 0 | 0 | 0 | -923,617,595 | 46,756 | 0.00 |

| | Prior to this change | | Increases and decreases (+,-) in this change | | | s change | After this change | |
|---|----------------------|-----------|--|----------------|---|---------------|-------------------|-----------|
| | Quantity | Ratio (%) | Issue of new shares | Scrip issue | Conversion of public reserve funds into shares | Others | Quantity | Ratio (%) |
| Shares held by domestic natural persons | 163,148,161 | 1.41 | 0 | 0 | 0 | -24,472,194 | 138,675,967 | 1.20 |
| 4. Foreign share holding | 0 | 0.00 | 0 | 0 | 0 | 0 | | |
| Including: shares held by overseas legal persons | 0 | 0.00 | 0 | 0 | 0 | 0 | | |
| Shares held by overseas natural persons | 0 | 0.00 | 0 | 0 | 0 | 0 | | |
| II. Circulating shares without restrictions | 6,008,226,393 | 52.04 | 0 | 0 | 0 | 5,397,550,865 | 11,405,777,258 | 98.80 |
| 1. RMB ordinary shares | 6,008,226,393 | 52.04 | 0 | 0 | 0 | 5,397,550,865 | 11,405,777,258 | 98.80 |
| 2. Domestic listed foreign shares | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| 3. Overseas listed foreign shares | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| 4. Others | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| III. Total number of ordinary shares | 11,544,450,000 | 100.00 | 0 | 0 | 0 | 49,981 | 11,544,499,981 | 100.00 |

(II) Description of changes in ordinary shares

On August 2, 2019, the Company issued and listed part of restricted shares for the first time, involving a total of 5,397,500,884 shares held by the shareholders. Please refer to the *Announcement of the Bank of Jiangsu Co., Ltd. on Explanation on Initial Public Offering of Restricted Shares for Listing and Circulation* disclosed by the Company on July 30, 2019 for details.

On September 20, 2019, the convertible corporate bonds of the Company began to be converted into shares. For details, please refer to the *Announcement of Bank of Jiangsu Co., Ltd. on the Start of Conversion of "Suyin Convertible Bonds"* disclosed by the Company on September 17, 2019. By the end of 2019, the number of shares formed due to conversion was 49,981 shares. For details, please refer to the *Announcement on Convertible Bond to Shares and Share Change of Bank of Jiangsu Co., Ltd.* disclosed by the Company on October 9, 2019 and the *Correction Announcement on Convertible Bond to Shares and Share Change of Bank of Jiangsu Co., Ltd.* disclosed on January 8, 2020.

Ilnit: Sharos

| | | | | | | Unit: Shares |
|--|--|--|--|--|---|--|
| Name of shareholder | Number of restricted shares at the beginning of the year | Number of shares released this year | Increase number of restricted shares this year | Number of restricted shares at the end of the year | Reasons for restriction of sale | Date of release |
| Shareholders holding initial restricted shares with lockup period of 36 months from the listing date to listing and circulation | 5,397,500,884 | 5,397,500,884 | 0 | 0 | Initial restricted tradable shares | August 2, 2019 |
| Other shareholders holding shares in restricted period | 138,722,723 | 0 | 0 | 138,722,723 | Initial restricted tradable shares | The lockup period ranges from 48 to 96 months |
| Total | 5,536,223,607 | 5,397,500,884 | 0 | 138,722,723 | / | / |

(III) Changes in restricted shares

II. Situation of Issuing and Listing of Securities

(I) Situation of issuing securities as of the Reporting Period

Unit: Stock/Sheet Currency: RMB

| Convertible corporate bonds, separate transaction convertible bonds and corporate bonds | | | | | | | | |
|---|----------------|-------------|----------------|---------------|-----------------------|----------------|--|--|
| Туре | Issue date | Issue price | Issue quantity | Listing date | Number of listings | Maturity date | | |
| Convertible Corporate bonds | March 14, 2019 | 100 | 20,000,000,000 | April 3, 2019 | 20,000,000,000 | March 13, 2025 | | |

Description of issuing of securities as of the Reporting Period:

See the Section VI of this report, "Relevant information on convertible corporate bonds" for details.

(II) Situation of existing internal employee shares

The existing internal employee shares of the Company were formed before the merger and restructuring, and the issue date and issue price cannot be verified. By the end of the Reporting Period, the Company had 138,675,967 internal employee shares, accounting for 1.20% of the 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 Reporting Period | 152,617 |
|--|---------|
| Total number of common shareholders (accounts) as of the end of the last month before the disclosure date of the Annual Report | 153,368 |
| Total number of preferred shareholders (accounts) with recovered voting rights as of the end of the Reporting Period | 0 |
| Total number of preferred shareholders (accounts) with recovered voting rights as of the end of last month before the disclosure date of the Annual Report | 0 |

(II) Table of situation of shareholding of top 10 shareholders as of the end of the Reporting Period

| | | | | Number | Situatio | n of pledge | Unit: Share |
|--|-----------------------------------|-----------------------------|--------------|--|-----------------|-------------|-----------------------------|
| Name of | Increase/ decrease | Shares held | Datia | of held | | reezing | |
| shareholder (full name) | during the Reporting Period | at the end of the period | Ratio (%) | shares with restricted conditions | Share Status | Quantity | Nature of shareholder |
| Jiangsu International Trust Corporation Limited | 0 | 928,159,286 | 8.04 | 0 | None | 0 | State-owned legal person |
| Jiangsu Phoenix Publishing & Media Group Co., Ltd. | 0 | 901,262,283 | 7.81 | 0 | None | 0 | State-owned legal person |
| Huatai Securities Co., Ltd. | 0 | 640,000,000 | 5.54 | 0 | None | 0 | State-owned legal person |
| Wuxi Construction and Development Investment Co., Ltd. | 0 | 546,489,186 | 4.73 | 0 | None | 0 | State-owned legal person |
| Hong Kong Securities Clearing Company Limited | 310,655,675 | 435,629,067 | 3.77 | 0 | None | 0 | Overseas legal person |
| Jiangsu Broadcasting and Television Group Co., Ltd. | 98,391,250 | 346,694,625 | 3.00 | 0 | None | 0 | State-owned legal person |
| China Orient Asset Management Corporation | 0 | 295,606,101 | 2.56 | 0 | None | 0 | State-owned legal person |
| Jiangsu Expressway Co., Ltd. | 84,260,000 | 284,260,000 | 2.46 | 0 | None | 0 | State-owned legal person |
| Fu'anda Fund-Bank of Jiangsu-Fu'anda- Fuxiang No. 15 stock asset management plan | 147,324,893 | 277,324,734 | 2.40 | 0 | None | 0 | Others |
| Suzhou International Development Group Co., Ltd. | 0 | 270,353,286 | 2.34 | 0 | Pledge | 70,000,000 | State-owned legal person |
| Description of incidence or concerted action of shareholders | | | | | | | None |
| Description of preferred shareholders with reco rights and the number | vered voting | | | | | | None |

(III) Situation of shares held by top 10 shareholders with restriction on sales

Unit: Shares

| | Number of | Situation for shares wi | | |
|------------------------|---|------------------------------|--|-------------------------|
| Name of shareholder | shares held with restriction on sales | Time for listing and trading | Number of newly- increased shares that can be listed and traded | Restriction on sales |
| Al Chen | 425,000 | August 3, 2020 | 75,000 | Initial public offering |
| JIANG Tao | 424,991 | August 3, 2020 | 74,999 | Initial public offering |
| WANG Weibing | 424,862 | August 3, 2020 | 74,976 | Initial public offering |
| SHAN Yi | 424,787 | August 3, 2020 | 74,963 | Initial public offering |
| CUI Meiling | 423,521 | August 3, 2020 | 74,739 | Initial public offering |
| YANG Yi | 422,432 | August 3, 2020 | 74,547 | Initial public offering |
| ZHANG Wenbin | 421,833 | August 3, 2020 | 74,441 | Initial public offering |
| SUN Xiren | 421,833 | August 3, 2020 | 74,441 | Initial public offering |
| YU Yunfei | 415,436 | August 3, 2020 | 73,312 | Initial public offering |
| WANG Zuhong | 408,825 | August 3, 2020 | 72,146 | Initial public offering |

Description of incidence relation or concerted action of the said shareholders

None

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Section VI

Relevant Information on Convertible Corporate Bonds



Relevant Information on Convertible Corporate Bonds

I. Issuance

In February 2018, the Company's convertible bond issuance plan was reviewed and approved by the Board of Directors, and it is proposed to publicly issue A-share convertible bonds not exceeding 20 billion Yuan; in May, the convertible bond issuance plan and various related proposals were reviewed and approved by the shareholders' meeting. In July 2018, the Former China Banking Regulatory Commission, Jiangsu Office issued the *Reply on Matters Related to the Public Offering of A-share Convertible Bonds by Bank of Jiangsu Co., Ltd.* (Su CBRC Reply [2018] No. 144); in November, it passed the review of the Issuance Review Committee of China Securities Regulatory Commission; in December, the China Securities Regulatory Commission issued the *Reply on Approval of the Public Issuance of Convertible Bonds by Bank of Jiangsu Co., Ltd.* (CSRC Permit [2018] No. 2167). On March 14, 2019, the Company started the issuance of convertible bonds; on April 3, the Company's convertible bonds were listed on the Shanghai Stock Exchange; on September 20, the "Suyin Convertible Bonds" can be converted into the Bank's A-share common shares. The details are as follows:

- 1. Abbreviation for convertible corporate bonds: Convertible Bond of Suyin
- 2. Code of convertible corporate bond: 110053
- 3. Issuance quantity of convertible corporate bonds: RMB 20 billion (200 million bonds, 20 million shares)
- 4. Listing quantity of convertible corporate bonds: RMB 20 billion (200 million bonds, 20 million shares)
- 5. Listing place of convertible corporate bonds: Shanghai Stock Exchange
- 6. Listing time of convertible corporate bonds: April 3, 2019
- 7. Start and end date of existence of convertible corporate bonds: March 14, 2019 to March 13, 2025
- 8. Start and end date of the conversion period of convertible corporate bonds: September 20, 2019 to March 13, 2025

9. Interest rate of convertible bonds: 0.2% in the first year, 0.8% in the second year, 1.5% in the third year, 2.3% in the fourth year, 3.5% in the fifth year and 4.0% in the sixth year

10. Interest payment date of convertible corporate bonds: the interest payment date of each year is the day of each full year from the first day of issuance of the convertible bonds. If that day is a legal holiday or a rest day, it will be postponed to the next working day, and no additional interest will be made during the extended period. Each adjacent interest payment days is an interest payment year.

The registration date of interest payment in each year is the trading day before the interest payment date of each year, and the issuer shall pay the current year interest within 5 trading days after the interest payment date of each year. For convertible bonds that apply to be converted into A-share shares of the issuer before the registration date of interest payment claims (including the registration date of interest payment claims), the issuer will no longer pay interest to its holders for the interest payment year and future interest payment years.

11. Registration institution for convertible corporate bonds: Shanghai Branch of China Securities Registration and Clearing Co., Ltd.

12. Custody method: account custody

13. Custody quantity of registered company: RMB 20 billion

14. Joint sponsors: BOC International (China) Co., Ltd. and Huatai United Securities Co., Ltd.

Joint lead underwriters: BOC International (China) Securities Co., Ltd., Huatai United Securities Co., Ltd., CITIC Securities Co., Ltd and Orient Citi Securities Co., Ltd.

15. Guarantee of convertible corporate bonds: no guarantee is provided for convertible corporate bonds this time

16. Credit rating and credit rating institution of convertible bonds: the credit rating of convertible bonds is AAA, and the rating institution is China Chengxin Securities Rating Co., Ltd.

For the above details, please refer to the relevant announcements on the website of Shanghai Stock Exchange (www. sse.com.cn) published by the Company.

II. Information of Convertible Bond Holders and Guarantors at the end of the Reporting Period

| Number of holders of convertible bonds at the end of the period | 16,501 |
|---|--------|
| Guarantor of the convertible bonds of the Company | None |
| | |

Top 10 convertible bond holders are as follows:

| Name of holder of convertible corporate bonds | Amount of debts held at the end of period (RMB) | Proportion of holdings (%) |
|---|---|-------------------------------|
| Special account for bond repurchase and pledge of registration and settlement system (ICBC) | 2,494,215,000 | 12.47 |
| Special account for bond repurchase and pledge of registration and settlement system (BOC) | 1,147,924,000 | 5.74 |
| Special account for bond repurchase and pledge of registration and settlement system (CCB) | 822,066,000 | 4.11 |
| Special Account for Bond Repurchase Pledges in the Registration and Settlement System (China Minsheng Banking Corp., Ltd.) | 668,772,000 | 3.34 |
| Special Account for Bond Repurchase Pledges in the Registration and Settlement System (China Merchants Bank Co., Ltd.) | 592,669,000 | 2.96 |
| Special account for bond repurchase and pledge of registration and settlement system (BCM) | 565,354,000 | 2.83 |
| CITIC Securities-"Xinxin Xiangrong B Type" RMB wealth management product of wealth series of Postal Savings Bank of China-Xinsheng No. 1 single asset management plan of CITIC Securities | 457,514,000 | 2.29 |
| Special account for bond repurchase and pledge of registration and settlement system (ABC) | 378,835,000 | 1.89 |
| Special account for bond repurchase and pledge of registration and settlement system (SPD Bank) | 344,949,000 | 1.72 |
| Anbang Life Insurance Co., Ltdconservative investment portfolio | 262,507,000 | 1.31 |

III. Cumulative Conversion of Convertible Corporate Bonds after Issuance

| Amount of converted shares as of the Reporting Period (RMB) | 378,000 |
|---|----------------|
| Number of shares transferred as of the Reporting Period (bonds) | 49,981 |
| Cumulative number of converted shares (bonds) | 49,981 |
| Cumulative number of converted shares accounts for the total number of shares issued by the Company before the conversion (%) | 0.0004 |
| Amount of shares not converted (RMB) | 19,999,622,000 |
| Proportion of non-converted shares to bonds in total amount of issued convertible bonds (%) | 99.9981 |

IV. Significant Changes in Guarantor's Profitability, Asset Status and Credit Status

The Bank did not provide guarantee for this convertible corporate bond.

V. Changes in the Liabilities and Credit of the Company

The Bank is in good condition with sound financial indicators and sufficient solvency. On June 27, 2019, China Chengxin Securities Rating Co., Ltd conducted a follow-up rating on the Bank and convertible corporate bonds of the Bank, maintaining the main credit rating of the Bank as AAA level, with rating outlook of stable and maintaining the credit rating of the convertible corporate bonds of the bank as AAA level. None of the above ratings have changed.

VI. Adjustment of Conversion Price

On July 12, 2019, due to the Bank's implementation of the profit distribution of common shares of 2018, the conversion price was adjusted to RMB 7.56. For details, please refer to the announcement on the website of the Shanghai Stock Exchange (www.sse.com.cn) published by the Bank.

VII. Description of Other Information

None.

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Section VII

Information about Preferred Shares



Information about Preferred Shares

I. Issuance and Listing of Preferred Shares as of the end of the Reporting Period in the Recent 3 Years

| | | | | | | | | Unit: Shares |
|----------------------|--|----------------------|-------------------------|---------------------------------|---|----------------------|-----------------------------------|-----------------------------------|
| Code | Abbreviation of preferred shares | Issue date | lssue price (RMB) | Nominal dividend rate (%) | lssue quantity | Listing date | Number approved of listings | Date of terminating listing |
| 360026 | Suyinyou 1 | November 28, 2017 | 100 | 5.20 | 200,000,000 | December 21, 2017 | 200,000,000 | - |
| The use raised ca | progress and cha pital | inges of | in 2017 d | of Bank of Jia | <i>thentication Rep ngsu Co., Ltd.</i> di com.cn) on April | sclosed on the | e website of Sha | |

II. Shareholders of Preferred Shares

(I) Total shareholders of preferred shares

| Total shareholders of preferred shares (accounts) as of the end of the Reporting Period | |
|--|---|
| Total shareholders of preferred shares (accounts) at the end of previous month before the disclosure date of the Annual Report | 8 |

(II) Situation of shares held by top 10 shareholders of preferred shares

| | Increase/ decrease | Shares held at the | Ratio | Category | pleo | ition of Ige or ezing | Unit: Share |
|--|--------------------------------------|-----------------------|-------|---------------------------------|-----------------|-----------------------------|-------------|
| Name of shareholder | during the Reporting Period | end of the period | (%) | of shares held | Share Status | Quantity | shareholder |
| China Everbright Bank Co., LtdSunshine steady financial management program | - | 48,320,000 | 24.16 | Domestic preferred shares | None | - | Others |
| China Resources SZITIC Trust Co., LtdCR Trust · Huicui No. 1-fund trust | - | 48,320,000 | 24.16 | Domestic preferred shares | None | - | Others |
| AXA SPDB Investment Managers-Shanghai Pudong Development Bank Co., Ltd. Tianjin branch-AXA SPDB-No. 1 targeted asset management program | - | 24,150,000 | 12.08 | Domestic preferred shares | None | - | Others |
| BOCOM-Schroeder fund- CMBC-China Minsheng Banking Co., Ltd. | - | 19,320,000 | 9.66 | Domestic preferred shares | None | - | Others |
| Bank of Hangzhou Co., Ltd "Happiness 99" Fengyu Yingjia No. KF01 bank financial program | - | 19,320,000 | 9.66 | Domestic preferred shares | None | - | Others |
| Chuangjin Hexin Fund- China Merchants Bank-China Merchants Bank Co., Ltd. | - | 19,320,000 | 9.66 | Domestic preferred shares | None | - | Others |
| BOCOM Schroeder Asset Management-BOCOM-BOCOM Schroeder Asset Management Zhuoyuan No. 2 collective asset management program | - | 19,320,000 | 9.66 | Domestic preferred shares | None | - | Others |
| Ping An Endowment Insurance Co., Ltdtraditional-general insurance products | - | 1,930,000 | 0.97 | Domestic preferred shares | None | - | Others |
| If the preferred shares held by sh settings on the terms other than dividends and distribution of su shares held shall be disclosed se | the distribution plus assets, the | n of | | | | | None |
| Description of the situation that have the associated relations wi of ordinary shares, or they are pe among the top 10 shareholders | th the top 10 sh ersons acting in | areholders concert | | | | | None |

III. Profit Distribution of Preferred Shares

(I) Profit distribution

On November 20, 2019, the Company disclosed the *Announcement of the Bank of Jiangsu on the Implementation of Distribution of Preferred Share Dividends*, during this period, the equity registration date of distribution of preferred stock dividend is November 27, 2019, ex-dividend date is November 27, 2019, interest value date of distribution of dividend is November 28, 2019, and dividend distribution date is November 28, 2019. Calculated as per book value dividend yield of Suyinyou 1 at 5.20%, cash dividend of RMB 5.20(tax inclusive) shall be distributed for each preferred share, and the total cash dividend distributed is RMB 1.04 billion (tax inclusive) based on the distribution size of Suyinyou 1 of 200 million shares.

(II) Distribution amount and ratio of preferred shares in recent 3 years (including the Reporting Period)

| | | Unit: RMB Currency: RMB |
|------|---------------------|--------------------------------|
| Year | Distribution amount | Proportion of distribution (%) |
| 2019 | 1,040,000,000 | 5.20 |
| 2018 | 1,040,000,000 | 5.20 |

IV. Repurchase and Conversion of Preferred Shares Conducted by the Company during the Reporting Period

During the Reporting Period, no repurchase or conversion of preferred shares of the Bank occurred.

V. If the Voting Rights of Preferred Shares are Restored during the Reporting Period, the Company Shall Disclose the Restoration and Exercise of Relevant Voting Rights.

During the Reporting Period, there was no restoration or exercise of voting rights of the Bank's preferred shares.

www.jsbchina.cn

VI. Accounting Policies and Reasons Adopted by the Company for Preferred Shares

In accordance with the contract terms of the issued preferred shares and their economic essence, the Group combines the definitions of financial assets, financial liabilities and equity instruments to classify these financial instruments or their components as financial assets, financial liabilities or equity instruments at the time of initial recognition.

The preferred shares issued by the Group which contain both equity and liability components were treated in accordance with the same accounting policies as convertible instruments with equity components. The preferred shares issued by the group without equity components were treated in accordance with the same accounting policies as other convertible instruments without equity components.

The preferred shares issued by the Group which were classified as equity instruments are included in equity according to the actually received amount. The distribution of dividends or interest during existence was treated as profit distribution. Redemption of preferred shares in accordance with the terms of the contract offset equity at the redemption price.

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Section VIII

Directors, Supervisors, Senior Management Personnel and Employees



Directors, Supervisors, Senior Management Personnel and Employees

I. Changes in shareholding and remunerations

(I) Changes in shares held by directors, supervisors and senior management personnel and their and remuneration during the Reporting Period

| | | | | | | | | Unit: Shares |
|----------|-----------------------|--------|---------------------|---|---|--|---------|---|
| Name | Post | Sex | Year of birth | Term of office | Shares held at the beginning of the year | Shares held at the end of the year | Changes | Total pre-tax remuneration obtained from the Company during the Reporting Period (RMB 10,000) |
| XIA Ping | Chairman | Male | 1963 | April 2013-change the term of office | 33000 | 33000 | - | 85.74 |
| II Ming | Executive Director | | 1962 | August 2015-change the term of office | 35000 | 35000 | | 86.13 |
| JI Ming | President | Male | | April 2015-change the term of office | 55000 | 55000 | - | 80.13 |
| | Executive Director | | | August 2015-change the term of office | 25000 | | - | 76.02 |
| GU Xian | Vice President | Female | 1963 | October 2019 -change the term of office | | 25000 | | |

| Name | Post | Sex | Year of birth | Term of office | Shares held at the beginning of the year | Shares held at the end of the year | Changes | Total pre-tax remuneration obtained from the Company during the Reporting Period (RMB 10,000) |
|------------------|--|------|---------------------|--|---|--|---------|---|
| | Executive Director | | | May 2018 -change the term of office | | | | |
| WU Dianjun | Vice President | Male | 1969 | April 2019 -change the term of office | 31900 | 31900 | - | 78.85 |
| | Secretary of the Board | | | August 2016 -change the term of office | | | | |
| HU Jun | Non-executive Director | Male | 1970 | August 2015 -change the term of office | 0 | 0 | - | 0 |
| SHAN Xiang | Non-executive Director | Male | 1969 | September 2017-change the term of office | 0 | 0 | - | 0 |
| JIANG Jian | Non-executive Director | Male | 1966 | March 2012 -change the term of office | 0 | 0 | - | 0 |
| TANG Jingsong | Non-executive Director | Male | 1969 | December 2006 -change the term of office | 6635 | 6635 | - | 0 |
| DU Wenyi | Non-executive Director | Male | 1963 | March 2014 -change the term of office | 0 | 0 | - | 0 |
| REN Tong | Non-executive Director | Male | 1967 | November 2019-change the term of office | 0 | 0 | - | 0 |
| LIU Yuhui | Independent Non-executive Director | Male | 1970 | March 2014 -change the term of office | 0 | 0 | - | 25.83 |
| YAN Yan | Independent Non-executive Director | Male | 1972 | March 2014-change the term of office | 0 | 0 | - | 25.83 |
| YU Chen | Independent Non-executive Director | Male | 1971 | August 2015-change the term of office | 0 | 0 | - | 25.83 |
| YANG Tingdong | Independent Non-executive Director | Male | 1960 | December 2015-change the term of office | 0 | 0 | - | 25.83 |
| DING Xiaolin | Independent Non-executive Director | Male | 1963 | April 2017-change the term of office | 0 | 0 | | 25.83 |

| Name | Post | Sex | Year of birth | Term of office | Shares held at the beginning of the year | Shares held at the end of the year | Changes | Total pre-tax remuneration obtained from the Company during the Reporting Period (RMB 10,000) |
|------------------|--|----------------|---------------------|---|---|--|---------|---|
| ZHU Qilong | Chairman of the Board of Supervisors | Male | 1964 | February 2016-change the term of office | 30000 | 30000 | _ | 86.03 |
| DU Baoqi | External Supervisor | Male | 1950 | April 2014-change the term of office | 0 | 0 | - | 23.83 |
| TANG Xiaoqing | External Supervisor | Male | 1954 | February 2015-change the term of office | 0 | 0 | - | 23.83 |
| LI Xindan | External Supervisor | Male | 1966 | April 2017-change the term of office | 0 | 0 | - | 23.83 |
| YUAN Weijing | Shareholder Supervisor | Female | 1963 | April 2014-change the term of office | 0 | 0 | - | 0 |
| XIANG Rong | Shareholder Supervisor | Male | 1972 | November 2019-change the term of office | 0 | 0 | - | 0 |
| WU Bing | Employee Supervisor | Male | 1971 | November 2019-change the term of office | 12300 | 13200 | 900 | 33.14 |
| XU Jing | Employee Supervisor | Male | 1972 | November 2018-change the term of office | 0 | 0 | - | 177.68 |
| CHEN Jian | Employee Supervisor | Male | 1961 | November 2018-change the term of office | 0 | 5000 | 5000 | 203.61 |
| JI Jinsong | Deputy Secretary of the Party Committee | Male | 1967 | - | 13000 | 13000 | - | 75.06 |
| ZHAO Hui | Vice President | Male | 1965 | February 2018-change the term of office | 36000 | 36000 | - | 81.64 |
| | Vice President | /ice President | 1005 | February 2018-change the term of office | 31600 | 21.000 |) - | 80.10 |
| GE Renyu | Chief Information Officer | Male | 1965 | February 2017-change the term of office | | 31600 | | |

| Name | Post | Sex | Year of birth | Term of office | Shares held at the beginning of the year | Shares held at the end of the year | Changes | Total pre-tax remuneration obtained from the Company during the Reporting Period (RMB 10,000) |
|-----------------|------------------------------|------|---------------------|---|---|--|---------|---|
| ZHOU Kai | Vice President | Male | 1977 | April 2019-change the term of office | 33100 | 33100 | - | 79.27 |
| YUAN Jun | Party committee member | Male | 1971 | - | 0 | 0 | - | 29.57 |
| LI Min | Assistant to President | Male | 1963 | June 2009-change the term of office | 50000 | 50000 | - | 212.33 |
| WANG Weibing | Assistant to President | Male | 1967 | April 2018-change the term of office | 545438 | 545438 | - | 321.61 |

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

2. Total pre-tax remuneration obtained by directors, supervisors and senior management personnel from the Company during the Reporting Period include various social insurance, housing fund, enterprise annuity, supplementary insurance and other unit contributions.

3. Final pre-tax remuneration of some directors, supervisors and senior management personnel of the Company remain to be confirmed, and disclosure will be carried out after confirmation is made.

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

1) Non-executive directors and shareholder supervisors held posts in other legal persons or organizations, which enable such legal person or organization to become a related party of the Company, and the said non-executive directors, shareholder supervisors obtain remuneration from the said related party.

2) A shareholder became a related party of the Company because having 5% of shares of the Company; non-executive directors can obtain remuneration from the above said related party (unit dispatching shareholders).

No directors, supervisors and senior management personnel of the Company obtained remuneration from related parties of the Company except for the above said situations.

5. SHEN Bin resigned as a director of the Company in October 2019.

6. The reason for CHEN Jian's change in shareholding is that he held shares before the issuance of the Company. During the Reporting Period, he went through the formalities for confirmation and registration of securities accounts.

7. On November 15, 2019, REN Tong was elected as the director of the Company at the third provisional shareholder meeting of the Company. On April 7, 2020, the Company received the reply document from Jiangsu Banking and Insurance Regulatory Bureau (S. Y. B. J. F [2020] No. 115) to approve the qualification of REN Tong as a director.

8. The Company received written resignation reports from LIU Yuhui and YAN Yan in April 2020. LIU Yuhui resigned as an independent director, a member of the Strategy Committee of the Board of Directors and a member of the Nomination and Remuneration Committee of the Board of Directors of the Company. YAN Yan resigned as an independent director, a member of the Audit Committee of the Board of Directors, a member of the Risk Management Committee of the Board of Directors and a member of the Supervision Committee of the Board of Directors, a member of the Risk Management Committee of the Board of Directors and a member of the Supervision Committee of the Board of Directors, a member of LIU Yuhui and YAN Yan, the number of independent directors of the Company will be less than one third of the number of Board of Directors. LIU Yuhui and YAN Yan, the number of Board of Directors in accordance with laws and regulations and the Articles of Association of the Company before the new independent directors are elected at the shareholders' meeting of the Company and approved by the regulatory authorities to perform their duties.

9. The Company received a written resignation report from DU Baoqi in April 2020. DU Baoqi resigned from the posts of external supervisor and director of the Supervision Committee of the Board of Supervisors. Due to DU Baoqi's resignation, the number of members of the Board of Supervisors of the Company will be lower than the minimum number stipulated in the Articles of Association of the Company. DU Baoqi will continue to perform the duties of external supervisor in accordance with laws and regulations and the provisions of the Articles of Association of the Company before a new supervisor is elected by the meeting of shareholders of the Company.

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

| Name | Basic Information |
|---------------|---|
| XIA Ping | A member of the Communist Party of China, Principal Senior Economist, graduated from Nanjing University of Science and Technology with a Master's Degree in Management Science and Engineering. Mr. XIA Ping once served as Deputy 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, Assistant to General Manager and Deputy General Manager of Business Department of Jiangsu Branch of China Construction Bank, Member of the Party Committee and Vice President of Jiangsu Branch of China Construction Bank, and Secretary of the Party Committee and President of Suzhou Branch of China Construction Bank; Deputy Secretary of the Party Committee and President of the Bank of Nanjing Co., Ltd; and Deputy Secretary of the Party Committee of the Bank of Jiangsu. 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, Principal Senior Economist, graduated from the Department of Geology of Nanjing University, majoring in Hydrogeology and Engineering Geology with a Bachelor's Degree in Science, and graduated from the Department of Law of Nanjing University, majoring in Law with the second Bachelor's Degree in Law. Mr. JI Ming once served as the Section-level Secretary of Party- masses Division of Policy Research office of Nanjing Municipal Committee; Section-level Organizer of City and County Cadres Division Office of Organization Department of Jiangsu Provincial Committee, Deputy Division Level Inspector and Deputy Director of the Office of Organization Department of Jiangsu Provincial Committee, Deputy Division Chief of Cadres Division I and Division Chief of Youth Cadres Division of Jiangsu Provincial Committee Organization Department; Vice Chairman of the Board of Supervisors, Deputy Party secretary, Secretary of Committee for Discipline Inspection, Member of Party Committee, Vice President of the Bank of Jiangsu and concurrent as General Manager of Operation and Management Department of Head Office of the Bank of Jiangsu. He now serves as the Executive Director, President and Deputy Secretary of Party Committee of the Bank of Jiangsu. |
| GU Xian | A member of the Communist Party of China, Senior Economist, graduated from Peking University, majoring in Ideological and Political Education and with a Bachelor's Degree in Law. Ms. GU Xian once served as the Deputy Division Chief and Division Chief of the Retail Business Division of the Jiangsu Branch of the Bank of China, General Manager of the Bank Card Department of the Jiangsu Branch of the Bank of China, General Manager of Retail Business Department of the bank of Jiangsu, Assistant to the President, member of the Party Committee, Deputy President of the Bank of Jiangsu, Deputy Secretary of the Party Committee of the Bank of Jiangsu, and Secretary of the Party Committee of the Bank of Jiangsu, Deputy Secretary of the Bank of Jiangsu. She now serves as the Executive Director, Deputy President of the Bank of Jiangsu, Deputy Secretary of the Party Committee of Bank of Jiangsu and Secretary of the Party Committee of Head Office of Head Office of the Bank of Jiangsu. |
| WU Dianjun | A member of the Communist Party of China, Senior Economist, graduated from Renmin University of China, majoring in National Economics Management with a Doctoral Degree in Economics. Mr. WU Dianjun once served as Deputy General Manager and Office Secretary of the Comprehensive Department of International Business Department of Lianyungang Branch of Agricultural Bank of China, Office Director, Party Committee Office Director and Business Department Manager of the Agricultural Bank of China, Deputy Office Director and Deputy Director (presiding over the work) of Jiangsu Branch of Agricultural Development Bank of China; Assistant to Director, Deputy Director and Director of the Office of the Bank of Jiangsu, Director of the Party Committee Office and Minister of Propaganda Department of Bank of Jiangsu. Now he serves as the Executive Director, Secretary of the Board of Directors, Deputy President and Member of the Party committee of Bank of Jiangsu. |

| Name | Basic Information |
|------------------|---|
| HU Jun | A member of the Communist Party of China, Economist, graduated from China Finance Institute, majoring in Finance and with the bachelor degree, and graduated from Nanjing University Business School with a Master's Degree in Business Administration. Mr. HU Jun once served as the Section Member and Manager Assistant of Financial Department II and Manager Assistant of Jiangsu International Trust Investment Co., Ltd., and Deputy General Manager and General Manager of Jiangsu International Trust Co., Ltd. He now serves as Chairman of Jiangsu International Trust Co., Ltd., Board Director of Li'an Life Insurance Co., Ltd., and Non-executive Director of the Bank of Jiangsu. |
| SHAN Xiang | A member of the Communist Party of China, Principal Senior Accountant, Chinese Certified Public Accountant, graduated from Finance and Economics School of Soochow University, majoring in finance and with the Master's degree. 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 (presiding over the work) of Investment Department of Jiangsu Phoenix Publishing & Media Group Co., Ltd., Director of Investment Department of Jiangsu Phoenix Publishing & Media Group Co., Ltd. He now serves as Deputy General Manager and Chief Accountant of Jiangsu Phoenix Publishing & Media Group Co., Ltd., General Manager of Jiangsu Phoenix Publishing & Media Group Co., Ltd., General Manager of Jiangsu Phoenix Publishing & Media Group Co., Ltd., or Jiangsu Phoenix Publishing & Media Group Co., Ltd., General Manager of Jiangsu Phoenix Publishing & Media Group Co., Ltd., and Non-executive Director of the Bank of Jiangsu. |
| JIANG Jian | A member of the Communist Party of China, graduated from Nanjing Agricultural University with a Master's Degree in major of Agricultural Economy and Management. He once served as Section Chief of Training and Education Section of Human Resources Department of Huatai Securities, Vice Manager of Stock Department of Investment Bank Headquarters of Huatai Securities, Deputy General Manager of Investment Bank Department I of Huatai Securities, Senior Manager of Investment Bank Department I of Huatai Securities, Deputy 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, Vice President, Member of the Party Committee, etc. He now serves as Member of the Executive Committee of Huatai Securities Co., Ltd., Chairman of Ltd., Chairman of Huatai Zijin Investment Co., Ltd., and Non-executive 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 a Bachelor's Degree in major of Accounting, Certified Public Accountant and Senior Accountant. Mr. TANG Jingsong once served as the Division Chief of Economic Construction Division II of Wuxi Finance Bureau and Director of Wuxi Financial Investment Evaluation Center. He now serves as the Secretary of the Party Committee and Board Chairman of Wuxi Taihu New City Development Group Co., Ltd., Chairman and General Manager of Wuxi Construction and Development Investment Co., Ltd., and Board Director of Wuxi Rural Commercial Bank Co., Ltd., and Non-executive 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 Division Chief of Financial Audit Division of Jiangsu Communications Holding Co., Ltd., Deputy Division Chief and Division Chief of Financial Audit Division and Board Director of Jiangsu Communications Industry Group Co., Ltd., Deputy General Manager of Jiangsu Expressway Co., Ltd., Minister of Financial Audit Department of Jiangsu Communications Holding Co., Ltd., Chairman of Jiangsu Communications Holding Group Finance Co., Ltd., and Deputy Chief Accountant and Minister of Financial Management Department of Jiangsu Communications Holding Co., Ltd. He now serves as the Director, Chief Accountant, and Member of the Party Committee of Jiangsu Communications Holding Co., Ltd., and Non-executive Director of the Bank of Jiangsu. |

| Name | Basic Information |
|------------------|---|
| REN Tong | A member of the Communist Party of China, graduated from Nanjing University with a Doctor's degree in Modern Chinese History and as a senior editor. Mr. REN Tong once served as the Deputy Office Director, and Deputy Division Chief and Office Director of the Publicity Division of Jiangsu Provincial Radio and Television Administration, Vice President of the Broadcast Media Center of Jiangsu Broadcasting Corporation, and Director of the Organization and Personnel Department (Human Resource Department) of Jiangsu Broadcasting Corporation. He now serves as Member of the Party Committee and Deputy Channel Director of Jiangsu Broadcasting Corporation, Vice General Manager of Jiangsu Broadcasting Corporation Ltd., and Non-executive Director of Bank of Jiangsu. |
| LIU Yuhui | 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, Professor and Doctoral Supervisor in Chinese Academy of Social Science, Chief Economist of TF Securities Co., Ltd., Independent Director of Henan Jinma Energy Co, Ltd., Independent Director of Mango Excellent Media Co., Ltd., Independent Director of Jincheng Bank Co., Ltd., Independent Director of Jiangsu Netin Technologies Co., Ltd., and Independent Non-executive 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., Independent Director of Shanghai Shineton Investment Co., Ltd., and Independent Non-executive Director of the Bank of Jiangsu. |
| YU Chen | Holds the Bachelor's Degree in Computer of Peking University, Master's Degree in Computer of Illinois Institute of Technology, America and EMBA of Tsinghua PBC School of Finance (PBCSF). 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 Non-executive 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 Principal 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, Deputy County Mayor, Member of Standing Committee of CPC County Committee, Standing Deputy County Mayor 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), Deputy Secretary of Party Working Committee and Standing Deputy Director of Management Committee of Jiangsu Suqian Yanghe New City, Chairman of Jiangsu Yanghe Group and Chairman of Jiangsu Shuanggou Group, He now serves as the Deputy General Manager of Jiangsu Backto Ecological Agricultural Development Co., Ltd., and Independent Non-executive 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, has 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. He now serves as Director of Jiangsu Guotai Xinhua Law Firm, Arbitrator of Nanjing Arbitration Commission, and Independent Non-executive Director of the Bank of Jiangsu. |

| Name | Basic Information |
|------------------|---|
| ZHU Qilong | A member of the Communist Party of China, Senior Economist, holds a master s degree and the lawyer qualification. Mr. ZHU Qilong once served as the Section Chief of Law Section of Jiangsu Branch Office 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 (Division Level) of Nanjing Branch of the People's Bank of China, Deputy Office Director (Division Level) of Nanjing Branch of the People's Bank of China, Division Chief 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 Minister of Publicity Department, Member of the Party Committee of Head Office, Secretary of the Board and Vice President of the Bank of Jiangsu. He now serves as the Chairman of the Board of Supervisors and Member of the Party Committee of the Bank of Jiangsu. |
| DU Baoqi | A member of the Communist Party of China, Senior Economist, holds a bachelor's degree. Mr. DU Baoqi once served as Director of Foreign Economic Relations and Trade Commission of Weifang, Shandong Province, Member of the Party Group and Mayor's Assistant of Weifang Municipal Government, President of Shandong Branch of Industrial and Commercial Bank of China, and Director General of Nanjing Branch of Internal Auditing Bureau of Industrial and Commercial Bank of China. He now serves as the External Supervisor of the Bank of Jiangsu. |
| TANG Xiaoqing | A member of the Communist Party of China, has the Doctor's Degree in Economics. Mr. TANG Xiaoqing once served as the Engineer and Deputy Division Chief of Chinese Academy of Sciences, Deputy Division Chief and Division Chief of Fiscal and Financial Department of State Development Planning Commission, Deputy General Manager of Market Development Department of the Agricultural Bank of China; Person in Charge of Plan Fund Department and Credit Management Department, Deputy Director of Non-bank Financial Institution Regulatory Department and Deputy Director of Cooperation Finance Regulatory Department of the People's Bank of China, Vice President of Henan Branch of the People's Bank of China; Director General of China Banking Regulatory Commission, Inner Mongolia Office, Director General, Director of Supervision Department I and Director of Financial Accounting Department of China Banking Regulatory Commission, Shanxi Office; and Vice President, Member of the Party Committee and Secretary of Committee for Discipline Inspection of Head Office of China Merchants Bank. He now serves as the External Supervisor of the Bank of Jiangsu. |
| LI Xindan | A member of the Communist Party of China, Finance Doctor, Professor, Doctoral Supervisor, and an expert who enjoys the special allowance granted by the State Council. Mr. LI Xindan 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 and Director of Research Center of Financial Engineering of Nanjing University, 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, Director of Expert Committee for Evaluation of Science and Technology Innovation Board System, member of Listing Committee of Shanghai Stock Exchange (SSE), member of SSE Corporate Governance Index Committee, Executive Member of Chinese Finance Annual Meeting, Chairman of Jiangsu Capital Market Research Society, Vice Chairman of Jiangsu Association of Science and Technology Innovation, and the External Supervisor of the Bank of Jiangsu. |
| YUAN Weijing | A member of the Communist Party of China, has a 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., Member of the Party Committee and Chief Accountant of Suzhou International Development Group Co., Ltd., and Chairman of Suzhou Trust Co., Ltd. She now serves as the Chairman of the Board of Supervisors of Soochow Securities Co., Ltd., and Shareholder Supervisor of the Bank of Jiangsu. |

| Name | Basic Information |
|---------------|--|
| XIANG Rong | A member of the Communist Party of China, has a bachelor's degree and is an Economist and a Registered Securities Analyst. He once served as the Manager of Securities Department of Yangzhou Trust Corporation, Manager of the Yangzhou Business Department of China Merchants Securities Co., Ltd., Manager of Investment Business Department of Yangzhou Yangtze Investment & Development Group and, concurrently as the Manager of Investment Business of Yangzhou Modern Financial Investment Group Co., Ltd. and General Manager of Yangzhou Venture Capital Investment Co., Ltd., concurrently as the Vice General Manager of Yangzhou Modern Financial Investment Group Co., Ltd. and Chairman of Yangzhou Venture Capital Investment Co., Ltd., and Chairman of Yangzhou Venture Capital Investment Technology Microfinance Ltd. He now serves concurrently as the Vice General Manager of Yangzhou Modern Financial Investment Asset Management Ltd. and Shareholder Supervisor of the Bank of Jiangsu. |
| WU Bing | A member of the Communist Party of China, has a bachelor's degree and is an Economist. Mr. WU Bing once served as the Deputy Office Director of Huai'an Commercial Bank and the Manager of Office Secretary Research Team, Manager of Integrated Team, Director Assistant, Deputy Director, Deputy Director (presiding over work), Deputy Director (presiding over work) of the Party Committee Office, Deputy Head (presiding over work) of the Publicity Division of the Bank of Jiangsu. He now serves concurrently as the Employee Supervisor, Office Director, Director of the Party Committee Office, Head of Publicity Division and Member of Head Office Party Committee of Bank of Jiangsu. |
| XU Jing | A member of the Communist Party of China, has a postgraduate degree, and holds the doctoral degree in Management, Principal Senior Economist. Mr. XU Jing once served as the Credit Clerk of Chengzhong Office of Huai'an Branch and Business Host of Branch Planning and Research Office and Housing Credit Office of Industrial and Commercial Bank of China, Deputy General Manager of Credit Operation Department of Huai'an Commercial Bank, Manager of Comprehensive Management Team of Business Department of the Bank of Jiangsu, Assistant to General Manager of the Business Department of the Company, Assistant to General Manager of Credit Management Department, Assistant to General Manager and Deputy General Manager of Risk Management Department, Member of the Party Committee and Vice President of Shanghai Branch of the Bank of Jiangsu, and Deputy General Manager (presiding over work) of Risk Management Department of the Bank of Jiangsu. He now serves as the Employee Supervisor and the General Manager of Risk Management Department of the Bank of Jiangsu. |
| CHEN Jian | A member of the Communist Party of China, has a postgraduate degree, Economist. Mr. CHEN Jian once served as the Credit Clerk of Credit Section, Vice Section Chief and Section Chief of Planning Credit Department of Zhenjiang Branch of the People's Bank of China, took a temporary post as Vice President at Danyang Branch, Deputy Manager and Member of the Party Group of Zhenjiang Trust Investment Company, Vice-section-level Investigator of Zhenjiang Branch of the People's Bank of China, Director and Member of the Party Group of Zhenjiang Urban Credit Union, Chairman, President and Secretary of the Party Committee of Zhenjiang Commercial Bank, and the General Manager of the Business Department and the Vice-minister of Party-mass Work Department of the Bank of Jiangsu. He now serves as the Employee Supervisor, Authority Deputy Secretary of the Party Committee of the Head Office, Minister of Party-mass Work Department and General Manager of Consumer Rights and Interests Protection Department of the Bank of Jiangsu. |

| Name | Basic Information |
|------------|---|
| JI Jinsong | A member of the Communist Party of China, has bachelor's degree in Economics, Economist. Mr. JI Jinsong once served as the Section Member of Operation and Management Section of Agricultural and Industrial Department of Yangzhou Municipal Party Committee, Organizing Personnel (at the vice section level) of Organization Section of Organization Department and Organizing Personnel (at the section level) of Research Office of Yangzhou Municipal Party Committee, Organizing Personnel (at the section level), Organizing Personnel (at the deputy section level) and Vice Researcher of Organization Division I, Deputy Division Chief of Organization Office II, Vice Office Director, Director of Division for Retired Officials and Division Chief of Organization Division II of Jiangsu Provincial Party Committee, Secretary of Committee for Discipline Inspection, Member of the Party Committee, Authority Secretary of the Party Committee of Head Office. He now serves as Deputy Secretary of the Party Committee, and the Director of the Party Committee Patrol Office of the Bank of Jiangsu. |
| ZHAO Hui | A member of the Communist Party of China, Senior Economist, graduated from Party School of the CPC Central Committee with major in Laws and is a senior MBA (Master of Business Administration) in Nanjing University of Science and Technology. Mr. ZHAO Hui once served as the Deputy Division Chief of Receipt&Payment Liquidation Division of Jiangsu Branch of the Bank of China, Deputy Division Chief, Deputy Division Chief (presiding over the work) and Division Chief 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, General Manager and Chief Operating Officer of Operation Department of the Bank of Jiangsu. He now serves as the Vice President and Member of the Party Committee of the Bank of Jiangsu. |
| GE Renyu | A member of the Communist Party of China, Senior Engineer, graduated from Southeast University with a bachelor s degree in Engineering, majoring in Computer Science and Engineering. Mr. GE Renyu, once served as Section Member of Computer Division of Nanjing Branch of China Construction Bank, and Assistant to Division Chief and Deputy Division Chief 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 Vice President, Chief Information Officer and Member of the Party Committee of the Bank of Jiangsu. |
| ZHOU Kai | A member of the Communist Party of China, Principal Senior Economist, graduated from Nanjing Agricultural University as postgraduate with major in Rural Finance, and obtained the doctoral degree in Management. Mr. ZHOU Kai once served as the Section Member, Vice Business Manager and Risk Manager (professional skill level 5) of Risk Management Department of Jiangsu Branch of China Construction Bank, Deputy General Manager, Deputy General Manager (presiding over the work) and General Manager of Risk Management Department of the Bank of Nanjing, General Manager of Risk Management Department of the Bank of Jiangsu, and Assistant to President and Member of the Party Committee of the Bank of Jiangsu. He now serves as the Vice President and Member of Party Committee of Bank of Jiangsu. |
| YUAN Jun | A member of the Communist Party of China, has a bachelor's degree, Master in Engineering, Economist. Mr. YUAN Jun once served as a Non-bank Clerk of Inspection Division and Clerk of Supervision Office of People's Bank of China Nanjing Branch, Clerk of Ombudsman Office, Disciplinary Inspector (Vice-section Level) of Ombudsman Office, Deputy Section Chief of Cooperation Office Financial Section of People's Bank of China Nanjing Branch, Chief Clerk of Planning and Statistics Division, Deputy Director of Business Management Division, and Deputy General Manager of Business Development Division of the Provincial Rural Credit Union, and concurrently as the Secretary of Party Committee and Director of Taizhou Rural Commercial Bank and Deputy General Manager (General Manager Level) of Business Development Division of the Provincial Rural Credit Union. He now serves as the Head of the Discipline Inspection Team at Bank of Jiangsu assigned by the Provincial Commission for Discipline Inspection and Member of the Party Committee of Bank of Jiangsu. |

| Name | Basic Information |
|-----------------|--|
| LI Min | A member of the Communist Party of China, Senior Economist, graduated from Shenzhen University with major in International Finance and obtained a Bachelor's Degree in Economics. Mr. LI Min once served as Bao'an District Manager of Credit Market Subsection of Shenzhen Development Bank, President of Bao'an District Sub-branch, Person in charge of Preparation Group of Shanghai Branch, Vice President of Shanghai Branch, Vice President (Department General Manager level) of Shanghai Branch, Vice President of Head Office and President of Beijing Branch concurrently, Standing Deputy General Manager of Shenzhen Management Department (Assistant to President Level of Head Office), Standing Vice President of Shenzhen Branch, and President of Shenzhen Branch and Secretary of the Party Committee of the Bank of Jiangsu. He now serves as the Assistant to President of the Bank of Jiangsu. |
| WANG Weibing | A member of the Communist Party of China, Senior Economist, graduated from Suzhou Institute of Silk Textile Technology with major in Industrial Management Engineering, and obtained the Bachelor's Degree in Engineering. Mr. WANG Weibing once served as Manager of the Personnel Supervision Department of Nantong Commercial Bank, President of the Development Zone Sub-branch, Office Director, Secretary of the Board, member of the Party group and Disciplinary Inspection Team Leader of Nantong Commercial Bank; Deputy General Manager of Internal Audit Compliance Department of the Bank of Jiangsu, Secretary of the Party Committee and President Taizhou Branch, Member of the Party Committee and Vice President of Nantong Branch, Secretary of the Party Committee and President of Yancheng Branch, Secretary of the Party Committee and President to President of the Bank of Jiangsu. He now serves as the Assistant to President of the Bank of Jiangsu, President and Secretary of the Party Committee of Wuxi Branch of the Bank of Jiangsu. |

II. Situation of Positions of Directors, Supervisors and Senior Management Personnel Position Currently and Leaving Office during the Reporting Period

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

| Name of the person in office | Name of legal-person shareholder | Positions held in legal-person shareholder |
|------------------------------|---|---|
| HU Jun | Jiangsu International Trust Corporation Limited | Chairman |
| SHAN Xiang | Jiangsu Phoenix Publishing & Media Group Co., Ltd. | Deputy General Manager |
| JIANG Jian | Huatai Securities Co., Ltd. | Member of the executive committee |
| TANG Jingsong | Wuxi Construction and Development Investment Co., Ltd. | Chairman and general manager |
| SHEN Bin | Jiangsu Shagang Group Co., Ltd. | Chairman |
| DU Wenyi | Jiangsu Communications Holding Co., Ltd. | Board Director, Chief Accountant |

| Name of the person in office | Name of legal-person shareholder | Positions held in legal-person shareholder |
|--|---|---|
| REN Tong | Jiangsu Broadcasting and Television Group Co., Ltd. | Member of the Party Committee of the Corporation, Deputy Channel Director, Deputy General Manager of the Corporation |
| XIANG Rong | Yangzhou Finance Group Co., Ltd. | Chairman |
| Notes to the position in the legal-person shareholder | The above said personnel are those dispatched by the le Directors and Supervisors of the Bank. | gal-person shareholders to serve as the |

(II) Situation of office holding in other units

| Name of the person in office | Name of other unit | Position held in other unit |
|------------------------------|---|--------------------------------------|
| XIA Ping | Suyin Financial Leasing Co., Ltd. | Chairman |
| HU Jun | Li'an Life Insurance Co., Ltd. | Board Director |
| | Jiangsu Phoenix Publishing & Media Corporation Limited | Board Director |
| | Jiangsu Phoenix Property Investment Company Limited | Chairman of the Board of Supervisors |
| | Jiangsu Culture Industry Group Co., Ltd. | Chairman |
| | Shanghai FPL New Materials Co., Ltd. | Chairman |
| | Jiangsu Phoenix Publishing & Media Group Finance Co., Ltd. | Chairman |
| SHAN Xiang | Hachette-Phoenix Culture Development (Beijing) Company Limited | Supervisor |
| | Beijing Fonghong Media Co., Ltd. | Supervisor |
| | Beijing Fonghong Film Co., Ltd. | Board Director |
| | Phoenix Legend Films Co., Ltd. | Board Director |
| | Jiangsu XGL Opto Electronics Co., Ltd. | Board Director |
| | Jiangsu Cultural Investment Management Group Co., Ltd. | Board Director |
| JIANG Jian | Huatai Zijin Investment Co., Ltd. | Chairman |

| Name of the person in office | Name of other unit | Position held in other unit |
|------------------------------|---|--|
| | Wuxi Jianrong Industrial Co., Ltd. | Executive Director |
| | Wuxi Jianzheng Parking Management Co., Ltd. | Chairman |
| | Wuxi Jianzhi Media Co., Ltd. | Chairman |
| | Wuxi Caitong Financial Leasing Co., Ltd. | Chairman |
| | Wuxi Caixin Commercial Factoring Co., Ltd. | Chairman |
| TANG Jingsong | Wuxi Jianrong Guosu Investment Co., Ltd. | Chairman |
| | Wuxi Taihu New City Development Group Co., Ltd. | Secretary of the Party Committee and Chairman of the Board of Directors |
| | Wuxi Oasis Construction Investment Co., Ltd. | Chairman |
| | Wuxi Rural Commercial Bank Co., Ltd. | Board Director |
| | Xijin International Co., Ltd. | Chairman |
| | Doto Futures Co., Ltd. | Board Director |
| | Jiangsu Shagang International Trading Co., Ltd. | Chairman |
| | Jiangsu Shagang Group Investment Holding Co., Ltd. | Board Director |
| | Jiangsu CSC Shagang Venture Capital Co., Ltd. | Supervisor |
| | Shagang Finance Co., Ltd. | Chairman |
| | Shanghai Jinpu Health Care Equity Investment Fund Management Co., Ltd. | Board Director |
| | Shanghai Carmel Investment Management Consulting Co., Ltd. | Supervisor |
| SHEN Bin | Shanghai Shagang Enterprise Management Co., Ltd. | Supervisor |
| | Shanghai Shagang Industrial Co., Ltd. | Board Director, General Manager |
| | Bank of Suzhou Co., Ltd. | Board Director |
| | Wuxi Xuefeng Steel Co., Ltd. | Deputy Chairman of the Board of Supervisors |
| | Zhangjiagang Jiulong Real Estate Development Co., Ltd. | Board Director |
| | Zhangjiagang Shagang Rural Small Loan Co., Ltd. | Chairman |
| | Zhangjiagang Free Trade Zone Runyuan Stainless Steel Trade Co., Ltd. | Board Director |
| | Jiangsu Shagang Material Trading Co., Ltd. | Chairman |
| | Jiangsu Financial Leasing Co., Ltd. | Board Director |
| DI I Mara | Jiangsu Railway Group Co., Ltd. | Chairman of the Board of Supervisors |
| DU Wenyi | Fu'anda Fund Management Co., Ltd. | Board Director |
| | Nanjing Yuejin Automobile Co., Ltd. | Board Director |

| Name of the person in office | Name of other unit | Position held in other unit | |
|---|---|---|--|
| | Jiangsu Dajiangnan Media Co., Ltd. | Executive Director | |
| | Jiangsu Sports Industry Group Co., Ltd. | Board Director | |
| | Blue Sky International Communication Co., Ltd. | Executive Director and Legal Representative | |
| | Jiangsu Join Hands Capital (limited partnership) | Director General | |
| | Jiangsu Zijin Cultural Industry Development Fund (limited partnership) | Director | |
| | Jiangsu Cultural Investment Management Group Co., Ltd. | Board Director | |
| REN Tong | Jiangsu Broadcasting International Media Co., Ltd. | Executive Director and Legal Representative | |
| | Jiangsu Broadcasting Lizhi Media Co., Ltd. | Executive Director and Legal Representative | |
| | Jiangsu Broadcasting Venture Capital Co., Ltd. | Executive Director, General Manager and Legal Representative | |
| | Omnijoi Media Corporation Co., Ltd. | Board Director | |
| | Nine Dragon Industrial Limited(HK) | Executive Director and Legal Representative | |
| | TF Securities Co., Ltd. | Chief Economist | |
| | Henan Jinma Energy Co., Ltd | Independent Director | |
| LIU Yuhui | Mango Excellent Media Co., Ltd. | Independent Director | |
| | Jincheng Bank Co., Ltd. | Independent Director | |
| | Jiangsu Netin Technologies Co., Ltd. | Independent Director | |
| | Jiangsu Financial Leasing Co., Ltd. | Independent Director | |
| | Shanghai Jinfeng Wine Co., Ltd. | Independent Director | |
| YAN Yan | Shanghai Baosteel Packaging Co., Ltd. | Independent Director | |
| | Jiangsu Tongxingbao Intelligent Transportation Technology Co., Ltd. | Independent Director | |
| | Shanghai Shineton Investment Co., Ltd. | Board Director | |
| /U Chen | Yeepay Co., Ltd. | President | |
| /ANG Tingdong | Jiangsu Backto Ecological Agricultural Development Co., Ltd. | Deputy General Manager | |
| DING Xiaolin | Jiangsu Guotai Xinhua Law Firm | Director | |
| /UAN Weijing | Soochow Securities Co., Ltd. | Chairman of the Board of Supervisors | |
| XIANG Rong | Yangzhou Modern Financial Investment Asset Management Co., Ltd. | Chairman | |
| Notes to the position in other unit | None | | |

III. Changes in Directors, Supervisors and Senior Management Personnel of the Company

| Name | Position held | Situation of change | Reason of change |
|----------------|------------------------|---------------------|------------------|
| SHEN Bin | Shareholder Director | Demission | Work reason |
| REN Tong | Shareholder Director | Appointment | New appointment |
| GU Xian | Vice President | Appointment | New appointment |
| WU Dianjun | Vice President | Appointment | New appointment |
| ZHOU Kai | Vice President | Appointment | New appointment |
| XIANG Rong | Shareholder Supervisor | Appointment | New appointment |
| WU Bing | Employee Supervisor | Appointment | New appointment |
| ZHAO Chuanbiao | Shareholder Supervisor | Demission | Work reason |
| ZHOU Yanli | Shareholder Supervisor | Demission | Work reason |

IV. Information of Employees of Parent Company and Subsidiaries

(I) Information of employees

| Number of current employees of parent company | 15,116 | | | |
|--|------------------------------------|--|--|--|
| Number of current employees of main subsidiaries | 182 | | | |
| Total number of current employees | 15,298 | | | |
| Number of retired employees whose expenses shall be undertaken by parent company and main subsidiaries | 2,452 | | | |
| Professional composition | | | | |
| Category of professional composition | Number of professional composition | | | |
| Management personnel | 4,380 | | | |
| Marketing personnel | 5,159 | | | |
| Operating personnel | 5,578 | | | |
| Others | 181 | | | |
| Total | 15,298 | | | |
| | | | | |

| Educational background | | |
|-------------------------------------|-----------------|--|
| Category of educational background | Number (Person) | |
| Postgraduate | 2,276 | |
| University | 10,554 | |
| Junior college | 1,809 | |
| Technical secondary school or below | 659 | |
| Total | 15,298 | |

(II) Remuneration policy

In accordance with regulatory requirements, the Bank has formulated salary management measures, performance pay deferment management measures and other systems, and established a unified salary management structure and system across the Bank to comprehensively regulate salary management. Significant matters of remuneration management are determined by the general meeting of shareholders and the Board of Directors or decided by the Nomination and Remuneration Committee within the authorization of the Board of Directors, and related matters are reported to the competent authorities for approval and filing. The remuneration management of directors, supervisors and senior management personnel belonging to the scope of the heads of Jiangsu Province's provincially-managed financial enterprises is implemented in accordance with the relevant policies on the remuneration management of the heads of Jiangsu Province's provincially-managed financial enterprises, which consists of annual basic salary, annual performance salary and tenure incentive income linked to the tenure evaluation.

(III) Training plan

During the Reporting Period, the company (including its subsidiaries) actively conducted training for middle and senior management, young and middle-aged cadres, branch presidents, middle managers, business executives, account managers, tellers and new college students at all levels, holding 4,953 training sessions of all kinds throughout the year, with 254,002 participants; The average number of training hours per participant was 149.28, of which 106.43 hours per participant were offline and 42.85 hours per participant were online. The company continuously enrich mobile learning resources, 119.35 micro-learning courses per participant for employees were conducted during the year. In 2020, the company will explore the innovation of training, and strive to build a training system that is leading in the industry and matches the needs of business management.

(IV) Labor outsourcing

| Total hours of labor outsourcing | 11,173,005 hours |
|---|--------------------|
| Total remuneration paid for labor outsourcing | RMB 626.47 million |

BANK OF JIANGSU

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Section IX

Corporate Governance Report

Corporate Governance Report

I. Description of Relevant Situation of Corporate Governance

During the Reporting Period, the Company emphatically carried out systematic arrangement and revise of Articles of Association, equity right management and other systems according to the regulatory requirements and in combination with the actual situation of the Company. The Company continuously perfected the corporate governance framework composed of Shareholders' Meeting, the Board of Directors, the Board of Supervisors, and the management, having mutual separation space and mutual checks and balances in their processing of making decision, execution, and supervision. It established and completed the corporate governance operating mechanism in which every governance subject had clear border of responsibilities, its own functions, responsibilities and independent operation.

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

| II. Brief Introduction of Shareholders' Meetir | ng |
|--|----|
|--|----|

| Meeting session | Date of convening | Inquiry index of appointed website which resolutions published on | Date of resolutions on disclosure of publishing | |
|--|-------------------|--|---|--|
| The 1st interim Shareholders' Meeting of 2019 | January 11, 2019 | www.sse.com.cn | January 12, 2019 | |
| Shareholders' Meeting of 2018 | May 17, 2019 | www.sse.com.cn | May 20, 2019 | |
| The 2nd interim Shareholders' Meeting of 2019 | September 6, 2019 | www.sse.com.cn | September 7, 2019 | |
| The 3rd interim Shareholders' Meeting of 2019 | November 15, 2019 | www.sse.com.cn | November 16, 2019 | |

Notes to Shareholders' Meeting

During the Reporting Period, the Company convened 4 Shareholders' Meetings in total, which were convened by the Board of Directors, and at which, 25 proposals were deliberated and approved, including Annual Profit Distribution Arranged Plan of 2018 the Bank of Jiangsu Co. Ltd., Annual Work Report of the Board of Directors of 2018 of the Bank of Jiangsu Co. Ltd., Annual Financial Final Account of 2018 and Annual Financial Budget of 2019 of the Bank of Jiangsu Co. Ltd., Annual Related-party Transaction Report of 2018 of the Bank of Jiangsu Co. Ltd., Issuance of Write-down Eligible Tier 2 Capital Instruments, Issuance of Open-ended Capital Bonds, Election of Directors and Supervisors.

III. Performance of Duties by Directors

| | Indonesidant | Attendance in Board meetings | | | | | Attendance in Shareholders' Meetings | |
|------------------|-----------------------------------|---|-------------------------------------|--|-------------------------------------|---------------------|--|--|
| | Independent Director or not | Times of due attendance this year | Times of attendance in person | Times of attendance in communication mode | Times of delegated attendance | Times of absence | Fail to be present in person for successive 2 times or not | Times of attendance in Shareholders' Meetings |
| XIA Ping | No | 6 | 6 | 3 | 0 | 0 | No | 4 |
| JI Ming | No | 6 | 6 | 3 | 0 | 0 | No | 4 |
| GU Xian | No | 6 | 5 | 3 | 1 | 0 | No | 4 |
| WU Dianjun | No | 6 | 5 | 3 | 1 | 0 | No | 4 |
| HU Jun | No | 6 | 6 | 3 | 0 | 0 | No | 0 |
| SHAN Xiang | No | 6 | 6 | 3 | 0 | 0 | No | 1 |
| JIANG Jian | No | 6 | 5 | 3 | 1 | 0 | No | 0 |
| TANG Jingsong | No | 6 | 5 | 3 | 1 | 0 | No | 0 |
| DU Wenyi | No | 6 | 5 | 3 | 1 | 0 | No | 0 |
| REN Tong | No | 0 | 0 | 0 | 0 | 0 | No | 0 |
| LIU Yuhui | Yes | 6 | 6 | 3 | 0 | 0 | No | 0 |
| YAN Yan | Yes | 6 | 6 | 3 | 0 | 0 | No | 0 |
| YU Chen | Yes | 6 | 5 | 3 | 1 | 0 | No | 2 |
| YANG Tingdong | Yes | 6 | 5 | 3 | 1 | 0 | No | 0 |
| DING Xiaolin | Yes | 6 | 6 | 3 | 0 | 0 | No | 3 |

(I) Directors' attendance in Board meetings and Shareholder'Meetings

Note: The situation of fail to be present in person for successive 2 times does not exist.

| Times of board meetings held during the year | 6 |
|--|---|
| Including: Times of onsite meetings | 3 |
| Times of meetings held by means of communication | 3 |
| Times of meetings held on site combining with means of communication | 0 |

(II) Convening situation of the Board meetings

During the Reporting Period, the Board of Directors of the Company strictly complied with laws and regulations, regulatory requirements, and the Articles of Association of the Company, and strengthened its own construction, and steadily improved its operational efficiency and decision-making ability. The company standardized the convening of meetings, convened the Board meetings for 6 times in total, at which, 57 proposals including regular reports were deliberated, mainly includes the estimated amount of connected transactions, the issuance of capital bonds with no fixed maturity, the adjustment of the scheme of delegation of authority to the governor, the revision of management measures for connected transactions, regular reports on the Company's operation and management, comprehensive risk management, as well as notification of regulatory opinions. In 2019, the Company was awarded the Financial Sector China Listed Company Governance Practice Award and the China Listed Company Board of Directors "Golden Round Table Award" for Special Contribution to Corporate Governance, among other honorary titles.

(III) Convening situation of special committees of the Board

The Board of Directors of the Company consists of 6 special committees: the Strategy Committee, the Audit Committee, the Related Transaction Control Committee, the Risk Management Committee, the Nomination and Remuneration Committee and the Consumer Protection Committee. Among them, in the Audit Committee, the Related Transaction Control Committee and the Nomination and Remuneration Committee, the Independent Non-Executive Directors accounted for more than half of their members, and serve as their chairmen. During the Reporting Period, the special committees of the Board of Directors of the Company performed their duties as follows:

The Strategy Committee convened 2 meetings and considered 5 motions, including the annual work plan, strategic planning for business continuity management, and institutional development planning, and listened to the social responsibility report.

The Audit Committee convened 4 meetings and considered 17 motions, including the annual work plan, periodic reports, financial budgets, profit distribution plans, and the hiring of an accounting firm for 2019, and listened to internal control evaluation reports, parallel management work reports, and the financial controller's report.

The Related Transaction Control Committee convened 5 meetings and considered 9 motions, including the annual work plan, confirmation of the list of related parties, and revision of the related transaction management method, and listened to the report on the management of related transactions in 2018. The Related Transaction Control Committee reviewed the Bank's related party information and made corresponding comments and recommendations on strengthening the Bank's related party and related transaction management.

The Risk Management Committee convened 5 meetings and considered 15 motions, including the annual risk management strategy and the revision of the risk limit management approach, and listened to the internal capital adequacy assessment reports, comprehensive risk management reports, and regulatory opinion rectification reports. The Risk Management Committee pays regular attention to the risk status of the Bank and makes corresponding comments and recommendations on the control of the Bank's credit, market and operational risks.

The Nomination and Remuneration Committee convened 3 meetings and considered 10 motions, including the annual work plan, management of directors' remuneration, and nomination of directors, and listened to the report on performance evaluation of directors, the report on independent directors' performance, the report on remuneration management, and the special audit report on remuneration management, etc. The Nomination and Remuneration Committee made corresponding comments and recommendations to the Board of Directors on matters such as the optimization of remuneration incentives.

The Consumer Protection Committee convened 2 meetings and considered 3 motions, including the annual work plan, and heard reports on consumer rights protection work.

(IV) Work performance of Directors and Independent Directors

During the Reporting Period, all directors of the Company performed their duties in strict accordance with the laws and regulations, as well as the Articles of Association and the working system of independent directors, with prudence, conscientiousness, diligence and integrity, and gained an in-depth understanding of the Company's operation and management through listening to reports, investigation and research, study of materials and communication with various parties; Conscientiously participated in the various work affairs of the Board of Directors and the special committees, and if unable to attend in person, they were authorized to express their opinions and suggestions in accordance with the relevant regulations; Actively participated in various trainings held by the Shanghai Stock Exchange, Jiangsu Securities Regulatory Bureau, to continuously improve their ability to perform their duties, effectively perform their decision-making functions and safeguard the interests of all shareholders and the Company as a whole. All independent directors gave full play to their professional expertise and expressed their opinions independently, focusing on the management of the Company's connected transactions, external guarantees, use of proceeds, nomination and remuneration of senior management, results announcements, appointment of accounting firms, cash dividends and other returns to investors, fulfillment of commitments by the Company and its shareholders, implementation of information disclosure and internal control, and played an important role in promoting scientific decision-making by the Board of Directors and safeguarding the rights and interests of small and medium-sized shareholders.

IV. Performance of Duties by Supervisors

(I) Composition of the Board of Supervisors and attendance in meetings of the Board of Supervisors and Shareholders' Meetings

| Currentian | C.t.m.l | Attendance in meetings of the Board of Supervisors | | | | | Attendance in Shareholders' Meetings | |
|--|----------------------------------|--|-------------------------------------|--|-------------------------------------|---------------------|--|--|
| Name Sup | External Supervisor or not | Times of due attendance this year | Times of attendance in person | Times of attendance in communication mode | Times of delegated attendance | Times of absence | Fail to be present in person for successive 2 times or not | Times of attendance in Shareholders' Meetings |
| ZHU Qilong | No | 4 | 4 | 1 | 0 | 0 | No | 4 |
| DU Baoqi | Yes | 4 | 4 | 1 | 0 | 0 | No | 3 |
| TANG Xiaoqing | Yes | 4 | 4 | 1 | 0 | 0 | No | 2 |
| LI Xindan | Yes | 4 | 3 | 1 | 1 | 0 | No | 1 |
| YUAN Weijing | No | 4 | 3 | 1 | 1 | 0 | No | |
| XIANG Rong | No | 1 | 1 | 1 | 0 | 0 | No | - |
| WU Bing | No | 1 | 1 | 1 | 0 | 0 | No | 1 |
| CHEN Jian | No | 4 | 4 | 1 | 0 | 0 | No | 4 |
| XU Jing | No | 4 | 3 | 1 | 1 | 0 | No | |
| Times of meet | ings of the Bo | ard of Superv | /isors held d | luring the year | | | | 4 |
| Including: Times of onsite meetings | | | | | | 3 | | |
| Times of meetings held by means of communication | | | | | | 1 | | |
| | | | | | | | | |

Times of meetings held on site combining with means of communication

(II) Work performance of Supervisors and External Supervisors

During the Reporting Period, all Supervisors of the company actively attended various meetings and carefully deliberated all proposals, diligently performed legal duties. Those who could not attend the meetings in person performed the formalities for authorized entrustment according to the relevant provisions; earnestly carried out supervision and inspection activities to promote and perfect the corporate governance; continuously improved professional level, constantly enriched the duty performance modes and effectively maintained the overall interests of all shares and the company. The External Supervisor earnestly attended the meetings of the Board of Supervisors and the meetings of special committees, participated in the study and decision making of important matters of the meetings of the Board of Supervisors; actively attended the Board meetings as nonvoting delegates, attended the special research and inspection activities of the branches and subsidiaries organized and carried out by the Board of Supervisors to effectively bring their expertise into full play, actively offer advice and suggestions, diligently perform the duties of supervisors, and make active contribution to the effective performance of the supervisory duties of the Board of Supervisors.

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V. Establishment and Implementation of Evaluation System and Incentive Mechanism on Senior Management Personnel during the Reporting Period

Senior management personnel of the Company are directly responsible for the Board of Directors of the Company and accept the assessment conducted by the Board of Directors. During the Reporting Period, the 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 2019, 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 2019 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 Directors and evaluation opinions on senior management personnel

VI. Whether Disclose self-evaluation Report on Internal Control

The Company disclosed the full text of the self-evaluation report on internal control of 2019 on the website of the Shanghai Stock Exchange (www.sse.com.cn) on April 11, 2020.

VII. 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) on April 11, 2020.

VIII. Information Disclosure and Investor Relations

(I) Information disclosure

The Board of Directors and the management of the Company attached great importance to the information disclosure work and established and completed the systems, strengthened the examination and approval and other important links, and optimized the operating process strictly according to the relevant regulatory requirements and work practice of the company; and organized whole personnel to study and popularized the knowledge of information disclosure through online and offline modes to further enhance the compliance awareness, and ensure the truthfulness, accuracy and completeness of the information disclosed. During the Reporting Period, the Company totally disclosed 4 periodical reports, 51 temporary reports, and ranked Grade A in Evaluation and Assessment on Information Disclosure conducted by Shanghai Stock Exchange.

During the Reporting Period, information disclosure index of the Bank is as follows:

| Announcement No. | Title of announcement |
|-------------------|---|
| 2019-001 | Announcement of the Bank of Jiangsu on the Resolutions of 1st Interim Shareholders' Meeting of 2019 |
| 2019-002 | Announcement of the Bank of Jiangsu on Annual Preliminary Performance Estimate of 2018 |
| 2019-003 | Bank of Jiangsu: Announcement on the Resolutions of Board of Directors |
| 2019-004 | Announcement of the Bank of Jiangsu on Public Offering of Convertible Corporate Bonds for Offering |
| 2019-005 | Announcement of the Bank of Jiangsu on Public Offering of Convertible Corporate Bonds for Internet road show |
| 2019-006 | Summary of instructions of the Bank of Jiangsu on Public Offering of A-share Convertible Corporate Bonds for fund-raising |
| 2019-007 | Indicative Announcement of the Bank of Jiangsu on Public Offering of Convertible Corporate Bonds for Offering |
| 2019-008 | Results Announcement of the Bank of Jiangsu on Public Offering of Convertible Corporate Bonds for online winning rate and offline placement |
| 2019-009 | Bank of Jiangsu: Announcement on Increasing Holding Shares of the Company by Major Shareholders and Persons Acting in Concert |
| 2019-010 | Results Announcement of the Bank of Jiangsu on Public Offering of Convertible Corporate Bonds for online winning |
| 2019-011 | Results Announcement of the Bank of Jiangsu on Public Offering of Convertible Corporate Bonds for Offering |
| 2019-012 | Announcement of the Bank of Jiangsu on Public Offering of Convertible Corporate Bonds for Listing |
| 2019-013 | Announcement of the Bank of Jiangsu on the Signing of the Supervisory Agreement for the Storage of Proceeds from the Public Offering of A-share Convertible Corporate Bonds |
| Periodical report | Annual Report of the Bank of Jiangsu of 2018 |
| Periodical report | The 1st Quarterly Report of the Bank of Jiangsu of 2019 |
| 2019-014 | Bank of Jiangsu: Announcement on the Resolutions of Board of Directors |
| 2019-015 | Bank of Jiangsu: Announcement on the Resolutions of the Board of Supervisors |
| 2019-016 | Notice of the Bank of Jiangsu on Convening the Annual Shareholders' Meeting of 2018 |
| 2019-017 | Announcement of the Bank of Jiangsu on Annual Daily Related Transaction Estimate Limit of some related parties of 2019 |
| 2019-018 | Announcement of the Bank of Jiangsu on Holding Performance Presentation Meeting |
| 2019-019 | Announcement of the Bank of Jiangsu on Minutes of Annual Performance Presentation Meeting |
| 2019-020 | Announcement of the Bank of Jiangsu on the Resolutions of Annual Shareholders Meeting of 2018 |

| Announcement No. | Title of announcement |
|-------------------|--|
| 2019-021 | Bank of Jiangsu: Announcement on the Resolutions of Board of Directors |
| 2019-022 | Announcement of the Bank of Jiangsu on Approval of Revision of Articles of Association Obtained from the Regulatory Authority |
| 2019-023 | Announcement of the Bank of Jiangsu for 2019 tracking rating results of A-share Convertible Corporate Bonds |
| 2019-024 | Announcement of the Bank of Jiangsu on Implementation of Annual Equity Distribution of 2018 |
| 2019-025 | Announcement on the Adjustment of the Conversion Price of A-share Convertible Corporate Bonds under the 2018 Profit Distribution Plan |
| 2019-026 | The Semi-annual Performance Report of the Bank of Jiangsu of 2019 |
| 2019-027 | Announcement of the Bank of Jiangsu on lock-up of shares by major Shareholders |
| 2019-028 | Announcement of the Bank of Jiangsu on the Approval of Job Qualification of Senior Officer Obtained from the Regulatory Authority |
| 2019-029 | Announcement of the Bank of Jiangsu on Initial Public Offering of Restricted Sales Stock for Listing and Circulation |
| Periodical report | The Semi-annual Report of the Bank of Jiangsu of 2019 |
| 2019-030 | Bank of Jiangsu: Announcement on the Resolutions of Board of Directors |
| 2019-031 | Bank of Jiangsu: Announcement on the Resolutions of the Board of Supervisors |
| 2019-032 | Announcement of the Bank of Jiangsu on adjusting Annual Daily Related Transaction Estimate Limit of some related parties of 2019 |
| 2019-033 | Notice of the Bank of Jiangsu on Convening the 2nd Interim Shareholders Meeting of 2019 |
| 2019-034 | Bank of Jiangsu: Announcement on Resignation of Supervisor |
| 2019-035 | Bank of Jiangsu: Announcement on Increasing Holding Shares of the Company by Major Shareholders and Persons Acting in Concert |
| 2019-036 | Announcement of the Bank of Jiangsu on the Resolutions of 2nd Interim Shareholders' Meeting of 2019 |
| 2019-037 | Announcement of the Bank of Jiangsu on the Commencement of the Conversion of "Suyin Convertible Bond" to Shares |
| 2019-038 | Announcement of the Bank of Jiangsu on the Redemption of Tier 2 Capital Bonds |
| 2019-039 | Announcement of the Bank of Jiangsu on the completion of the 2019 Tier 2 Capital Bond issue |
| 2019-040 | Announcement of the Bank of Jiangsu on Convertible Bonds conversion results and changes in shares |
| 2019-041 | Announcement of the Bank of Jiangsu on resignation of Director |

| Announcement No. | Title of announcement |
|-------------------|---|
| 2019-042 | Bank of Jiangsu: Announcement on Resignation of Supervisor |
| Periodical report | The 3rd Quarterly Report of the Bank of Jiangsu of 2019 |
| 2019-043 | Bank of Jiangsu: Announcement on the Resolutions of Board of Directors |
| 2019-044 | Bank of Jiangsu: Announcement on the Resolutions of the Board of Supervisors |
| 2019-045 | Notice of the Bank of Jiangsu on Convening the 3rd Interim Shareholders Meeting of 2019 |
| 2019-046 | Announcement of the Bank of Jiangsu on Election of Employee Supervisor |
| 2019-047 | Announcement of the Bank of Jiangsu on the Resolutions of 3rd Interim Shareholders' Meeting of 2019 |
| 2019-048 | Announcement of the Bank of Jiangsu on the Implementation of Distribution of Preferred Share Dividends |
| 2019-049 | Announcement of the Bank of Jiangsu on the approval of the establishment of Suyin Wealth Management Co., Ltd. |
| 2019-050 | Bank of Jiangsu: Announcement on the Resolutions of Board of Directors |
| 2019-051 | Bank of Jiangsu: Announcement on the Resolutions of the Board of Supervisors |

(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 Reporting Period, the Bank held 1 annual performance presentation meeting, the management of the Bank introduce the operation situation and investment value of the Bank, and answered one by one the questions of key attention in the market. The Bank received foreign and domestic securities traders, funds, insurance, asset management and other institutions, and by combining online and offline methods, cumulatively went out on roadshows, received research and visited shareholders more than 60 times, and participating investors of more than 300 unit times. The company made communication with various investors for nearly 600 times by phone, mail, SSE e interactive platform and other channels.

Financial Report

I. AUDITORS' REPORT

See the attachment for details.

II. Financial Statements

See the attachment for details.

Section XI Contents of Documents Available for Reference

| Contents of Documents Available for Reference | Reserved copy of Annual Report bearing signatures of directors and senior management personnel of the Company |
|---|--|
| | The accounting statement containing the signatures and seals of the company's legal representative, the person in charge of accounting work, and the person in charge of the accounting organization |
| | 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 publicly disclosed on newspapers appointed by China Securities Regulatory Commission during the Reporting Period |
| | WE GI |

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

Date of submission approved by the Board of Directors: April 10, 2020

BANK OF JIANGSU

ANNUAL REPORT 2019

Section X

Financial Report



Bank of Jiangsu Company Limited

ENGLISH TRANSLATION OF FINANCIAL STATEMENTS FOR THE YEAR 1 JANUARY 2019 TO 31 DECEMBER 2019 IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION AND ITS ENGLISH TRANSLATION, THE CHINESE VERSION WILL PREVAIL

AUDITORS' REPORT



毕马威华振审字第 2001274 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 155, which comprise the consolidated and the Bank's balance sheet as at 31 December 2019, 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 2019, 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

on the external macro environment and the

Group's internal credit risk management

strategy, and the judgments in determining the loss given default or the assessment of

recoverable cash flows relating to individual

loans and financial investments measured

at amortised cost, where loans and financial

investments measured at amortised cost

were unsecured or were subject to potential

The Group classifies financial instruments

into three stages and recognises an

impairment allowance based on the

expected credit loss for the next 12 months or the entire lifetime of the financial asset,

depending on whether credit risk on

that financial instrument has increased significantly since initial recognition and

whether an asset is considered to be credit-

collateral shortfalls.

impaired respectively.

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.

Impairment of loans and financial investments measured at amortised cost

Refer to accounting policies in "Note 3.(7)(f) to the Financial Statements: Impairment of the Financial Assets" and "Note 3.(27)(a) to the Financial Statements: Significant accounting estimates and judgements" of the accounting policy to the financial statements, "Note 5.(8) to the Financial Statements: Loans and advances to customers" and "Note 5.(9).(b) Financial investments measured at amortised cost".

| The Key Audit Matter | How the matter was addressed in our audit |
|---|--|
| The Group has adopted IFRS 9 Financial Instruments ("IFRS 9") since 1 January 2019 and developed the expected credit loss | Our audit procedures to assess ECL for loans and advances to customers and financial investments at amortized cost included the following: |
| model. | • Understanding and evaluating the design and operating effectiveness of the key internal controls over financial reporting related to ECL measurement for loans and |
| Impairment of loans and financial investments measured at amortised cost | advances to customers and financial investment at amortized cost; |
| is a subjective area due to the degree of | - Understanding and evaluating the design and operating effectiveness of the |
| judgement applied by management in | key internal controls of the financial reporting process, including credit approval, |
| determining impairment allowances. From | recording, monitoring, periodic re-evaluation of credit grading, and the accrual of loss |
| the Group's perspective, the determination | allowance; in particular, we assessed the design and operating effectiveness of the |
| of the loss allowances is heavily dependent | key internal controls over financial reporting related to the classification of loans by |

credit quality across all stages and financial investment at amortized cost;
 Involving our information technology risk management specialists in understanding and evaluating the design and operating effectiveness of information system controls, including: general information technology control, completeness of key internal historical data, inter-system data transmission, mapping of parameters of ECL model, and system calculation logic of loss allowance for ECL for loans and

advances to customers and financial investments at amortized cost.

 Involving our financial risk management specialists in evaluating the reliability of ECL models and parameters used, including prudently evaluating classification of stages, probability of default, loss given default, exposure at default, discount rate, forwar adjustment and other adjustment factors, and evaluating the reasonableness of key management jugments involved;

• Evaluating the completeness and accuracy of key data used by the ECL models. For key internal data related to the original business files, we compared the respective amount of loans and advances to customers and financial investments at amortized cost used by the management to evaluate the loss allowances with the general ledger amounts, in order to assess the completeness of lists. Select samples and compare the information of the loans and advances to customers and financial investment at amortized cost with relevant agreements and other relevant documents to assess the accuracy of the lists. For key external data, we compared it with public information to check its accuracy;

Impairment of loans and financial investments measured at amortised cost

Refer to accounting policies in "Note 3.(7)(f) to the Financial Statements: Impairment of the Financial Assets" and "Note 3.(27)(a) to the Financial Statements: Significant accounting estimates and judgements" of the accounting policy to the financial statements, "Note 5.(8) to the Financial Statements: Loans and advances to customers" and "Note 5.(9).(b) Financial investments measured at amortised cost".

The Key Audit Matter

How the matter was addressed in our audit

The loss allowance for loans and advances to customers, other than those corporate loans and advances financial investments measured at amortised cost which are credit-impaired, is measured using the risk parameters method. The key parameters include probability of default (PD), loss given default (LGD) and exposure at default (EAD), which are derived from considerations including the historical overdue data, historical loss ratio, internal credit grading and other adjustment factors.

Loss allowances for the credit-impaired corporate loans and advances and financial investments measured at amortised cost are measured using the discounted cash flow method. Management exercises judgment in determining recoverable cash flow based on a range of factors. These factors include available remedies for recovery, the financial situation of the borrowers, collateral valuation, the seniority of the claim and the existence and cooperativeness of other creditors. Whilst the Group appoints an external appraiser 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 expected credit loss allowances at the end of the Reporting Period.

We identified the loss allowance for expected credit losses as a key audit matter because of the inherent uncertainty and management judgments involved, and because the loss allowance is significant to the financial results and capital of the Group. • Evaluating key parameters involving subjective judgments by seeking evidence from external sources and comparing it with internal records including historical loss scenarios and security types. As part of these procedures, we inquired management about the reasons for modifictions of key estimates and parameters input relative to the previous period and the transition period, and assessed the consistency of judgement used by management.We compared economic factors and market information used in the model to evaluate whether it was consistent with the market and economic development.

• For key internal data which was generated by the system calculation, we selected samples and compared the input data used in the system with the original business files to evaluate the accuracy of the data input. In addition, involving our information technology risk management specialists, we selected samples and tested the logic of preparing overdue information of loans and advances to customers;

 Selecting samples to assess the reasonableness of management judgement on whether the credit risk has increased significantly since initial recognition and whether credit impairment has occurred. Selecting samples for credit review based on risk-oriented methods. We analysed the loans and advances to customers, financial investments at amortized cost, financial guarantees and loan commitments by industry sector to select samples in industried sensitive to the current business cycle and regulatory policies; We also focused on loans with perceived higher risk and selected samples from credit impaired corporate loans and advances, credit impaired financial investments at amortized cost, overdue but credit unimpaired corporate loans and and borrowers with negative warning signs or adverse press coverage. On the basis of sample selection, we reviewed the business documents, checked the overdue information, inquired customer managers about about the operation conditions of borrowers, checked the financial information of the borrower and searched for market information about the borrower's business and operation.

 Performing credit assessments for the selected credit impaired corporate loans and advances and financial investments measured at amortised cost by assessing the forecast of recoverable cash flows through inquiry, applying judgment 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.

- Selecting samples and reviewing the calculation of ECL to assess the application of ECL model by the Group;
- Evaluating whether the disclosures relating to ECL meet the disclosure requirements of the prevailing accounting standards.

Consolidation of structured entities

Refer to "Note 3.(4): Consolidated financial statements" and "Note 3.(27)(b): 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 | Our audit procedures to assess the consolidation of structured entities included the following: |
| activities. | • Learning and assessing the design, implementation and operating effectiveness of key internal controls over consolidation of structured entities; |
| 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 | • Selecting samples on significant structured entities and performing the following procedures for each structured entity selected: |
| management plan, an investment fund or an asset-backed security. | 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 |
| In determining whether the Group should consolidate a structured entity, management is required to consider the | and to assess management's judgement over whether the Group has the ability to exercise power over the structured entity; |
| 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 | 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; |
| to be considered collectively in the overall substance of the transactions. | — 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 |
| We identified the consolidation of structured entities as a key audit matter because of the complex nature of certain | judgement over the Group's ability to influence its own returns from the structured entity; |
| of these structured entities and because of the judgement exercised by management in the qualitative assessment of the terms and | Assessing management's judgement over whether the structured entity should be consolidated or not; |
| nature of each entity. | • 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; |

Adjustments and disclosures in relation to transition to the new financial instruments standards

Refer to the accounting policies in following notes to the Financial Statements: Note 3.(28): Significant change in accounting policies.

as a key audit matter, because of the of key management jugments involved;

complexity of the transition process which involved changes in internal controls of

the financial reporting process, accounting

treatments, and application of new system

data; also, management judgment was

applied.

| The Key Audit Matter | How the matter was addressed in our audit | | | |
|---|---|--|--|--|
| The Group has applied the new financial instruments standards since 1 January 2019. | Our audit procedures relating to the transition to the new financial instruments standards included the following: | | | |
| The new financial instruments standards revised the requirements for the classification and measurement of financial instruments previously adopted, and | • Assessing the key internal controls of the financial reporting process related to the transition to the new financial instruments standards, including internal control processes related to the selection and approval of accounting policy and expected credit loss model methodology, and information system related controls; | | | |
| requires the loss allowance of expected credit losses to be recognised for relevant financial assets, loan commitments and financial guarantees. The Group is required to make retrospective adjustments on | • Assessing the accuracy of the classification of financial instruments, including obtaining a list of financial instruments classified by management as at 1 January 2019, selecting samples to check the contractual cash flow terms, and understanding and evaluating the business model of the relevant financial instrument portfolio; | | | |
| the classification and measurement, the loss allowance of financial instruments in accordance with the requirements of the new financial instruments standards. | • Evaluating the valuation method of financial assets and the key parameters used for financial assets that are measured at fair value due to changes in classification and measurement, and selecting samples to independently verify their fair value; | | | |
| We identified the adjustments and disclosures in relation to the transition to the new financial instruments standards | • Involving our financial risk management specialists in evaluating the reliability of ECL models and parameters used, including prudently evaluating classification of stages, probability of default, loss given default, exposure at default, discount rate, forwar adjustment and other adjustment factors, and evaluating the reasonableness | | | |

• Obtaining journal entries relating to adjustments made on transition to the new financial instruments standards and comparing it with the list of classification, valuation, expected credit loss of financial instruments as at 1 January 2019, to assess the completeness and accuracy of adjustment journals, and compliance with the prevailing accounting standards;

 Selecting samples to recalculate the book value of relevant financial instruments after the transition to the new financial instruments standards, and evaluate the accuracy of beginning book value after the transition to the new financial instruments standards; and

• Assessing whether the relevant disclosures in relation to transition to the new financial instruments standards at 1 January 2019 were in compliance with 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 2018 annual report, other than the consolidated financial statements and our auditor's report thereon.

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.



Certified Public Accountants Registered in the People's Republic of China



Shi Haiyun (Engagement Partner)

·7 120



Beijing, China

10 April 2020

Wang Yang

Bank of Jiangsu Compar Consolidated and the Bank's balance sheet a 31 December 2019 (Expressed in thousands of Renminity, unless otherwise stated

| | | The | roup | The I | Bank |
|---|-------|------------------|------------------|------------------|------------------|
| | Note | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| Assets | | | | | |
| Cash and deposits with central bank | 5(1) | 132,252,100 | 143,645,706 | 132,186,194 | 143,583,722 |
| Deposits with banks and other financial institutions | 5(2) | 33,103,578 | 24,100,785 | 32,872,265 | 23,674,208 |
| Placements with banks and other financial Institutions | 5(3) | 32,914,906 | 22,189,135 | 36,670,434 | 27,789,135 |
| Financial assets at fair value through profit or loss | 5(4) | N/A | 15,061,645 | N/A | 15,061,645 |
| Derivative financial assets | 5(5) | 1,827,159 | 3,711,050 | 1,827,159 | 3,711,050 |
| Financial assets held under resale agreements | 5(6) | 6,159,533 | 8,485,985 | 5,035,562 | 8,485,985 |
| Interests receivable | 5(7) | N/A | 9,899,714 | N/A | 9,509,070 |
| Loans and advances to customers | 5(8) | 1,010,901,288 | 863,977,517 | 1,009,693,836 | 862,947,138 |
| Financial investments: | 5(9) | | | | |
| Financial investments measured at fair value through profit or loss | | 229,755,366 | N/A | 229,510,772 | N/A |
| Financial investments measured at amortised cost | | 476,973,498 | N/A | 477,038,147 | N/A |
| Financial investments measured at fair value through other comprehensive income | | 76,082,306 | N/A | 76,082,306 | N/A |
| Financial investments designated at fair value through other comprehensive income | | 137,676 | N/A | 137,676 | N/A |
| Available-for-sale financial assets | 5(10) | N/A | 334,771,654 | N/A | 334,971,654 |
| Held-to-maturity investments | 5(11) | N/A | 214,513,444 | N/A | 213,841,105 |
| vestment securities classified as receivables | 5(12) | N/A | 233,467,356 | N/A | 233,556,523 |
| Long-term receivables | 5(13) | 47,874,891 | 37,668,451 | - | - |
| Long-term equity investments | 5(14) | - | - | 2,533,800 | 2,033,800 |
| Fixed assets | 5(15) | 5,327,040 | 5,454,559 | 5,246,994 | 5,383,515 |
| Intangible assets | 5(16) | 635,588 | 622,162 | 631,290 | 619,121 |
| Deferred tax assets | 5(17) | 8,861,428 | 5,221,180 | 8,567,559 | 5,072,433 |
| Other assets | 5(18) | 2,252,030 | 3,032,871 | 2,107,143 | 2,863,280 |
| Total assets | | 2,065,058,387 | 1,925,823,214 | 2,020,141,137 | 1,893,103,384 |
| | | | | | |











Luo Feng

Legal Representative

The person in charge of accounting affairs

The head of the accounting department

The notes on pages 143 to 259 form part of these financial statements.

ANNUAL REPORT 2019

Bank of Jiangsu Company Em Consolidated and the Bank's balance sheet as at 31 December 2019 (continued) (Expressed in thousands of Renminbi, un less otherwise stated)

| | | The C | Group | The Bank | | | | |
|--|-------|------------------|------------------|------------------|------------------|--|--|--|
| Liabilities and shareholders' equity | Note | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 | | | |
| Liabilities | | | | | | | | |
| Borrowings from central bank | | 123,517,336 | 110,446,000 | 123,517,336 | 110,276,000 | | | |
| Deposits from banks and other financial institutions | 5(20) | 136,782,794 | 150,911,002 | 136,820,771 | 151,205,090 | | | |
| Borrowings from banks and other financial institutions | 5(21) | 41,215,852 | 30,304,402 | 12,368,492 | 8,949,402 | | | |
| Derivative financial liabilities | 5(5) | 1,763,479 | 4,047,070 | 1,763,479 | 4,047,070 | | | |
| Financial assets sold under repurchase agreements | 5(22) | 39,434,273 | 39,561,049 | 38,879,263 | 38,785,862 | | | |
| Deposits from customers | 5(23) | 1,205,562,442 | 1,093,327,642 | 1,204,809,619 | 1,092,710,439 | | | |
| Employee benefits payable | 5(24) | 5,461,019 | 5,227,796 | 5,404,989 | 5,172,767 | | | |
| Taxes payable | 5(25) | 3,701,526 | 2,394,732 | 3,453,936 | 2,239,164 | | | |
| Interests payable | 5(26) | N/A | 23,252,742 | N/A | 22,865,971 | | | |
| Provision | 5(27) | 589,761 | 63,891 | 589,717 | 63,891 | | | |
| Debt securities issued | 5(28) | 360,021,324 | 332,774,490 | 357,483,073 | 330,526,821 | | | |
| Other liabilities | 5(29) | 10,572,660 | 9,007,472 | 3,508,191 | 4,319,250 | | | |
| Total liabilities | | 1,928,622,466 | 1,801,318,288 | 1,888,598,866 | 1,771,161,727 | | | |
| Equity | | | | | | | | |
| Share capital | 5(30) | 11,544,500 | 11,544,450 | 11,544,500 | 11,544,450 | | | |
| Other equity instruments | 5(31) | 22,765,734 | 19,977,830 | 22,765,734 | 19,977,830 | | | |
| Capital reserve | 5(32) | 16,152,196 | 16,075,278 | 16,072,416 | 16,072,078 | | | |
| Other comprehensive income | 5(33) | 1,644,851 | 578,161 | 1,644,851 | 578,161 | | | |
| Surplus reserve | 5(34) | 17,034,028 | 14,475,708 | 17,034,028 | 14,475,708 | | | |
| General reserve | 5(35) | 28,385,510 | 25,376,162 | 27,754,420 | 24,903,706 | | | |
| Retained earnings | 5(36) | 35,265,566 | 34,596,885 | 34,726,322 | 34,389,724 | | | |
| Total equity attributable to shareholders of the Bank | | 132,792,385 | 122,624,474 | 131,542,271 | 121,941,657 | | | |
| Non-controlling interests | | 3,643,536 | 1,880,452 | | | | | |
| Total shareholders' equity | | 136,435,921 | 124,504,926 | 131,542,271 | 121,941,657 | | | |
| Total liabilities and shareholders' equity | | 2,065,058,387 | 1,925,823,214 | 2,020,141,137 | 1,893,103,384 | | | |

These financial statements were approved by the Board of Directors of the Bank on 10 April 2019.



Legal Representative







Ji Ming

The person in charge of accounting affairs

The head of the accounting department

The notes on pages 143 to 259 form part of these financial statements.



| | | TI (| | The Bank | | | |
|---------------------------------------|-------|--------------|--------------|--------------|--------------|--|--|
| | | | Group | | | | |
| | Note | 2019 | 2018 | 2019 | 2018 | | |
| Interest income | | 81,362,075 | 81,752,666 | 78,360,780 | 79,750,423 | | |
| Interest expenses | | (55,825,418) | (56,305,759) | (54,492,405) | (55,052,403) | | |
| Net interest income | 5(37) | 25,536,657 | 25,446,907 | 23,868,375 | 24,698,020 | | |
| Fee and commission income | | 6,294,589 | 5,462,518 | 5,845,727 | 5,078,719 | | |
| Fee and commission expenses | | (271,675) | (240,226) | (248,792) | (218,702) | | |
| Net fee and commission income | 5(38) | 6,022,914 | 5,222,292 | 5,596,935 | 4,860,017 | | |
| Other income | | 131,133 | 154,275 | 129,887 | 148,443 | | |
| Investment income | 5(39) | 12,971,956 | 3,833,811 | 12,971,021 | 3,833,811 | | |
| Net losses from changes in fair value | 5(40) | (183,011) | (163,878) | (189,099) | (163,878) | | |
| Net foreign exchange gains | | 342,602 | 610,281 | 342,602 | 610,281 | | |
| Other operating income | | 49,629 | 17,791 | 21,960 | 18,222 | | |
| Gains from asset disposals | | 102,134 | 102,509 | 102,049 | 102,509 | | |
| Operating income | | 44,974,014 | 35,223,988 | 42,843,730 | 34,107,425 | | |
| Taxes and surcharges | | (526,780) | (441,082) | (513,048) | (430,256) | | |
| General and administrative expenses | 5(41) | (11,530,571) | (10,103,863) | (11,406,903) | (9,999,760) | | |
| Impairment losses on credit | 5(42) | (17,215,920) | N/A | (16,348,001) | N/A | | |
| Impairment losses on assets | 5(43) | N/A | (10,260,267) | N/A | (9,888,000) | | |
| Other operating expenses | | (21,913) | (1,944) | (10,623) | (1,943) | | |
| Operating expenses | | (29,295,184) | (20,807,156) | (28,278,575) | (20,319,959) | | |
| Operating profit | | 15,678,830 | 14,416,832 | 14,565,155 | 13,787,466 | | |
| Add: Non-operating income | | 19,393 | 7,874 | 19,372 | 7,853 | | |
| Less: Non-operating expenses | | (82,737) | (157,305) | (82,287) | (157,305) | | |
| Profit before income tax | | 15,615,486 | 14,267,401 | 14,502,240 | 13,638,014 | | |
| Less: Income tax expenses | 5(44) | (655,707) | (1,004,893) | (375,394) | (846,415) | | |
| Net profit for the year | | 14,959,779 | 13,262,508 | 14,126,846 | 12,791,599 | | |









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Legal Representative

The person in charge of accounting affairs

The head of the accounting department

The notes on pages 143 to 259 form part of these financial statements.

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| | | The C | Group | The Bank | |
|--|-------|------------|------------|------------|------------|
| | Note | 2019 | 2018 | 2019 | 2018 |
| Net profit for the year | | 14,959,779 | 13,262,508 | 14,126,846 | 12,791,599 |
| Attributable to: | | | | | |
| Shareholders of the Bank | | 14,618,609 | 13,064,935 | 14,126,846 | 12,791,599 |
| Non-controlling interests | | 341,170 | 197,573 | - | - |
| Other comprehensive income, net of tax | 5(33) | (866,656) | 1,532,636 | (866,656) | 1,532,636 |
| Other comprehensive income (net of tax) attributable to shareholders of the Bank | | (866,656) | 1,532,636 | (866,656) | 1,532,636 |
| Items that may not be reclassified to profit or loss: | | | | | |
| Changes in fair value of inancial investments designated at FVOCI | | 8,970 | N/A | 8,970 | N/A |
| Items that may be reclassified to profit or loss | | | | | |
| Changes in fair value of financial investments measured at FVOCI | | (947,457) | N/A | (947,457) | N/A |
| Gains or losses arising from change in fair value of available-for- sale financial assets | | N/A | 1,532,636 | N/A | 1,532,636 |
| Credit losses of financial investments measured at FVOCI | | 71,831 | N/A | 71,831 | N/A |
| Other comprehensive income (net of tax) attributable to non- controlling interests | | | | | |
| Total comprehensive income for the year | | 14,093,123 | 14,795,144 | 13,260,190 | 14,324,235 |

These financial statements were approved by the Board of Directors of the Bank on 10 April 2019.









Luo Feng

Legal Representative

Xia Ping

The person in charge of accounting affairs

The head of the accounting department

The notes on pages 143 to 259 form part of these financial statements.

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| | | The Group | | The Bank | | |
|---|-------|-----------------------|-----------------------|------------|------------|--|
| | Note | 2019 | 2018 | 2019 | 2018 | |
| Total comprehensive income for the year | | 14,093,123 | 14,795,144 | 13,260,190 | 14,324,235 | |
| Attributable to: Shareholders of the Bank Non-controlling interests | | 13,751,953 341,170 | 14,597,571 197,573 | | | |
| Earnings per share Basic earnings per share (RMB yuan) | 5(45) | 1.18 | 1.04 | | | |
| Diluted earnings per share (RMB yuan) | 5(45) | 1.04 | 1.04 | | | |

These financial statements were approved by the Board of Directors of the Bank on 10 April 2019.



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The head of the accounting department

The notes on pages 143 to 259 form part of these financial statements.



| | | The Group | | The Bank | |
|--|-----------|---------------|---------------|---------------|---------------|
| | Note | 2019 | 2018 | 2019 | 2018 |
| Cash flows from operating activities: | | | | | |
| Net decrease in deposits with central bank, banks and other financial institutions | | 2,764,950 | 33,531,916 | 2,857,059 | 32,962,155 |
| Net increase in borrowings from central bank | | 11,540,000 | 45,886,000 | 11,710,000 | 45,776,000 |
| Net increase in deposits from customers, banks and other financial institutions | | 76,532,953 | 8,343,412 | 76,154,812 | 8,559,923 |
| Net increase in placements from banks and other financial institutions | | 4,414,790 | - | - | - |
| Interest, fee and commission receipts | | 77,949,458 | 56,703,073 | 73,185,132 | 55,382,285 |
| Proceeds from other operating activities | | 1,436,887 | 1,451,195 | 218,316 | 355,684 |
| Sub-total of cash inflows | | 174,639,038 | 145,915,596 | 164,125,319 | 143,036,047 |
| Net increase in loans and advances to customers | | (155,046,997) | (145,504,008) | (154,855,951) | (145,412,856) |
| Net decrease in borrowings from banks and other financial institutions Net increase in financial assets held for trading | | - | (28,975,414) | (2,152,090) | (29,894,946) |
| purpose | | (8,177,456) | N/A | (8,177,456) | N/A |
| Interest, fee and commission payments | | (41,699,522) | (39,351,437) | (40,500,085) | (38,115,635) |
| Payment to and for employees | | (7,613,218) | (6,390,241) | (7,528,598) | (6,320,921) |
| Payment of various taxes | | (5,962,459) | (5,142,912) | (5,582,228) | (5,021,834) |
| Payment for other operating activities | | (14,097,153) | (12,599,992) | (3,343,988) | (5,169,653) |
| Sub-total of cash outflows | | (232,596,805) | (237,964,004) | (222,140,396) | (229,935,845) |
| Net cash inflows from operating activities | 5(46) (a) | (57,957,767) | (92,048,408) | (58,015,077) | (86,899,798) |





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The head of the accounting department

The notes on pages 143 to 259 form part of these financial statements.



| | | The G | roup | The Bank | | |
|---|------|-----------------|-----------------|-----------------|-----------------|--|
| | Note | 2019 | 2018 | 2019 | 2018 | |
| Cash flows from investing activities: | | | | | | |
| Proceeds from disposal of investments | | 3,468,677,015 | 1,607,004,458 | 3,468,501,084 | 1,606,356,558 | |
| Investments returns received | | 24,168,542 | 36,591,168 | 24,153,935 | 36,593,399 | |
| Proceeds from other investing activities | | 239,187 | 159,207 | 239,084 | 159,207 | |
| Sub-total of cash inflows | | 3,493,084,744 | 1,643,754,833 | 3,492,894,103 | 1,643,109,164 | |
| Payment for acquisition of investments | | (3,443,599,234) | (1,649,974,960) | (3,443,599,234) | (1,648,485,960) | |
| Payment for establishment of a subsidiary | | - | - | (500,000) | - | |
| Payment for acquisition of fixed assets, intangible assets and other long-term assets | | (701,857) | (593,870) | (677,519) | (520,987) | |
| Sub-total of cash outflows | | (3,444,301,091) | (1,650,568,830) | (3,444,776,753) | (1,649,006,947) | |
| Net cash outflows from investing activities | | 48,783,653 | (6,813,997) | 48,117,350 | (5,897,783) | |
| Cash flows from financing activities: | | | | | | |
| Proceeds from establishment of a subsidiary | | 1,500,000 | - | - | - | |
| Proceeds from issuance of debt securities | | 535,899,776 | 483,398,176 | 535,649,776 | 481,150,810 | |
| Sub-total of cash inflows | | 537,399,776 | 483,398,176 | 535,649,776 | 481,150,810 | |
| Repayment of debt securities | | (516,510,000) | (389,491,911) | (516,510,000) | (389,491,911) | |
| Payment for dividends, profits distributions or interest | | (8,194,445) | (9,952,772) | (8,087,459) | (9,952,772) | |
| Sub-total of cash outflows | | (524,704,445) | (399,444,683) | (524,597,459) | (399,444,683) | |
| Net cash inflows from financing activities | | 12,695,331 | 83,953,493 | 11,052,317 | 81,706,127 | |

These financial statements were approved by the Board of Directors of the Bank on 10 April 2019.



Luo Feng

Legal Representative

Xia Ping

The person in charge of accounting affairs

The head of the accounting department

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Bank of Jiangsu Company Limite Consolidated and the Bank's cash flow statem for the year ended 31 December 2019 (continued) (Expressed in thousands of Renminbi, unless otherwise stated)

| | | The Group | | The Bank | |
|--|----------|------------|--------------|------------|--------------|
| | Note | 2019 | 2018 | 2019 | 2018 |
| Effect of foreign exchange rate changes on cash and cash equivalents | | 126,936 | 463,343 | 126,936 | 463,343 |
| Net decrease in cash and cash equivalents | 5(46)(b) | 3,648,153 | (14,445,569) | 1,281,526 | (10,628,111) |
| Add: Cash and cash equivalents at the beginning of the year | _ | 47,735,785 | 62,181,354 | 52,537,223 | 63,165,334 |
| Cash and cash equivalents at the end of the year | 5(46)(c) | 51,383,938 | 47,735,785 | 53,818,749 | 52,537,223 |

These financial statements were approved by the Board of Directors of the Bank on 10 April 2019.





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Luo Feng

The head of the accounting department

Legal Representative

Xia Ping

The person in charge of accounting affairs

The notes on pages 143 to 259 form part of these financial statements.

Bank of Jiangsu Company Limited Consolidated statement of changes in shareholders for the year ended 31 December 2019 (Expressed in thousands of Renminbi, unless otherwise taxes

| | Note | | | Attrik | Attributable to shareholders of the Bank | ers of the Bank | | C. A. C. | | | |
|---|------------|------------------|-----------------------------|-----------------|--|--------------------|--------------------|--|----------------------------|----------------------------------|----------------------------|
| | | Share capital | Other equity instruments | Capital reserve | Other comprehensive income | Surplus reserve | General reserve | Retained earnings | Sub-total | Non- controlling interests | Total |
| Balance at 31 December 2018 Changes in Accounting Policy | | 11,544,450 | 19,977,830 | 16,075,278 | 578,161 1,933,346 | 14,475,708 | 25,376,162 | 34,596,885 (3,417,147) | 122,624,474 (1,483,801) | 1,880,452 (1,506) | 124,504,926 (1,485,307) |
| Balance at 1 January 2019 | | 11,544,450 | 19,977,830 | 16,075,278 | 2,511,507 | 14,475,708 | 25,376,162 | 31,179,738 | 121,140,673 | 1,878,946 | 123,019,619 |
| Changes in equity during the year 1. Total comprehensive income | | | | | (866,656) | | 1 | 14,618,609 | 13,751,953 | 341,170 | 14,093,123 |
| Capital injection by other equity instruments holders | | 1 | 2,787,957 | | | | | I | 2,787,957 | | 2,787,957 |
| 3. Convertible bonds conversion | 5(28),(32) | 50 | (53) | 338 | | | | | 335 | | 335 |
| Capital injection by non-controlling shareholders | 5(32) | 1 | I | 76,580 | ı | 1 | , | I | 76,580 | 1,423,420 | 1,500,000 |
| 5. Appropriation of profits | | | | | | | | | | | |
| (1) Appropriation for surplus reserve | 5(34) | 1 | 1 | I | | 2,558,320 | ' | (2,558,320) | | 1 | ı |
| (2) Appropriation for general reserve | 5(35) | 1 | 1 | I | | ' | 3,009,348 | (3,009,348) | | 1 | I |
| (3) Ordinary share dividend distribution | 5(36) | | 1 | I | | | | (3,925,113) | (3,925,113) | | (3,925,113) |
| (4) Preference share dividend distribution | 5(36) | | | | | | | (1,040,000) | (1,040,000) | | (1,040,000) |
| Balance at 31 December 2019 | | 11,544,500 | 22,765,734 | 16,152,196 | 1,644,851 | 17,034,028 | 28,385,510 | 35,265,566 | 132,792,385 | 3,643,536 | 136,435,921 |

These financial statements were approved by the Board of Directors of the Bank on 10 April 2019.



The notes on pages 143 to 259 form part of these financial statements.

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| Bank of Jiangsu Company Limited Consolidated statement of changes in shareholders' equity continued for the year ended 31 December 2018 (Expressed in thousands of Renminbi, unless otherwise stated | Note Attributable to shareholders of the Bank | Share Other equity Capital Other Surplus General Retained Sub-total Non- capital instruments reserve reserve reserve earnings Sub-total controlling Total interests | 11,544,450 19,977,830 16,075,278 (954,475) 12,143,682 22,969,534 29,388,605 111,144,904 1,682,879 112,827,783 | | 1,532,636 13,064,935 14,597,571 197,573 14,795,144 | | 5(32) 2,332,026 - (2,332,026) | 5(33) | 5(34) (2,078,001) (2,078,001) - (2,078,001) | 5(34) (1,040,000) (1,040,000) - (1,040,000) | 11,544,450 19,977,830 16,075,278 578,161 14,475,708 25,376,162 34,596,885 122,624,474 1,880,452 124,504,926 |
|---|---|--|---|-----------------------------------|--|-----------------------------|---------------------------------------|---------------------------------------|---|---|---|
| Bank of Jia tatement of ch for the year e sssed in thousands | | | | | 1 | | 1 | 1 | | | II I |
| nsolidated s | Note | | 11 | | | | 5(32) | 5(33) | 5(34) | 5(34) | == |
| Ō | | | Balance at 1 January 2018 | Changes in equity during the year | 1. Total comprehensive income | 2. Appropriation of profits | (1) Appropriation for surplus reserve | (2) Appropriation for general reserve | (3) Ordinary share dividend distribution | (4) Preference share dividend distribution | Balance at 31 December 2018 |

These financial statements were approved by the Board of Directors of the Bank on 10 April 2019.



Xia Ping

Legal Representative

The person in charge of accounting affairs

Luo Feng

The head of the accounting department

The notes on pages 143 to 259 form part of these financial statements.

Bank of Jiangsu Company Linvited Statement of changes in sharehotders' equity for the year ended 31 Decention 2019 (Expressed in thousands of Renminbi, unlass otherwise stated)

| | Note | Share capital | Other equity instruments | Capital reserve | comprehensive income | Surplus reserve | General reserve | Retained earnings | Total |
|---|------------|---------------|-----------------------------|-----------------|-------------------------|-----------------|-----------------|---------------------------|----------------------------|
| Balance at 31 December 2018 Changes in Accounting Policy | | 11,544,450 | 19,977,830 | 16,072,078 | 578,161 1,933,346 | 14,475,708 | 24,903,706 | 34,389,724 (3,416,101) | 121,941,657 (1,482,755) |
| Balance at 1 January 2019 | | 11,544,450 | 19,977,830 | 16,072,078 | 2,511,507 | 14,475,708 | 24,903,706 | 30,973,623 | 120,458,902 |
| Changes in equity during the year 1. Total comprehensive income | | | | | (866,656) | | | 14,126,846 | 13,260,190 |
| Capital injection by other equity instruments holders | | | 2,787,957 | 1 | I | I | 1 | | 2,787,957 |
| 3. Convertible bonds conversion | 5(28),(32) | 50 | (53) | 338 | | | | 1 | 335 |
| 4. Appropriation of profits | | | | | | | | | |
| (1) Appropriation for surplus reserve | 5(34) | | | 1 | | 2,558,320 | | (2,558,320) | |
| (2) Appropriation for general reserve | 5(35) | | 1 | 1 | | | 2,850,714 | (2,850,714) | |
| (3) Ordinary share dividend distribution | 5(36) | | 1 | 1 | | | | (3,925,113) | (3,925,113) |
| (4) Preference share dividend distribution | 5(36) | | | | | | | (1,040,000) | (1,040,000) |
| III. Balance at 31 December 2019 | | 11,544,500 | 22,765,734 | 16,072,416 | 1,644,851 | 17,034,028 | 27,754,420 | 34,726,322 | 131,542,271 |
| | | | | | | | | | |

These financial statements were approved by the Board of Directors of the Bank on 10 April 2019.

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The notes on pages 143 to 259 form part of these financial statements.

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| | | Bank of Jiangsu Company Dmite Statement of changes in shareholders equit for the year ended 31 December 2 (Expressed in thousands of Renminbi, unless otherwis | nk of Jiangs changes in s he year end in thousands of | Bank of Jiangsu Company Limited nent of changes in shareholders' equitytenti for the year ended 31 December 2018 (Expressed in thousands of Renminbi, unless otherwise stated) | Dimited Equitive otherwise state | The dealer with the | | Retained | |
|---|-------|---|--|---|--|---------------------|-----------------|-------------|-------------|
| | Note | Share capital | instruments | Capital reserve | comprehensive income | Surplus reserve | General reserve | earnings | Total |
| Balance at 1 January 2018 | | 11,544,450 | 19,977,830 | 16,072,078 | (954,475) | 12,143,682 | 22,733,660 | 29,218,198 | 110,735,423 |
| Changes in equity during the year 1. Total comprehensive income | | | , | , | 1,532,636 | | | 12,791,599 | 14,324,235 |
| Appropriation of profits Appropriation for surplus reserve | 5(32) | | | | | 2,332,026 | | (2,332,026) | |
| (2) Appropriation for general reserve | 5(33) | ı | I | 1 | | | 2,170,046 | (2,170,046) | 1 |
| (3) Ordinary share dividend distribution | 5(34) | 1 | I | 1 | I | I | | (2,078,001) | (2,078,001) |
| (4) Preference share dividend distribution | 5(34) | | | | | | | (1,040,000) | (1,040,000) |
| Balance at 31 December 2018 | | 11,544,450 | 19,977,830 | 16,072,078 | 578,161 | 14,475,708 | 24,903,706 | 34,389,724 | 121,941,657 |

These financial statements were approved by the Board of Directors of the Bank on 10 April 2019.



The notes on pages 143 to 259 form part of these financial statements.

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 ("CBRC") 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, financial leasing and other financial services.

2. Basis of preparation

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

The Group has implemented the Accounting Standards for Business Enterprises No. 22: recognition and measurement of financial instruments and other new financial instrument standards revised by the Ministry of Finance (MOF) of the People's Republic of China (PRC) in 2017 since January 1, 2019 (see Note 3.(28)(a)).

The Group has not yet adopted the revised "Accounting Standard for Business Enterprises No. 14 – Revenue" and "Accounting Standard for Business Enterprises No. 21 – Leases" issued by the Ministry of Finance ("MOF") of the People's Republic of China in 2017 and 2018 respectively.

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 ("CAS") 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 2018, 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 year of the Group 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. Intragroup 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 financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Recognition and initial 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.

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.

(b) Classification and subsequent measurement of financial assets

(i) Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income ("FVOCI"), or at fair value through profit or loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. The instrument meets the definition of equity from the perspective of the issuer.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial

recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(ii) Subsequent measurement of financial assets

Financial assets measured at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

Debt instruments measured at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity instruments measured at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(c) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL and amortised cost.

Financial liabilities measured at FVTPL

A financial liability is classified as measured at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities measured at FVTPL are subsequently measured at fair value and net gains and losses (including any interest expense) are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

Financial guarantee liabilities

Financial guarantees are contracts that requires 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 original or modified terms of a debt instrument.

Subsequent to initial recognition, deferred income related to financial guarantee is amortised in profit or loss in accordance with the accounting policies set out in Note 3(22).

A financial guarantee liability is measured at the higher of:

• the amount of the loss allowance determined in accordance with impairment policies of financial instruments (see Notes 3.7(f)); and

• the amount initially recognised less the cumulative amount of income.

Financial liabilities at amortised cost

These financial liabilities are subsequently measured at amortised cost using the effective interest method.

(d) Offsetting

Financial assets and financial liabilities are generally 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:

- The Group currently has a legally enforceable right to set off the recognised amounts;

- The Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(e) Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the financial assets meet one of the following conditions:

- the contractual rights to the cash flows from the financial asset expire;

- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or

- 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, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognizes directly in other comprehensive income for the part derecognized.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(f) Impairment

The Group recognises loss allowances for ECL on:

- Financial assets measured at amortised cost;
- Debt instruments measured at FVOCI;
- Lease receivables; and

- Loan commitments and financial guarantee contracts issued, which are not measured at FVTPL;

Financial assets measured at fair value, including debt investments or equity securities measured at FVTPL, equity securities designated as at FVOCI and derivative financial assets, are not subject to the ECL assessment.

(i) Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e.

the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive)

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the end of the Reporting Period (or a shorter period if the expected life of the instrument is less than 12 months).

The Group classifies financial instruments into three stages and makes provisions for expected credit losses accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition.

The three risk stages are defined as follows:

Stage 1: A financial instrument of which the credit risk has not significantly increase since initial recognition. The amount equal to 12-month expected credit losses is recognised as loss allowance.

Stage 2: A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be creditimpaired. The amount equal to lifetime expected credit losses is recognised as loss allowance. Refer to Note 10(1) credit risk for the description of how the Group determines when a significant increase in credit risk has occurred.

Stage 3: A financial instrument is considered to be credit-impaired as at the end of the Reporting Period. The amount equal to lifetime expected credit losses is recognised as loss allowance. Refer to Note 10(1) credit risk for the definition of credit-impaired financial assets.

(ii) Presentation of allowance for ECL

ECLs are remeasured at the end of each Reporting Period to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for financial instruments measured at amortised cost with a corresponding adjustment to their carrying amount through a loss allowance account; for debt instruments that are measured at FVOCI, the loss allowance is recognised in other comprehensive income. Refer to Note 5(27) the Group recognises loss allowances for loan commitments and financial guarantee contracts issued, which are not measured at FVTPL through other liabilities.

(iii) Write-off

The book value of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(g) 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.

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(h) Convertible instruments

Convertible instruments containing an equity component

Convertible instruments issued by the Group that can be converted to equity shares, where the number of shares to be issued and the value of consideration to be received at that time do not vary, are accounted for as compound financial instruments containing both liability and equity components.

The initial carrying amount of a compound financial instrument is allocated to its equity and liability components. The amount recognised in the equity is the difference between the fair value of the instrument as a whole and the separately determined fair value of the liability component (including the value of any embedded derivatives other than the equity component). Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method, unless it is designated upon recognition at FVTPL. The equity component is not re-measured.

If the convertible instrument is converted, the liability component, together with the equity component, is transferred to equity. If the convertible instrument is redeemed, the consideration paid for the redemption, are allocated to the liability and equity components. The method used to allocate the consideration and transaction costs is the same as that used for issuance. After allocating the consideration and transaction costs, the difference between the allocated and carrying amounts is charged to profit and loss if it relates to the liability component or directly recognised in equity if it relates to the equity component.

(i) 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.

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% |

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

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

(11) Intangible assets

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

The respective amortisation periods for intangible assets are as follows:

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

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

(12) Repossessed assets

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

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

(13) Impairment of non-financial assets

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

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

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

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

An asset group is composed of assets directly related to cash-generation and is the smallest identifiable group of assets that generates

cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

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

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

(14) Fair value measurement

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

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

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

(15) Employee benefits

(a) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accured 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 liabilities are measured at the higher of the amount of the loss allowance determined in accordance with impairment policies of financial instruments (refer to Note 3.(7)(f) and the amount initially recognised less the cumulative amount of income when a payment under the contracts has become probable.

(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

For all financial instruments measured at amortised cost and interest-generating financial instruments classified as financial assets measured at FVOCI, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, where appropriate, to the book value of the financial asset, or the amortised cost of financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not expected credit losses.

Interest income is calculated by applying the effective interest rate to the book value of financial assets and is included in interest income, except for:

- For purchased or originated credit-impaired financial assets, whose interest income is calculated, since initial recognition, by applying the credit adjusted effective interest rate to their amortised cost; and

- Financial assets that are not purchased or originated credit-impaired but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their book value.

(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.

Meanwhile, the Group determined related parties in accordance to the Administrative Measures on Affiliated Transactions between Commercial Banks and their Insiders or Shareholders and Provisional Measures on Administration of Equities of Commercial Banks issued by former CBRC.

(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.

(a) Significant accounting estimates

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(2),(3),(6),(8),(9),(13),(14),(15),(18)), other significant accounting estimates are as follows:

(i) Note 5(17): Recognition of deferred tax assets; and

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

(b) Significant accounting judgements

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

(i) Note 5(31): Preference shares and convertible instruments classified as financial liabilities or 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

In 2019, the group implemented the following accounting standards for business enterprises and the revision of statement format issued by the MOF in recent years:

- CAS Bulletin No.22 Recognition and Measurement of Financial Instruments (Revised)
- CAS Bulletin No.23 Transfer of Financial Assets (Revised)
- CAS Bulletin No.24 Hedge Accounting (Revised)
- CAS Bulletin No.37 Presentation of Financial Instruments (Revised) (above 4 collectively the "new financial instrument standards")
- Notice on Revision of the 2018 Illustrative Financial Statements (Caikuai [2018] No.36) (New financial statement format of financial enterprise)
- CAS Bulletin No.7 Exchange of Non Monetary Assets (Revised) ("CAS 7(2019)")
- CAS Bulletin No.12 Debt Restructuring (Revised) ("CAS 12(2019)")

Further information about those changes that are expected to affect the Group is as follows:

(a) New financial instrument standards

The new financial instrument standards revised "CAS Bulletin No.22 - Recognition and Measurement of Financial Instruments", "CAS Bulletin No.23 - Transfer of Financial Assets", "CAS Bulletin No.24 - Hedge Accounting", which issued by the MOF in 2006 and "CAS Bulletin No.37 - Presentation of Financial Instruments" revised by the MOF in 2014 (collectively the "original financial instrument standards").

Classification and measurement of financial instruments

The new financial instrument standards divide financial assets into three basic categories: measured at (1) amortised cost, (2) FVOCI and (3) FVTPL.

- The classification for debt instruments is determined based on the Group's business model for managing the financial instruments and the contractual cash flow characteristics of the assets. For debt investments measured at FVOCI, interest income, impairment and disposal gains or losses will be recognised in profit or loss.

Regardless of the Group's business model for managing the financial instruments, equity investments are recognised and subsequently
measured at fair value in general. On initial recognition of an equity investment that is not held for trading, the Group may irrevocably
elect to present subsequent changes in the investment's fair value in other comprehensive income. For equity investments measured at
FVOCI, dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income.
 On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

Impairment of financial instruments

The new impairment model in the new financial instrument standards replaces the "incurred loss" model in the original financial instrument standards with an "expected credit losses ("ECL")" model. The ECL model requires continuous assessment of the credit risk of financial assets. Therefore, under the new financial instrument standards, the Group's credit loss is recognized earlier than the original financial instrument standard.

Disclosures

The new financial instruments standards introduce massive new requirements of disclosures, including disclosures on credit risks and expected credit losses.

Reconciliations

The Group adjusted the classification and measurement (including impairment) of financial instruments that were not derecognised on the implementation date of the new financial instruments standards (January 1, 2019) on a retrospective basis in accordance with the reconciliations requirements under the new financial instrument standards. The Group did not adjust the comparative figures of consolidated financial statements, but any difference between original book value and new book value at the implementation date of financial instruments should be included in the retained earnings or other comprehensive income at the beginning of the year. (b) New financial enterprise financial statement format

The financial statements have been prepared according to the requirements of the new financial statement format for financial enterprises.

The following table lists the impact of the new financial instrument standards and the relevant requirements of the new financial enterprise financial statement format on the Group 's related assets and liabilities on January 1, 2019:

| | 31 December 2018 | Reclassification | Remeasurment | 1 January 2019 |
|---|------------------|------------------|--------------|----------------|
| Assets | | | | |
| Cash and deposits with central bank | 143,645,706 | 63,138 | - | 143,708,844 |
| Deposits with banks and other financial institutions | 24,100,785 | 176,096 | (3,414) | 24,273,467 |
| Placements with banks and other financial institutions | 22,189,135 | 99,972 | (4,019) | 22,285,088 |
| Financial assets at fair value through profit or loss | 15,061,645 | (15,061,645) | - | N/A |
| Financial assets held under resale agreements | 8,485,985 | 10,151 | (1,220) | 8,494,916 |
| Interests receivable | 9,899,714 | (9,899,714) | - | N/A |
| Loans and advances to customers | 863,977,517 | 2,628,815 | 757,138 | 867,363,470 |
| Financial investment: | | | | |
| - Trading assets | N/A | 260,176,396 | 131,078 | 260,307,474 |
| - Debt investments | N/A | 442,461,712 | (4,120,140) | 438,341,572 |
| - Other debt investments | N/A | 101,865,931 | 1,334,060 | 103,199,991 |
| - Other equity investments | N/A | 125,716 | - | 125,716 |
| Available-for-sale financial assets | 334,771,654 | (335,120,021) | 348,367 | N/A |
| Held-to-maturity investments | 214,513,444 | (214,513,444) | - | N/A |
| Investment securities classified as receivables | 233,467,356 | (233,467,356) | - | N/A |
| Long-term receivables | 37,668,451 | 434,913 | - | 38,103,364 |
| Deferred tax assets | 5,221,180 | - | 495,001 | 5,716,181 |
| Other assets | 3,032,871 | 19,340 | | 3,052,211 |
| Sub-total | 1,916,035,443 | | (1,063,149) | 1,914,972,294 |
| Liabilities | | | | |
| Borrowings from central bank | 110,446,000 | 1,613,268 | - | 112,059,268 |
| Deposits from banks and other financial institutions | 150,911,002 | 1,723,949 | - | 152,634,951 |
| Placements from banks and other financial institutions | 30,304,402 | 370,809 | - | 30,675,211 |
| Financial assets sold under repurchase agreements | 39,561,049 | 11,549 | - | 39,572,598 |
| Deposits from customers | 1,093,327,642 | 18,679,442 | - | 1,112,007,084 |
| Interests payable | 23,252,742 | (23,252,742) | - | N/A |
| Provisions | 63,891 | - | 422,158 | 486,049 |
| Debt securities issued | 332,774,490 | 853,725 | | 333,628,215 |
| Sub-total | 1,780,641,218 | - | 422,158 | 1,781,063,376 |
| Total impact on shareholders' equity at the beginning of the period | | | (1,485,307) | |

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The following table adjusts the Group's book value of financial assets measured in accordance with the original standards to the book value measured in accordance with the new standards issued on January 1, 2019:

| | 31 December 2018 | Reclassification | Remeasurment | 1 January 2019 |
|---|------------------|------------------|--------------|----------------|
| Financial assets measured at amortised cost | | | | |
| Cash and deposits with central bank | | | | |
| Balance under original standards | 143,645,706 | | | |
| Add: from interests receivable | | 63,138 | | |
| Balance under new standards | | | | 143,708,844 |
| Deposits with banks and other financial institutions | | | | |
| Balance under original standards | 24,100,785 | | | |
| Add: from interests receivable | | 176,096 | | |
| Remeasurment: provision for expected credit losses | | | (3,414) | |
| Balance under new standards | | | | 24,273,467 |
| Placements with banks and other financial institutions | | | | |
| Balance under original standards | 22,189,135 | | | |
| Add: from interests receivable | | 99,972 | | |
| Remeasurment: provision for expected credit losses | | | (4,019) | |
| Balance under new standards | | | | 22,285,088 |
| Financial assets held under resale agreements | | | | |
| Balance under original standards | 8,485,985 | | | |
| Add: from interests receivable | | 10,151 | | |
| Remeasurment: provision for expected credit losses | | | (1,220) | |
| Balance under new standards | | | | 8,494,916 |
| Interests receivable | | | | |
| Balance under original standards | 9,899,714 | | | |
| Less: to cash and deposits with central bank | | (63,138) | | |
| Less: to deposits with banks and other financial institutions | | (176,096) | | |
| Less: to placements with banks and other financial institutions | | (99,972) | | |
| Less: to financial assets held under resale agreements | | (10,151) | | |
| Less: to loans and advances to customers | | (2,628,815) | | |
| Less: to financial investments measured at FVTPL | | (274,710) | | |
| Less: to financial investments measured at amortised cost | | (4,432,810) | | |
| Less: to financial investments measured at FVOCI | | (1,759,769) | | |
| Less: to Long-term receivables | | (434,913) | | |
| Less: to other assets | | (19,340) | | |
| Balance under new standards | | | | N/A |
| Loans and advances to customers | | | | |
| Balance under original standards | 863,977,517 | | | |
| Less: to loans and advances to customers measured at FVOCI | | (71,698,645) | | |
| Add: from interests receivable | | 2,628,815 | | |
| Remeasurment: reversal of impairment allowance under original standards | | | 584,392 | |
| Balance under new standards | | | | 795,492,079 |

| | 31 December 2018 | Reclassification | Remeasurment | 1 January 2019 |
|---|------------------|------------------|--------------|----------------|
| Financial assets measured at amortised cost | | | | |
| Held-to-maturity investments | | | | |
| Balance under original standards | 214,513,444 | | | |
| Less: to financial investments measured at FVTPL | | (210,000) | | |
| Less: to financial investments measured at FVOCI | | (32,643,311) | | |
| Less: to financial investments measured at amortised cost | | (181,660,133) | | |
| Balance under new standards | | | | N/A |
| Investment securities classified as receivables | | | | |
| Balance under original standards | 233,467,356 | | | |
| Less: to financial investments measured at FVTPL | | (199,800) | | |
| Less: to financial investments measured at FVOCI | | (100,000) | | |
| Less: to financial investments measured at amortised cost | | (233,167,556) | | |
| Balance under new standards | | | | N/J |
| Long-term receivables | | | | |
| Balance under original standards | 37,668,451 | | | |
| Add: from interests receivable | | 434,913 | | |
| Balance under new standards | | | | 38,103,36 |
| Debt investments | | | | |
| Balance under original standards | N/A | | | |
| Add: from financial investments measured at FVTPL | | 98,218 | | |
| Add: from available-for-sale financial assets | | 23,102,995 | | |
| Add: from held-to-maturity investments | | 181,660,133 | | |
| Add: from investment securities classified as receivables | | 233,167,556 | | |
| Add: from interests receivable | | 4,432,810 | | |
| Remeasurment: reversal of impairment allowance under original standards | | | (4,120,140) | |
| Balance under new standards | | | | 438,341,57 |
| Sub-total financial assets measured at amortised cost | 1,557,948,093 | (83,704,362) | (3,544,401) | 1,470,699,330 |

| | 31 December 2018 | Reclassification | Remeasurment | 1 January 2019 |
|--|------------------|------------------|--------------|----------------|
| Financial assets measured at FVTPL | | | | |
| Financial assets measured at fair value through profit or loss | | | | |
| Balance under original standards | 15,061,645 | | | |
| Less: Trading assets | | (14,815,002) | | |
| Less: Financial investments measured at amortised cost | | (98,218) | | |
| Less: Financial investments measured at FVOCI | | (148,425) | | |
| Balance under new standards | | | | N/A |
| Trading assets | | | | |
| Balance under original standards | N/A | | | |
| Add: from financial assets measured at fair value through profit or loss | | 14,815,002 | | |
| Add: from available-for-sale financial assets | | 244,676,884 | | |
| Add: from held-to-maturity investments | | 210,000 | | |
| Add: from investment securities classified as receivables | | 199,800 | | |
| Add: from interests receivable | | 274,710 | | |
| Remeasurment: from amortised cost to fair value | | | 131,078 | |
| Balance under new standards | | | | 260,307,474 |
| Sub-total financial assets measured at FVTPL | 15,061,645 | 245,114,751 | 131,078 | 260,307,474 |

| | 31 December 2018 | Reclassification | Remeasurment | 1 January 2019 |
|--|------------------|------------------|--------------|----------------|
| Financial assets measured at FVOCI | | | | |
| Loans and advances to customers | | | | |
| Balance under original standards | N/A | | | |
| Add: from from loans and advances to customers measured at amortised cost | | 71,698,645 | | |
| Remeasurment: from amortised cost to fair value | | | 172,746 | |
| Balance under new standards | | | | 71,871,39 |
| Other debt investments | | | | |
| Balance under original standards | N/A | | | |
| Add: from financial assets measured at fair value through profit or loss | | 148,425 | | |
| Add: from available-for-sale financial assets | | 67,214,426 | | |
| Add: from held-to-maturity investments | | 32,643,311 | | |
| Add: from investment securities classified as receivables | | 100,000 | | |
| Add: from interests receivable | | 1,759,769 | | |
| Remeasurment: from amortised cost to fair value | | | 1,334,060 | |
| Balance under new standards | | | | 103,199,99 |
| Other equity investments | | | | |
| Balance under original standards | N/A | | | |
| Add: from available-for-sale financial assets | | 125,716 | | |
| Balance under new standards | | | | 125,71 |
| Available-for-sale financial assets | | | | |
| Balance under original standards | 334,771,654 | | | |
| Less: to trading assets | | (244,676,884) | | |
| Less: to other debt investments | | (67,214,426) | | |
| Less: to other equity investments | | (125,716) | | |
| Less: to debt investments | | (23,102,995) | | |
| Remeasurment: from fair value to amortised cost | | | 348,367 | |
| Balance under new standards | | | | N// |
| Sub-total financial assets measured at FVOCI | 334,771,654 | (161,429,729) | 1,855,173 | 175,197,09 |
| Deferred tax assets | 5,221,180 | | 495,001 | 5,716,18 |
| Other assets | | | | |
| Balance under original standards | 3,032,871 | | | |
| Add: from interests receivable | | 19,340 | | |
| Balance under new standards | | | | 3,052,21 |
| Total | 1,916,035,443 | - | (1,063,149) | 1,914,972,294 |

The following table adjusts the Group's book value of impairment allowance measured in accordance with the original standards to the book value measured in accordance with the new standards issued on January 1, 2019::

| | 31 December 2018 | Reclassification | Remeasurment | 1 January 2019 |
|--|------------------|------------------|--------------|----------------|
| Financial assets measured at amortised cost | | | | |
| Deposits with banks and other financial institutions | - | - | (3,414) | (3,414) |
| Placements with banks and other financial institutions | - | - | (4,019) | (4,019) |
| Financial assets held under resale agreements | - | - | (1,220) | (1,220) |
| Loans and advances to customers | (25,231,479) | 23,454 | 584,392 | (24,623,633) |
| Investment securities classified as receivables | (3,125,132) | 3,125,132 | - | N/A |
| Debt investments | N/A | (3,125,132) | (4,120,140) | (7,245,272) |
| Financial assets measured at FVOCI | | | | |
| Loans and advances to customers | - | (23,454) | (774,575) | (798,029) |
| Available-for-sale financial assets | (11,651) | - | 11,651 | N/A |
| Other debt investments | N/A | - | (120,971) | (120,971) |
| Loan commitments and financial guarantee contracts | | | | |
| Credit commitments | - | - | (422,158) | (422,158) |
| Total | (28,368,262) | - | (4,850,454) | (33,218,716) |

(c) CAS 7 (2019)

CAS 7 (2019) further clarifies the scope of the standard, specifies the timing for recognition of assets received and derecognition of assets given up, and the accounting treatment for cases in which the timing of recognition and derecognition are inconsistent. The standard modifies the principle of measurement for multiple assets received or given up simultaneously in exchanges of non-monetary assets measured at fair value. It also requires the disclosure of whether exchanges of non-monetary assets have commercial substance and the reasons why they do or do not have commercial substance.

The effective date of CAS 7 (2019) is 10 June 2019. Exchanges of non-monetary assets that occurred between 1 January 2019 and the effective date shall be adjusted according to CAS 7 (2019). Retrospective adjustment is not required for exchanges of non-monetary assets prior to 1 January 2019. The adoption of CAS 7 (2019) has no material effect on the financial position and financial performance of the Group.

(d) CAS 12 (2019)

CAS 12 (2019) modifies the definition of debt restructuring to specify the scope of this standard, as well as the application of relevant financial instruments standards with respect to the recognition, measurement and presentation of financial instruments involved in debt restructuring. For debt restructuring in which a debt is settled by the transfer of assets, CAS 12 (2019) modifies the principle of measurement for initial recognition of non-financial assets received by the creditor, and gains or losses of the debtor from debt restructuring are recognised without distinguishing whether they are gains or losses from asset transfer or debt restructuring. For debt restructuring in which a debt is settled by the issuance of equity instruments to the creditor, CAS 12 (2019) revises the principle of measurement for initial recognition of its share of equity by the creditor, and provides more guidance on the principle of measurement for initial recognition of equity instruments by the debtor.

The effective date of CAS 12 (2019) is 17 June 2019. Debt restructuring that occurred between 1 January 2019 and the effective date shall be adjusted according to CAS 12 (2019). Retrospective adjustment is not required for debt restructuring prior to 1 January 2019. The adoption of CAS 12 (2019) has no material effect on the financial position and financial performance of the Group.

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. |
| City maintenance and construction tax | 1%-7% of VAT payable |
| Education surcharges | 5% of VAT payable |
| Income tax | 25% of taxable income |

5. Notes to the financial statement

(1) Cash and deposits with central bank

| | | The Gro | up | The Ba | nk |
|-------------------------------------|-------|------------------|------------------|------------------|------------------|
| | Note | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| Cash on hand | | 1,379,061 | 1,349,574 | 1,375,142 | 1,346,427 |
| Deposits with domestic central bank | | | | | |
| - Statutory deposit reserves | (i) | 121,948,409 | 127,430,535 | 121,890,852 | 127,375,866 |
| - Surplus deposit reserves | (ii) | 7,152,150 | 13,702,301 | 7,147,744 | 13,698,133 |
| - Fiscal deposits | | 1,203,192 | 930,604 | 1,203,192 | 930,604 |
| - Foreign exchange risk reserves | (iii) | 515,550 | 232,692 | 515,550 | 232,692 |
| Sub-total | | 130,819,301 | 142,296,132 | 130,757,338 | 142,237,295 |
| Accrued interest | | 53,738 | N/A | 53,714 | N/A |
| Total | | 132,252,100 | 143,645,706 | 132,186,194 | 143,583,722 |

(i) Statutory deposit reserves with central bank represent the deposits placed with the People's Bank of China ("the PBOC") in accordance with the relevant regulations, which are not available for use in daily business. As at 31 December 2019, the reserve ratio for RMB deposits of the Bank is 10.5% (31 December 2018: 12%), and the reserve ratio for foreign currency deposits of the Bank is 5% (31 December 2018: 5%). The reserve ratio for RMB deposits of the Bank's subsidiary, Baode Rural Bank, is 7.5% (31 December 2018: 9%).

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

(iii) The foreign exchange risk reserves are the amount deposited by the Group in accordance with the relevant PBOC requirements on the sale of the foreign exchange forward business.

(2) Deposits with banks and other financial institutions

Analysed by location of counterparties and type

| | The G | The Group | | Bank |
|---------------------------------------|------------------|------------------|------------------|------------------|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| | | | | |
| Deposits in mainlan China | | | | |
| - Banks | 28,091,165 | 19,211,849 | 27,859,300 | 18,785,272 |
| Deposits outside mainland China | | | | |
| - Banks | 5,735,898 | 4,888,936 | 5,735,898 | 4,888,936 |
| | | | | |
| Sub-total | 33,827,063 | 24,100,785 | 33,595,198 | 23,674,208 |
| | | | | |
| Accrued interest | 124,481 | N/A | 124,880 | N/A |
| Less: Provision for impairment losses | (847,966) | - | (847,813) | - |
| Total | 33,103,578 | 24,100,785 | 32,872,265 | 23,674,208 |
| | | | | |

As at 31 December 2019, deposits placed with banks in mainland China of the Group and the Bank included RMB 41 million pledged deposits (31 December 2018: RMB 969 million and RMB 894 million pledged deposits for the Group and the Bank). The use of these deposits is restricted, in which part of the Group's funds amounting to nil of these pledged deposits (31 December 2018: RMB 75 million) of the Group was collateral for relative liabilities (see note 5 (47) (a) for details).

(3) Placements with banks and other financial institutions

Analysed by location and type of counterparties

| | The Gro | up | The Ba | nk |
|---------------------------------------|------------------|------------------|------------------|------------------|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| Placements in mainland China | | | | |
| - Banks | 5,142,510 | 2,343,874 | 5,142,510 | 1,843,874 |
| - Other financial institutions | 27,717,953 | 19,570,121 | 31,467,953 | 25,670,121 |
| Sub-total | 32,860,463 | 21,913,995 | 36,610,463 | 27,513,995 |
| Placements outside mainland China | | | | |
| - Banks | | 275,140 | | 275,140 |
| Sub-total | 32,860,463 | 22,189,135 | 36,610,463 | 27,789,135 |
| Accrued interest | 151,087 | N/A | 156,615 | N/A |
| Less: Provision for impairment losses | (96,644) | - | (96,644) | - |
| Total | 32,914,906 | 22,189,135 | 36,670,434 | 27,789,135 |
| | | | | |

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

Analysed by place of issued and type of issuers

The Group and the Bank

| | Note | 31 December 2019 | 31 December 2018 |
|--|------|------------------|------------------|
| Debt instruments held for trading | | | |
| In Mainland China | | | |
| - Government | | N/A | 985,262 |
| - Policy banks | | N/A | 10,605,406 |
| - Banks and other financial institutions | | N/A | 1,217,835 |
| - Other entities | (i) | N/A | 2,184,715 |
| Sub-total | | N/A | 14,993,218 |
| Outside Mainland China | | | |
| - Banks and other financial institutions | | N/A | 68,427 |
| Total | | N/A | 15,061,645 |

(i) Debt instruments held for trading issued by domestic institutions mainly include bonds issued by enterprises and asset-backed securities.

(5) Derivative financial assets and liabilities

The Group and the Bank

| | | 31 December 2019 | | | 31 Decer | nber 2018 |
|---------------------------|-----------------|------------------|-------------|-----------------|-----------|-------------|
| | Notional amount | Fair V | alue | Notional amount | Fair | /alue |
| | | Assets | Liabilities | | Assets | Liabilities |
| Currency derivatives | 306,516,157 | 1,606,255 | (1,526,645) | 240,420,618 | 3,357,436 | (3,736,157) |
| Interest rate derivatives | 30,019,125 | 220,904 | (231,351) | 39,389,905 | 353,614 | (310,913) |
| Credit derivatives | 525,000 | | (5,483) | | | |
| Total | 337,060,282 | 1,827,159 | (1,763,479) | 279,810,523 | 3,711,050 | (4,047,070) |

The notional amount of derivative financial instruments is the outstanding volume of contractual transactions as at balance sheet date and does not represent for the amount of market risk undertaken.

(6) Financial assets held under resale agreements

(a) Analysed by type of collateral

| | The G | roup | The Bank | |
|--|------------------|------------------|------------------|------------------|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| Bonds | | | | |
| - Bonds issued by Chinese government | 3,822,790 | 7,785,035 | 2,994,560 | 7,785,035 |
| - Bonds issued by banks and other financial institutions | 1,748,400 | 700,950 | 1,550,400 | 700,950 |
| - Bonds issued by other institutions | 597,000 | | 500,000 | - |
| Sub-total | 6,168,190 | 8,485,985 | 5,044,960 | 8,485,985 |
| Accrued interest | 3,967 | N/A | 3,171 | N/A |
| Less: Provision for impairment losses | (12,624) | | (12,569) | - |
| Total | 6,159,533 | 8,485,985 | 5,035,562 | 8,485,985 |

(b) Analysed by location and type of counterparties.

| | The G | roup | The Bank | |
|---------------------------------------|------------------|------------------|------------------|------------------|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| In mainland China | | | | |
| - Banks | 6,168,190 | 100,000 | 5,044,960 | 100,000 |
| - Other financial institutions | · | 8,385,985 | | 8,385,985 |
| Sub-total | 6,168,190 | 8,485,985 | 5,044,960 | 8,485,985 |
| Accrued interest | 3,967 | N/A | 3,171 | N/A |
| Less: Provision for impairment losses | (12,624) | - | (12,569) | - |
| Total | 6,159,533 | 8,485,985 | 5,035,562 | 8,485,985 |
| ΤΟΤΑΙ | 6,159,533 | 8,485,985 | 5,035,562 | 8,485,98 |

(7) Interests receivable

Analysed by type of financial assets which generate interests receivable

| | The Group | | The E | Bank |
|--|------------------|------------------|------------------|------------------|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| Debt instruments | N/A | 6,467,289 | N/A | 6,474,505 |
| Loans and advances to customers | N/A | 2,648,131 | N/A | 2,645,590 |
| Long-term receivables | N/A | 434,937 | N/A | - |
| Deposits with central bank, banks and other financial institutions | N/A | 239,234 | N/A | 239,331 |
| Borrowings with banks and other financial institutions | N/A | 99,972 | N/A | 139,493 |
| Financial assets held under resale agreements | N/A | 10,151 | N/A | 10,151 |
| Total | N/A | 9,899,714 | N/A | 9,509,070 |

According to the requirements of the financial statement format of the new financial enterprise the group's interest on financial instruments accrued based on the effective interest method is included in the book balance of corresponding financial instruments. The interest that can be collected but not received when the financial instrument is due shall be listed in the item of "other assets".

(8) Loans and advances to customers

(a) Analysed by nature

| | The Gro | up | The Ba | nk |
|---------------------------------------|------------------|------------------|------------------|------------------|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| Measured at amortised cost | | | | |
| Loans and advances to corporates | 572,361,083 | 531,476,430 | 571,348,680 | 530,452,116 |
| Personal consumption loans | | | | |
| - Property mortgages | 172,850,177 | 127,542,031 | 172,701,952 | 127,537,240 |
| - Personal consumption loans | 162,767,536 | 105,645,569 | 162,742,580 | 105,628,100 |
| - Personal business loans | 22,011,540 | 21,441,441 | 21,959,023 | 21,414,961 |
| - Credit cards | 18,320,562 | 15,900,353 | 18,320,562 | 15,900,353 |
| Sub-total | 375,949,815 | 270,529,394 | 375,724,117 | 270,480,654 |
| Discounted bills | 11,007,498 | 87,203,172 | 11,007,498 | 87,203,172 |
| Sub-total | 959,318,396 | 889,208,996 | 958,080,295 | 888,135,942 |
| Measured at FVOCI | | | | |
| Loans and advances to corporates | 24,791 | N/A | 24,791 | N/A |
| Discounted bills | 81,154,091 | N/A | 81,154,091 | N/A |
| Sub-total | 81,178,882 | N/A | 81,178,882 | N/A |
| Accrued interest | 3,825,959 | N/A | 3,823,513 | N/A |
| Less: Provision for impairment losses | (33,421,949) | (25,231,479) | (33,388,854) | (25,188,804) |
| Carrying amount | 1,010,901,288 | 863,977,517 | 1,009,693,836 | 862,947,138 |

As at the balance sheet date, part of the above loans and advances to customers were pledged for repurchase agreements (see Note 5(47)(a) for details).

(b) Analysed by type of collateral (Excluding accrued interest)

| | The Group | | The Bank | |
|----------------------------------|-----------------------------------|-------------|------------------|------------------|
| | 31 December 2019 31 December 2018 | | 31 December 2019 | 31 December 2018 |
| | | | | |
| Unsecured loans | 239,289,247 | 174,917,855 | 239,273,036 | 174,905,922 |
| Guaranteed loans | 306,868,120 | 296,622,661 | 306,112,245 | 295,774,034 |
| Loans secured by tangible assets | 303,788,510 | 251,505,080 | 303,323,234 | 251,300,855 |
| Loans secured by monetary assets | 190,551,401 | 166,163,400 | 190,550,662 | 166,155,131 |
| | | | | |
| Total | 1,040,497,278 | 889,208,996 | 1,039,259,177 | 888,135,942 |
| | | | | |

| ued interest) |
|------------------------|
| accrue |
| Iding ac |
| (Exclu |
| d by economic sector I |
| by |
| Analysed |
| ~ |
| 0 |

| | The Group | d | The Group | roup | The Bank | 3ank | The Bank | ank |
|---|---------------|------------------|-------------|------------------|---------------|------------------|-------------|------------------|
| | Ń | 31 December 2019 | | 31 December 2018 | | 31 December 2019 | | 31 December 2018 |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| | 131,822,520 | 12.67 | 121,568,872 | 13.67 | 131,783,520 | 12.68 | 121,559,372 | 13.69 |
| | 122,876,823 | 11.81 | 122,403,584 | 13.77 | 122,484,556 | 11.79 | 122,000,111 | 13.74 |
| | 86,477,933 | 8.31 | 80,971,945 | 9.11 | 86,362,263 | 8.31 | 80,864,045 | 9.10 |
| | 59,488,699 | 5.72 | 60,467,787 | 6.80 | 59,183,999 | 5.69 | 60,143,087 | 6.77 |
| | 58,452,939 | 5.62 | 39,028,515 | 4.39 | 58,452,939 | 5.62 | 39,028,515 | 4.39 |
| | 33,609,940 | 3.23 | 34,335,348 | 3.86 | 33,519,590 | 3.23 | 34,221,848 | 3.85 |
| Transportation, storage and postal services | 18,392,971 | 1.77 | 14,777,421 | 1.66 | 18,390,970 | 1.77 | 14,774,721 | 1.66 |
| Electricity, thermo power, gas and water supply | 12,820,728 | 1.23 | 11,412,168 | 1.28 | 12,820,728 | 1.23 | 11,412,168 | 1.28 |
| Agriculture, forestry, husbandry and fishery | 11,390,106 | 1.09 | 11,025,946 | 1.24 | 11,343,436 | 1.09 | 10,981,309 | 1.24 |
| Information transmittal, software and information technology service | 9,795,077 | 0.94 | 9,139,965 | 1.03 | 9,790,077 | 0.94 | 9,134,965 | 1.03 |
| Scientific research and technological services | 6,419,209 | 0.61 | 6,265,692 | 0.70 | 6,414,309 | 0.62 | 6,265,692 | 0.71 |
| Resident services, repairs and other services | 5,166,247 | 0.50 | 5,667,642 | 0.64 | 5,164,402 | 0.50 | 5,665,738 | 0.64 |
| Culture, sports and entertainment | 4,012,093 | 0.39 | 4,087,591 | 0.46 | 4,004,093 | 0.39 | 4,078,591 | 0.46 |
| | 2,702,597 | 0.26 | 2,594,003 | 0.29 | 2,702,597 | 0.26 | 2,594,003 | 0.29 |
| | 2,588,935 | 0.25 | 2,782,694 | 0.31 | 2,586,935 | 0.25 | 2,780,694 | 0.31 |
| | 2,274,778 | 0.22 | 2,358,381 | 0.27 | 2,274,778 | 0.22 | 2,358,381 | 0.27 |
| | 4,094,279 | 0.39 | 2,588,876 | 0.29 | 4,094,279 | 0.39 | 2,588,876 | 0.30 |
| | | | | | | | | |
| Sub-total of corporate loans and advances | 572,385,874 | 55.01 | 531,476,430 | 59.77 | 571,373,471 | 54.98 | 530,452,116 | 59.73 |
| | 375,949,815 | 36.13 | 270,529,394 | 30.42 | 375,724,117 | 36.15 | 270,480,654 | 30.45 |
| | 92,161,589 | 8.86 | 87,203,172 | 9.81 | 92,161,589 | 8.87 | 87,203,172 | 9.82 |
| | 1 040 497 278 | 100.00 | 889 208 996 | 100 001 | 1 039 259 177 | 100.00 | 888 135 947 | 100.00 |
| | | | | | n | | | |
| | | | | | | | | |

Financial Report

(d) Analysed by geographical sector (Excluding accrued interest)

| | The Gr | oup | The B | Bank |
|---|------------------|------------------|------------------|------------------|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| | | | | |
| Jiangsu | 850,818,769 | 702,295,302 | 849,580,668 | 701,222,248 |
| Bohai Rim | 66,528,742 | 67,474,087 | 66,528,742 | 67,474,087 |
| Yangtze River Delta (excluding Jiangsu) | 66,263,909 | 62,702,324 | 66,263,909 | 62,702,324 |
| Pearl River Delta | 56,885,858 | 56,737,283 | 56,885,858 | 56,737,283 |
| | | | | |
| Total | 1,040,497,278 | 889,208,996 | 1,039,259,177 | 888,135,942 |
| | | | | |

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

The Group

| | | | As at 31 December 2019 | | |
|----------------------------------|---|---|--|-------------------------------|------------|
| | 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 | 1,331,712 | 960,439 | 555,844 | 88,120 | 2,936,115 |
| Guaranteed loans | 695,893 | 3,623,466 | 3,040,584 | 506,235 | 7,866,178 |
| Loans secured by tangible assets | 800,645 | 2,288,303 | 843,707 | 656,336 | 4,588,991 |
| Loans secured by monetary assets | 13,879 | 90,195 | 2,608 | | 106,682 |
| Total | 2,842,129 | 6,962,403 | 4,442,743 | 1,250,691 | 15,497,966 |

| | | | As at 31 December 2018 | | |
|----------------------------------|--|---|--|----------------------------------|------------|
| | 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 | 425,346 | 1,060,745 | 393,519 | 45,927 | 1,925,537 |
| Guaranteed loans | 2,317,751 | 1,548,823 | 3,812,709 | 717,026 | 8,396,309 |
| Loans secured by tangible assets | 689,162 | 1,226,743 | 1,108,691 | 755,221 | 3,779,817 |
| Loans secured by monetary assets | 20,471 | 21,156 | | 18,089 | 59,716 |
| Total | 3,452,730 | 3,857,467 | 5,314,919 | 1,536,263 | 14,161,379 |

The Bank

| | | | As at 31 December 2019 | | |
|----------------------------------|--|---|--|----------------------------------|------------|
| | 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 | 1,331,712 | 960,439 | 555,844 | 88,120 | 2,936,115 |
| Guaranteed loans | 695,893 | 3,611,336 | 3,040,584 | 506,235 | 7,854,048 |
| Loans secured by tangible assets | 800,645 | 2,288,303 | 843,047 | 656,336 | 4,588,331 |
| Loans secured by monetary assets | 13,879 | 90,195 | 2,608 | | 106,682 |
| Total | 2,842,129 | 6,950,273 | 4,442,083 | 1,250,691 | 15,485,176 |

| | | | As at 31 December 2018 | | |
|----------------------------------|--|---|--|----------------------------------|------------|
| | 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 | 425,346 | 1,060,745 | 393,519 | 45,927 | 1,925,537 |
| Guaranteed loans | 2,311,982 | 1,545,656 | 3,812,709 | 717,026 | 8,387,373 |
| Loans secured by tangible assets | 685,392 | 1,215,963 | 1,108,691 | 755,221 | 3,765,267 |
| Loans secured by monetary assets | 20,471 | 21,156 | | 18,089 | 59,716 |
| Total | 3,443,191 | 3,843,520 | 5,314,919 | 1,536,263 | 14,137,893 |

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) Movements of provision for impairment losses

(i) Loans and advances to customers measured at amortised cost

The Group

| | | 20 | 19 | |
|-------------------|--------------------------|--------------------------|--------------------------|--------------|
| | Stage 1 12-month ECLs | Stage 2 Lifetime ECLs | Stage 3 Lifetime ECLs | Total |
| As at 1 January | (12,184,518) | (5,477,135) | (6,961,980) | (24,623,633) |
| Transfer: | | | | |
| - to stage 1 | (2,125,834) | 2,111,623 | 14,211 | - |
| - to stage 2 | 846,045 | (1,030,332) | 184,287 | - |
| - to stage 3 | 22,278 | 1,432,097 | (1,454,375) | - |
| Charge | (4,654,969) | (2,678,404) | (5,338,237) | (12,671,610) |
| Write-offs | - | - | 4,071,922 | 4,071,922 |
| Recoveries | | | (198,628) | (198,628) |
| | | | | |
| As at 31 December | (18,096,998) | (5,642,151) | (9,682,800) | (33,421,949) |

The Bank

| | | 20 | 019 | |
|-------------------|--------------------------|--------------------------|--------------------------|--------------|
| | Stage 1 12-month ECLs | Stage 2 Lifetime ECLs | Stage 3 Lifetime ECLs | Total |
| As at 1 January | (12,155,626) | (5,467,791) | (6,954,324) | (24,577,741) |
| Transfer: | | | | |
| - to stage 1 | (2,124,000) | 2,111,169 | 12,831 | - |
| - to stage 2 | 845,693 | (1,028,635) | 182,942 | - |
| - to stage 3 | 21,925 | 1,428,814 | (1,450,739) | - |
| Charge | (4,664,985) | (2,682,283) | (5,311,141) | (12,658,409) |
| Write-offs | - | - | 4,045,924 | 4,045,924 |
| Recoveries | | | (198,628) | (198,628) |
| As at 31 December | (18,076,993) | (5,638,726) | (9,673,135) | (33,388,854) |
| | | | | |

Movements of provision for impairment losses in 2018 are as follows:

The Group

| | | 2018 | |
|--------------------------|-----------------------|-----------------------|--------------|
| | Collectively accessed | Individually accessed | Total |
| As at 1 January | (15,782,129) | (3,663,297) | (19,445,426) |
| Charge for the year | (4,985,110) | (4,989,711) | (9,974,821) |
| Reversal during the year | - | 545,988 | 545,988 |
| Recoveries | (65,131) | (32,207) | (97,338) |
| Unwinding of discount | - | 238,273 | 238,273 |
| Write-offs | 682,613 | 2,819,232 | 3,501,845 |
| | | | |
| As at 31 December | (20,149,757) | (5,081,722) | (25,231,479) |
| | | | |

The Bank

| | | 2018 | |
|--------------------------|-----------------------|-----------------------|--------------|
| | Collectively accessed | Individually accessed | Total |
| | | | |
| As at 1 January | (15,758,391) | (3,589,788) | (19,348,179) |
| Charge for the year | (4,967,936) | (4,931,096) | (9,899,032) |
| Reversal during the year | - | 420,044 | 420,044 |
| Recoveries | (65,125) | (29,097) | (94,222) |
| Unwinding of discount | - | 235,259 | 235,259 |
| Write-offs | 678,094 | 2,819,232 | 3,497,326 |
| | | | |
| As at 31 December | (20,113,358) | (5,075,446) | (25,188,804) |

(ii) Loans and advances to customers measured at FVOCI

The Group 及 The Bank

| | | 20 | 019 | |
|-------------------|--------------------------|--------------------------|--------------------------|-----------|
| | Stage 1 12-month ECLs | Stage 2 Lifetime ECLs | Stage 3 Lifetime ECLs | Total |
| As at 1 January | (775,262) | (22,767) | - | (798,029) |
| Transfer: | | | | |
| - to stage 1 | - | - | - | - |
| - to stage 2 | 2,352 | (2,352) | - | - |
| - to stage 3 | - | - | - | - |
| Charge/(Reverse) | (155,087) | 15,058 | - | (140,029) |
| | | | | |
| As at 31 December | (927,997) | (10,061) | | (938,058) |

Provision for impairment losses of loans and advances to customers measured at FVOCI is recognised in other comprehensive income. Impairment losses is recognised in profit or loss for the current period and will not influence the carrying amount of the financial asset in the balance sheet.

(9) Financial investment

| | | The Gr | oup | The B | ank |
|--|------|------------------|------------------|------------------|------------------|
| | Note | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| Financial investments measured at FVTPL | (a) | 229,755,366 | N/A | 229,510,772 | N/A |
| Financial investments measured at amortised cost | (b) | 476,973,498 | N/A | 477,038,147 | N/A |
| Financial investments measured at FVOCI | (c) | 76,082,306 | N/A | 76,082,306 | N/A |
| Financial investments designated at FVOCI | (d) | 137,676 | N/A | 137,676 | N/A |
| Total | | 782,948,846 | N/A | 782,768,901 | N/A |

(a) Financial investments measured at FVTPL

Analysed by type of issuer and geographical location

| | The Group | | The Bank | |
|---|------------------|------------------|------------------|------------------|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| Debt instruments | | | | |
| Issued in mainland China: | | | | |
| - Government | 3,170,442 | N/A | 3,170,442 | N/A |
| - Policy banks | 8,995,485 | N/A | 8,995,485 | N/A |
| - Banks and other financial institutions | 930,921 | N/A | 930,921 | N/A |
| - Other institutions | 6,796,600 | N/A | 6,796,600 | N/A |
| Sub-total | 19,893,448 | N/A | 19,893,448 | N/A |
| Issued outside mainland China | | | | |
| - Banks and other financial institutions | 1,006,474 | N/A | 1,006,474 | N/A |
| - Other institutions | 44,494 | N/A | 44,494 | N/A |
| Sub-total | 1,050,968 | N/A | 1,050,968 | N/A |
| Sub-total of debt instruments | 20,944,416 | N/A | 20,944,416 | N/A |
| Fund investments | 126,890,447 | N/A | 126,890,447 | N/A |
| Financial product investments | 67,350,600 | N/A | 67,350,600 | N/A |
| Asset management and trust fund | 11,303,458 | N/A | 11,058,864 | N/A |
| Equity investments | 409,818 | N/A | 409,818 | N/A |
| Other investments | 2,856,627 | N/A | 2,856,627 | N/A |
| Total | 229,755,366 | N/A | 229,510,772 | N/A |

(b) Financial investments measured at amortised cost

(i) Analysed by type of issuer and geographical location

| | The G | iroup | The | Bank |
|---|------------------|------------------|------------------|------------------|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| Debt instruments | | | | |
| Issued in mainland China: | | | | |
| - Government | 225,367,857 | N/A | 225,367,857 | N/A |
| - Policy banks | 17,776,504 | N/A | 17,776,504 | N/A |
| - Banks and other financial institutions | 3,369,912 | N/A | 3,369,912 | N/A |
| - Other institutions | 18,685,872 | N/A | 18,685,872 | N/A |
| Sub-total | 265,200,145 | N/A | 265,200,145 | N/A |
| Issued outside mainland China | | | | |
| - Banks and other financial institutions | 486,452 | N/A | 486,452 | N/A |
| - Other institutions | 14,414,499 | N/A | 14,414,499 | N/A |
| Sub-total | 14,900,951 | N/A | 14,900,951 | N/A |
| Sub-total of debt instruments | 280,101,096 | N/A | 280,101,096 | N/A |
| Asset management and trust fund | 193,161,121 | N/A | 193,260,522 | N/A |
| Other investments | 7,990,472 | N/A | 7,918,876 | N/A |
| Sub-total | 481,252,689 | N/A | 481,280,494 | N/A |
| Accrued interest | 5,545,026 | N/A | 5,546,072 | N/A |
| Less: Provision for impairment losses | (9,824,217) | N/A | (9,788,419) | N/A |
| Total | 476,973,498 | | 477,038,147 | |

At the balance sheet date, some of the debt instruments were pledged as collateral for repurchase transactions (see note 5(47)(a) for details). No other investments were subject to material restriction on realisation.

(ii) Movements of provision for impairment losses

The Group

| | | 201 | 19 | |
|-------------------|--------------------------|--------------------------|--------------------------|-------------|
| | Stage 1 12-month ECLs | Stage 2 Lifetime ECLs | Stage 3 Lifetime ECLs | Total |
| As at 1 January | (4,889,887) | (1,774,216) | (581,169) | (7,245,272) |
| Transfer: | | | | |
| - to stage 1 | (1,248,256) | 1,248,256 | - | - |
| - to stage 2 | 902,048 | (902,048) | - | - |
| - to stage 3 | 42,330 | 4,619 | (46,949) | - |
| Charge/(Reverse) | 1,296,523 | (2,120,673) | (1,754,795) | (2,578,945) |
| As at 31 December | (3,897,242) | (3,544,062) | (2,382,913) | (9,824,217) |

The Bank

| | | 20 | 019 | |
|-------------------|--------------------------|--------------------------|--------------------------|-------------|
| | Stage 1 12-month ECLs | Stage 2 Lifetime ECLs | Stage 3 Lifetime ECLs | Total |
| As at 1 January | (4,886,428) | (1,774,216) | (581,169) | (7,241,813) |
| Transfer: | | | | |
| - to stage 1 | (1,248,256) | 1,248,256 | - | - |
| - to stage 2 | 902,048 | (902,048) | - | - |
| - to stage 3 | 42,330 | 4,619 | (46,949) | - |
| Charge/(Reverse) | 1,293,064 | (2,120,673) | (1,718,997) | (2,546,606) |
| As at 31 December | (3,897,242) | (3,544,062) | (2,347,115) | (9,788,419) |

(c) Financial investments measured at FVOCI

(i) Analysed by type of issuer and geographical location

The Group and the Bank

| | 31 December 2019 | 31 December 2018 |
|--|------------------|------------------|
| Debt instruments | | |
| Issued in mainland China: | | |
| - Government | 37,646,663 | N/A |
| - Policy banks | 24,531,394 | N/A |
| - Banks and other financial institutions | 501,547 | N/A |
| - Other institutions | 2,129,836 | N/A |
| Sub-total | 64,809,440 | N/A |
| Issued outside mainland China | | |
| - Other institutions | 7,663,569 | N/A |
| Sub-total of debt instruments | 72,473,009 | N/A |
| Other investments | 2,435,965 | N/A |
| Sub-total | 74,908,974 | N/A |
| Accrued interest | 1,173,332 | N/A |
| Total | 76,082,306 | N/A |

At the balance sheet date, some of the debt instruments were pledged as collateral for repurchase transactions (see note 5(47)(a) for details). No other investments were subject to material restriction on realisation.

(ii) Movements of provision for impairment losses

The Group 及 The Bank

| | | 2019 | | |
|-------------------|--------------------------|--------------------------|--------------------------|-----------|
| | Stage 1 12-month ECLs | Stage 2 Lifetime ECLs | Stage 3 Lifetime ECLs | Total |
| As at 1 January | (120,971) | - | - | (120,971) |
| Transfer: | | | | |
| - to stage 1 | - | - | - | - |
| - to stage 2 | - | - | - | - |
| - to stage 3 | - | - | - | - |
| Reverse | 44,255 | - | - | 44,255 |
| As at 31 December | (76,716) | | | (76,716) |

Provision for impairment losses of measured at financial investments FVOCI is recognised in other comprehensive income. Impairment losses is recognised in profit or loss for the current period and will not influence the carrying amount of the financial asset in the balance sheet.

(d) Financial investments designated at FVOCI

The Group and the Bank

| | 31 December 2019 | 31 December 2018 |
|--------------------|------------------|------------------|
| Equity investments | 137,676 | N/A |
| | | |

The Group designates non-trading equity investments as financial investments measured at FVOCI. During the year, dividend income recognised for such equity investments was RMB3.8 million (2018:N/A).

(10) Available-for-sale financial assets

(a) Analysed by measurement, issued place and type of issuers

| | | The | Group | The Ba | ink |
|--|-------|------------------|------------------|------------------|------------------|
| | Note | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| Debt instruments measured by fair value | | | | | |
| In mainland China | | | | | |
| - Government | | N/A | 60,172,849 | N/A | 60,172,849 |
| - Policy banks | | N/A | 18,401,015 | N/A | 18,401,015 |
| - Banks and other financial institutions | | N/A | 130,226,728 | N/A | 130,426,728 |
| - Other institutions | (i) | N/A | 4,527,974 | N/A | 4,527,974 |
| Sub-total | | N/A | 213,328,566 | N/A | 213,528,566 |
| Outside mainland China | | | | | |
| - Banks and other financial institutions | | N/A | 33,877 | N/A | 33,877 |
| - Other institutions | (i) | N/A | 2,641,701 | N/A | 2,641,701 |
| Sub-total | | N/A | 2,675,578 | N/A | 2,675,578 |
| Sub-total | (iv) | N/A | 216,004,144 | N/A | 216,204,144 |
| Equity instruments | | | | | |
| In mainland China | | | | | |
| - Measured at fair value | (ii) | N/A | 118,732,670 | N/A | 118,732,670 |
| - Measured at cost | (iii) | N/A | 34,625 | N/A | 34,625 |
| Sub-total | | N/A | 118,767,295 | N/A | 118,767,295 |
| Outside mainland China | | | | | |
| - Measured at fair value | (iii) | N/A | 215 | N/A | 215 |
| Sub-total | | N/A | 118,767,510 | N/A | 118,767,510 |
| Total | | N/A | 334,771,654 | | 334,971,654 |

(b) Fair value analysis

The Group

| | | 31 December 2018 | |
|--|------------------|--------------------|-------------|
| | Debt instruments | Equity instruments | Total |
| Amortised cost / cost | 215,290,150 | 118,675,831 | 333,965,981 |
| Fair value | 216,004,144 | 118,732,670 | 334,736,814 |
| Change in fair value accumulated in comprehensive income | 713,994 | 56,839 | 770,833 |

The Bank

| | | 31 December 2018 | |
|--|------------------|--------------------|-------------|
| | Debt instruments | Equity instruments | Total |
| Amortised cost / cost | 215,490,149 | 118,675,831 | 334,165,980 |
| Fair value | 216,204,144 | 118,732,670 | 334,936,814 |
| Change in fair value accumulated in comprehensive income | 713,995 | 56,839 | 770,834 |

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

(ii) For the available-for-sale equity instruments, the fair value measurement in mainland China mainly included investments in monetary funds and bond funds, and stocks of listed companies and shares of non-listed companies in China obtained as debt-paying assets.

(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 2018, provision of impairment for these equity instruments of the Group and the Bank was RMB 11,651 thousand.

(iv) At the balance sheet date, some of the debt instruments were pledged as collateral for repurchase transactions (see note 5(47)(a) for details). No other investments were subject to material restriction on realisation.

(11) Held-to-maturity investments

Analysed by place of issued and type of issuers

| | | The Gro | pup | The B | ank |
|--|------|------------------|------------------|------------------|------------------|
| | Note | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| In mainland China | | | | | |
| - Government | | N/A | 149,062,973 | N/A | 149,062,973 |
| - Policy banks | | N/A | 27,796,848 | N/A | 27,796,848 |
| - Banks and other financial institutions | | N/A | 20,085,812 | N/A | 19,413,473 |
| - Other institutions | (i) | N/A | 8,188,182 | N/A | 8,188,182 |
| Sub-total | | N/A | 205,133,815 | N/A | 204,461,476 |
| Outside mainland China | | | | | |
| - Banks and other financial institutions | | N/A | 137,282 | N/A | 137,282 |
| - Other institutions | (i) | N/A | 9,242,347 | N/A | 9,242,347 |
| Sub-total | | N/A | 9,379,629 | N/A | 9,379,629 |
| Total | (ii) | N/A | 214,513,444 | N/A | 213,841,105 |

(i) Held-to-maturity debt instruments issued by domestic and overseas institutions mainly include bonds issued by enterprises and asset-backed securities.

(ii) At the balance sheet date, part of the debt instruments were pledged as collateral for repurchase transactions (see note 5(47)(a) for details). The remaining investments were not subject to other material restrictions on realisation.

(12) Investment securities classified as receivables

Analysed by place of issued and type of issuers

| | | The | Group | The E | Bank |
|---|----------|------------------|------------------|------------------|------------------|
| | Note | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| In mainland China | | | | | |
| - Government | (i) | N/A | 8,578,311 | N/A | 8,578,311 |
| - Commercial Banks and other financial institutions | (ii) | N/A | 225,781,971 | N/A | 225,867,679 |
| - Other institutions | (iii) | N/A | 100,000 | N/A | 100,000 |
| Sub-total | | N/A | 234,460,282 | N/A | 234,545,990 |
| Outside mainland China | | | | | |
| - Other institutions | (iii) | N/A | 2,132,206 | N/A | 2,132,206 |
| Gross amount | | N/A | 236,592,488 | N/A | 236,678,196 |
| Less: Provision for impairment losses | | N/A | (3,125,132) | N/A | (3,121,673) |
| Carrying amount | (iv)/(v) | N/A | 233,467,356 | N/A | 233,556,523 |
| | | | | | |

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(i) It mainly included certificate bonds issued by the Chinese government 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, part of the debt instruments were pledged as collateral for related liabilities (see note 5(47)(a) for details). The remaining investments were not subject to other material restrictions on realisation.

(13) Long-term receivables

The Group

| | 31 December 2019 | 31 December 2018 |
|--|------------------|------------------|
| Minimum financial leasing receivables | 54,968,770 | 42,962,730 |
| Less: Unearned financial leasing income | (5,081,460) | (4,104,153) |
| | | |
| Finance leasing receivables | 49,887,310 | 38,858,577 |
| Less: Provision for impairment losses - Collectively assessed | (2,012,419) | (1,190,126) |
| - Collectively assessed | | |
| Carrying amount | 47,874,891 | 37,668,451 |

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

| | | 31 December 2019 | | 31 December 2018 | | |
|---------------------------|--|------------------------------------|--------------------------------|---|------------------------------------|--------------------------------|
| | Minimum finane leasing receivables | Unearned finance leasing income | Finance leasing receivables | Minimum finance leasing receivables | Unearned finance leasing income | Finance leasing receivables |
| Overdue | 645,866 | (90,002) | 555,864 | 1,584 | (93) | 1,491 |
| Within one year | 17,960,352 | (1,269,141) | 16,691,211 | 14,474,117 | (1,628,074) | 12,846,043 |
| One year to two years | 15,264,270 | (1,942,523) | 13,321,747 | 13,168,491 | (1,315,398) | 11,853,093 |
| Two years to three years | 10,609,671 | (1,109,966) | 9,499,705 | 8,121,333 | (674,020) | 7,447,313 |
| Three years to five years | 10,148,404 | (637,640) | 9,510,764 | 6,672,303 | (445,138) | 6,227,165 |
| Above five years | 340,207 | (32,188) | 308,019 | 524,902 | (41,430) | 483,472 |
| Total | 54,968,770 | (5,081,460) | 49,887,310 | 42,962,730 | (4,104,153) | 38,858,577 |

At the balance sheet date, some of long-term receivables were pledged as collateral for repurchase transactions (see note 5(47)(a) for details).

(14) Long-term equity investments

The Bank

| | 31 December 2019 | 31 December 2018 |
|--|------------------|------------------|
| Investments in subsidiaries | | |
| - Suyin Finance Leasing Co., Ltd (hereinafter referred to as "Suyin Finance Leasing") | 2,460,000 | 1,960,000 |
| - Baode Rural Bank | 73,800 | 73,800 |
| Carrying amount | 2,533,800 | 2,033,800 |

Movements of Long-term equity investments:

| | | : | 31 December 2019 | |
|--|---------------------|-----------------------|------------------------|--|
| Investments in subsidiaries | Balance at 1 Januar | Additional investment | Balance at 31 December | Balance of provision for impairment losses at 31 December |
| Suyin Finance Leasing Co., Ltd Baode Rural Bank | 1,960,000 73,800 | 500,000 | 2,460,000 73,800 | - |
| Total | 2,033,800 | 500,000 | 2,533,800 | |

See Note 6(1) for details of the ${\sf Bank}{}'{\sf s}$ subsidiaries and others.

(15) Fixed assets

The Group

| | Premises and buildings | Construction in progress | Electronic equipment | Motor vehicles | Other equipment | Total |
|---|------------------------|--------------------------|----------------------|----------------|-----------------|-------------|
| Cost | | | | | | |
| As at 1 January 2019 | 6,182,218 | 1,238,125 | 742,614 | 134,368 | 825,597 | 9,122,922 |
| Additions | 41,677 | 174,916 | 97,101 | 10,547 | 116,211 | 440,452 |
| Transfers in / (out) of construction in progress | 541,427 | (541,427) | - | - | - | - |
| Disposals | (150,076) | (59,571) | (84,574) | (31,990) | (72,161) | (398,372) |
| As at 31 December 2019 | 6,615,246 | 812,043 | 755,141 | 112,925 | 869,647 | 9,165,002 |
| Accumulated depreciation | | | | | | |
| As at 1 January 2019 | (2,357,707) | - | (632,922) | (98,111) | (574,843) | (3,663,583) |
| Charge for the year | (293,219) | - | (49,728) | (12,651) | (80,928) | (436,526) |
| Disposals | 87,825 | | 80,840 | 30,098 | 68,164 | 266,927 |
| As at 31 December 2019 | (2,563,101) | | (601,810) | (80,664) | (587,607) | (3,833,182) |
| Provision for impairment loss | | | | | | |
| As at 1 January 2019 | (4,780) | | | | | (4,780) |
| As at 31 December 2019 | (4,780) | - | - | - | | (4,780) |
| Carrying amount | | | | | | |
| As at 1 January 2019 | 3,819,731 | 1,238,125 | 109,692 | 36,257 | 250,754 | 5,454,559 |
| As at 31 December 2019 | 4,047,365 | 812,043 | 153,331 | 32,261 | 282,040 | 5,327,040 |

| | Premises and buildings | Construction in progress | Electronic equipment | Motor vehicles | Other equipment | Total |
|---|------------------------|--------------------------|-------------------------|----------------|-----------------|-------------|
| Cost | | | | | | |
| As at 1 January 2018 | 5,881,213 | 1,403,635 | 721,961 | 140,459 | 737,183 | 8,884,451 |
| Additions | 34,888 | 218,401 | 59,555 | 15,561 | 111,547 | 439,952 |
| Transfers in / (out) of construction in progress | 363,083 | (363,083) | - | - | - | - |
| Disposals | (96,966) | (20,828) | (38,902) | (21,652) | (23,133) | (201,481) |
| As at 31 December 2018 | 6,182,218 | 1,238,125 | 742,614 | 134,368 | 825,597 | 9,122,922 |
| Accumulated depreciation | | | | | | |
| As at 1 January 2018 | (2,143,610) | - | (629,316) | (106,907) | (526,355) | (3,406,188) |
| Charge for the year | (280,377) | - | (40,514) | (11,598) | (69,740) | (402,229) |
| Disposals | 66,280 | - | 36,908 | 20,394 | 21,252 | 144,834 |
| As at 31 December 2018 | (2,357,707) | - | (632,922) | (98,111) | (574,843) | (3,663,583) |
| Provision for impairment loss | | | | | | |
| As at 1 January 2018 | (4,780) | | | - | | (4,780) |
| As at 31 December 2018 | (4,780) | - | - | - | - | (4,780) |
| Carrying amount | | | | | | |
| As at 1 January 2018 | 3,732,823 | 1,403,635 | 92,645 | 33,552 | 210,828 | 5,473,483 |
| As at 31 December 2018 | 3,819,731 | 1,238,125 | 109,692 | 36,257 | 250,754 | 5,454,559 |

As at 31 December 2019, there was no significant amounts of temporarily idle fixed assets (as at 31 December 2018: nil).

As at 31 December 2019, title deeds were not yet finalised for the Group's premises and buildings with the book value of RMB 256 million (as at 31 December 2018: RMB 271 million). The Group's management believed that the Group had the right to legally and effectively occupy or use the above-mentioned premises and buildings.

(16) Intangible assets

The Group

| | Land use right | Software | Total |
|-------------------------------|----------------|-----------|-----------|
| Cost | | | |
| As at 1 January 2019 | 737,952 | 365,237 | 1,103,189 |
| Additions | 26,870 | 59,549 | 86,419 |
| Disposals | (6,847) | (338) | (7,185) |
| As at 31 December 2019 | 757,975 | 424,448 | 1,182,423 |
| Accumulated amortization | | | |
| As at 1 January 2018 | (166,315) | (314,552) | (480,867) |
| Charge for the year | (18,616) | (48,770) | (67,386) |
| Disposals | 1,524 | 54 | 1,578 |
| As at 31 December 2019 | (183,407) | (363,268) | (546,675) |
| Provision for impairment loss | | | |
| As at 1 January 2019 | (160) | | (160) |
| As at 31 December 2019 | (160) | _ | (160) |
| Carrying amount | | | |
| As at 1 January 2019 | 571,477 | 50,685 | 622,162 |
| As at 31 December 2019 | 574,408 | 61,180 | 635,588 |

| | Land use right | Software | Total |
|-------------------------------|----------------|-----------|-----------|
| | | | |
| Cost | | | |
| As at 1 January 2018 | 738,016 | 314,805 | 1,052,821 |
| Additions | - | 50,432 | 50,432 |
| Disposals | (64) | | (64) |
| As at 31 December 2018 | 737,952 | 365,237 | 1,103,189 |
| Accumulated amortization | | | |
| As at 1 January 2018 | (147,853) | (271,397) | (419,250) |
| Charge for the year | (18,474) | (43,155) | (61,629) |
| Disposals | 12 | | 12 |
| As at 31 December 2018 | (166,315) | (314,552) | (480,867) |
| Provision for impairment loss | | | |
| As at 1 January 2018 | (160) | | (160) |
| As at 31 December 2018 | (160) | - | (160) |
| Carrying amount | | | |
| As at 1 January 2018 | 590,003 | 43,408 | 633,411 |
| As at 31 December 2018 | 571,477 | 50,685 | 622,162 |

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(17) Deferred tax assets and liabilities

(a) Analysed by nature

The Group

Deferred tax assets

| | | | 31 December 2019 | | | | |
|---------------------------------|------|-------------------------------------|---------------------|----------------------------------|-----------------------------|-------------|--|
| | Note | Deductible temporary differences | Deferred tax assets | Taxable temporary differences | Deferred tax liabilities | Net balance | |
| Provision for Impairment losses | | 35,440,629 | 8,860,157 | - | - | 8,860,157 | |
| Employees benefits payable | | 2,232,881 | 558,220 | - | - | 558,220 | |
| Fair value change | | - | - | (1,374,748) | (343,687) | (343,687) | |
| Others | (i) | | | (853,049) | (213,262) | (213,262) | |
| Total | | 37,673,510 | 9,418,377 | (2,227,797) | (556,949) | 8,861,428 | |

| | | | 31 December 2018 | | | | |
|---------------------------------|------|-------------------------------------|---------------------|----------------------------------|-----------------------------|-------------|--|
| | Note | Deductible temporary differences | Deferred tax assets | Taxable temporary differences | Deferred tax liabilities | Net balance | |
| Provision for Impairment losses | | 20,150,641 | 5,037,660 | - | - | 5,037,660 | |
| Employees benefits payable | | 1,879,787 | 469,947 | - | - | 469,947 | |
| Fair value change | | - | - | (543,703) | (135,926) | (135,926) | |
| Others | (i) | | | (602,004) | (150,501) | (150,501) | |
| Total | | 22,030,428 | 5,507,607 | (1,145,707) | (286,427) | 5,221,180 | |

(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

| | | 2019 | | | | |
|-----------------------------------|------|------------------|----------------|---------------------------------|----------------------|------------------|
| | Note | 31 December 2018 | 1 January 2019 | Recognised in profit or loss | Recognised in equity | 31 December 2019 |
| Deferred tax | | | | | | |
| - Provision for Impairment losses | (i) | 5,037,660 | 6,020,448 | 2,863,653 | (23,944) | 8,860,157 |
| - Employee benefits Payables | | 469,947 | 469,947 | 88,273 | - | 558,220 |
| - Fair value change | (ii) | (135,926) | (623,713) | (54,552) | 334,578 | (343,687) |
| - Others | | (150,501) | (150,501) | (62,761) | | (213,262) |
| Net balance | | 5,221,180 | 5,716,181 | 2,834,613 | 310,634 | 8,861,428 |

| | 2018 | | | | |
|------|----------------|---|--|---|--|
| Note | 1 January 2018 | Recognised in profit or loss | Recognised in equity | 31 December 2018 | |
| | | | | | |
| | | | | | |
| (i) | 3,803,407 | 1,234,253 | - | 5,037,660 | |
| | 387,314 | 82,633 | - | 469,947 | |
| (ii) | 333,984 | 40,969 | (510,879) | (135,926) | |
| | (133,913) | (16,588) | - | (150,501) | |
| | | | | | |
| | 4,390,792 | 1,341,267 | (510,879) | 5,221,180 | |
| | (i) | (i) 3,803,407 387,314 (ii) 333,984 (133,913) | Note 1 January 2018 Recognised in profit or loss (i) 3,803,407 1,234,253 387,314 82,633 (ii) 333,984 40,969 (133,913) (16,588) | Note 1 January 2018 Recognised in profit or loss Recognised in equity (i) 3,803,407 1,234,253 - 387,314 82,633 - (ii) 333,984 40,969 (510,879) (133,913) (16,588) - | |

(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.

(18) Other assets

The Group

| | Note | 31 December 2019 | 31 December 2018 |
|-----------------------------|------|------------------|------------------|
| | | | |
| Settlement and liquidation | | 1,252,532 | 1,990,735 |
| Prepayments | (a) | 397,715 | 320,745 |
| Long-term deferred expenses | (b) | 272,952 | 261,109 |
| Other receivables | (c) | 116,559 | 275,224 |
| Tax assets | | 115,630 | 147,543 |
| Interest receivables | (d) | 54,962 | N/A |
| Deposit | | 35,377 | 31,212 |
| Debt-expiated assets | (e) | 6,303 | 6,303 |
| | | | |
| Total | | 2,252,030 | 3,032,871 |
| | | | |

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

(b) Long-term deferred expenses

The Group

| | | | 2019 | | |
|-----------------------------|-----------------|-----------|--------------------------------------|-----------------|-------------------|
| | As at 1 January | Additions | Amortisation charged for the year | Other decreases | As at 31 December |
| Long-term deferred expenses | 261,109 | 127,887 | (114,260) | (1,784) | 272,952 |
| | | | 2018 | | |
| | As at 1 January | Additions | Amortisation charged for the year | Other decreases | As at 31 December |
| Long-term deferred expenses | 278,506 | 93,867 | (109,297) | (1,967) | 261,109 |

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

(c) Other receivables analysed by aging schedules

The Group

| | 31 December 2019 | 31 December 2018 |
|---|------------------|------------------|
| | | |
| Within 1 year (inclusive) | 81,999 | 242,710 |
| Over 1 year but within 2 years (inclusive) | 31,932 | 34,767 |
| Over 2 years but within 3 years (inclusive) | 20,046 | 30,827 |
| Over 3 years | 127,311 | 112,203 |
| Sub-total | 261,288 | 420,507 |
| Less: Provision for bad and doubtful debts | (144,729) | (145,283) |
| Total | 116,559 | 275,224 |

(d) According to the requirements of the financial statement format of the new financial enterprise, the group's interest on financial instruments accrued based on the effective interest method is included in the book balance of corresponding financial instruments. The interest that can be collected but not received when the financial instrument is due shall be listed in the item of "other assets".

(e) Debt-expiated assets mainly included premises and buildings. As at 31 December 2019, the Group and the Bank's provision for impairment losses for debt-expiated assets is nil. (as at 31 December 2018:Nil).

(19) Provision for impairment losses

The Group

| | | | | 2019 | | |
|---|-------|---------------------------|-------------------------|---|----------------------|---------------------------|
| Impaired items | Note | As at 31 December 2018 | As at 1 January 2019 | Charge/ (Recoveries) for the year | Write-off and others | As at 31 December 2019 |
| Deposits with banks and other financial institutions | 5(2) | - | 3,414 | 844,552 | - | 847,966 |
| Placements with banks and other financial institutions | 5(3) | - | 4,019 | 92,625 | - | 96,644 |
| Financial assets held under resale agreements | 5(6) | - | 1,220 | 11,404 | - | 12,624 |
| Loans and advances to customers measured at amortised cost | 5(8) | 25,231,479 | 24,623,633 | 12,671,610 | (3,873,294) | 33,421,949 |
| Loans and advances to customers measured at FVTOCI | 5(8) | N/A | 798,029 | 140,029 | - | 938,058 |
| Financial investments measured at amortised cost | 5(9) | N/A | 7,245,272 | 2,578,945 | - | 9,824,217 |
| Financial investments measured at FVOCI | 5(9) | N/A | 120,971 | (44,255) | - | 76,716 |
| Available-for-sale financial assets | | 11,651 | N/A | N/A | N/A | N/A |
| Investment securities classified as receivables | 5(12) | 3,125,132 | N/A | N/A | N/A | N/A |
| Long-term receivables | 5(13) | 1,190,126 | 1,190,126 | 822,293 | - | 2,012,419 |
| Fixed assets | 5(15) | 4,780 | 4,780 | - | - | 4,780 |
| Intangible assets | 5(16) | 160 | 160 | - | - | 160 |
| Other assets | 5(18) | 145,283 | 145,283 | 26,373 | (26,927) | 144,729 |
| Total | | 29,708,611 | 34,136,907 | 17,143,576 | (3,900,221) | 47,380,262 |

The Bank

| | | | | 2019 | | |
|---|-------|---------------------------|-------------------------|---|----------------------|---------------------------|
| Impaired items | Note | As at 31 December 2018 | As at 1 January 2019 | Charge/ (Recoveries) for the year | Write-off and others | As at 31 December 2019 |
| Deposits with banks and other financial institutions | 5(2) | - | 3,403 | 844,410 | - | 847,813 |
| Placements with banks and other financial institutions | 5(3) | - | 4,019 | 92,625 | - | 96,644 |
| Financial assets held under resale agreements | 5(6) | - | 1,220 | 11,349 | - | 12,569 |
| Loans and advances to customers measured at amortised cost | 5(8) | 25,188,804 | 24,577,741 | 12,658,409 | (3,847,296) | 33,388,854 |
| Loans and advances to customers measured at FVTOCI | 5(8) | N/A | 798,029 | 140,029 | - | 938,058 |
| Financial investments measured at amortised cost | 5(9) | N/A | 7,241,813 | 2,546,606 | - | 9,788,419 |
| Financial investments measured at FVOCI | 5(9) | N/A | 120,971 | (44,255) | - | 76,716 |
| Available-for-sale financial assets | | 11,651 | N/A | N/A | N/A | N/A |
| Investment securities classified as receivables | 5(12) | 3,121,673 | N/A | N/A | N/A | N/A |
| Fixed assets | | 4,780 | 4,780 | - | - | 4,780 |
| Intangible assets | | 160 | 160 | - | - | 160 |
| Other assets | | 143,017 | 143,017 | 26,454 | (26,927) | 142,544 |
| Total | | 28,470,085 | 32,895,153 | 16,275,627 | (3,874,223) | 45,296,557 |

The Group

| | | | | 2018 | | |
|--|-------|----------------|----------------------|--------------------------|----------------------|----------------------|
| Impaired items | Note | As at 1January | Charges for the year | Reversal during the year | Write-off and others | As at 31 December |
| Loans and advances to customers | 5(8) | 19,445,426 | 9,974,821 | (545,988) | (3,642,780) | 25,231,479 |
| Available-for-sale financial assets | | 11,651 | - | - | - | 11,651 |
| Investment securities classified as receivables | 5(12) | 2,741,281 | 383,851 | - | - | 3,125,132 |
| Long-term receivables | 5(13) | 770,826 | 419,300 | - | - | 1,190,126 |
| Fixed assets | 5(15) | 4,780 | - | - | - | 4,780 |
| Intangible assets | 5(16) | 160 | - | - | - | 160 |
| Other assets | 5(18) | 149,839 | 28,283 | | (32,839) | 145,283 |
| Total | | 23,123,963 | 10,806,255 | (545,988) | (3,675,619) | 29,708,611 |

The Bank

| | | | | 2018 | | |
|--|-------|----------------|----------------------|-----------------------------|----------------------|----------------------|
| Impaired items | Note | As at 1January | Charges for the year | Reversal during the year | Write-off and others | As at 31 December |
| | | | | | | |
| Loans and advances to customers | 5(8) | 19,348,179 | 9,899,032 | (420,044) | (3,638,363) | 25,188,804 |
| Available-for-sale financial assets | | 11,651 | - | - | - | 11,651 |
| Investment securities classified as receivables | 5(12) | 2,741,281 | 380,392 | - | - | 3,121,673 |
| Fixed assets | | 4,780 | - | - | - | 4,780 |
| Intangible assets | | 160 | - | - | - | 160 |
| Other assets | | 147,236 | 28,620 | | (32,839) | 143,017 |
| | | | | | | |
| Total | | 22,253,287 | 10,308,044 | (420,044) | (3,671,202) | 28,470,085 |

(20) Deposits from banks and other financial institutions

Analysed by geographical location of counterparty and type

| | The Gr | oup | The Bank | | |
|--------------------------------|------------------|------------------|------------------|------------------|--|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 | |
| | | | | | |
| In mainland China | | | | | |
| - Banks | 26,509,521 | 24,341,829 | 26,543,451 | 24,424,183 | |
| - Other financial institutions | 108,781,582 | 126,569,173 | 108,785,602 | 126,780,907 | |
| Sub-total | 135,291,103 | 150,911,002 | 135,329,053 | 151,205,090 | |
| Accrued interest | 1,491,691 | N/A | 1,491,718 | N/A | |
| Total | 136,782,794 | 150,911,002 | 136,820,771 | 151,205,090 | |

(21) Borrowings from banks and other financial institutions

Analysed by geographical location of counterparty and type

| | The G | roup | The Bank | |
|--------------------------------|------------------|------------------|------------------|------------------|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| In mainland China | | | | |
| - Banks | 28,817,987 | 26,172,490 | 11,967,987 | 6,217,490 |
| - Other financial institutions | 11,620,000 | 1,000,000 | | - |
| Sub-total | 40,437,987 | 27,172,490 | 11,967,987 | 6,217,490 |
| Outside mainland China | | | | |
| - Banks | 181,761 | 3,131,912 | 181,761 | 2,731,912 |
| Sub-total | 40,619,748 | 30,304,402 | 12,149,748 | 8,949,402 |
| Accrued interest | 596,104 | N/A | 218,744 | N/A |
| Total | 41,215,852 | 30,304,402 | 12,368,492 | 8,949,402 |

(22) Financial assets sold under repurchase agreements

(a) Analysed by type of collateral

| | The Gr | roup | The Bank | | |
|--|------------------|------------------|------------------|------------------|--|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 | |
| | | | | | |
| Securities | | | | | |
| - Government bonds | 16,426,000 | 5,224,800 | 16,426,000 | 5,224,800 | |
| - Bank and other financial institution bonds | 7,560,000 | 5,845,760 | 7,560,000 | 5,845,760 | |
| - Other bonds | 7,810,000 | 4,310,000 | 7,810,000 | 4,310,000 | |
| Commercial bills | 7,063,011 | 23,405,302 | 7,063,011 | 23,405,302 | |
| Long term receivables | 550,298 | 775,187 | | | |
| | | | | | |
| Sub-total | 39,409,309 | 39,561,049 | 38,859,011 | 38,785,862 | |
| Accrued interest | 24,964 | N/A | 20,252 | N/A | |
| Accided interest | 24,904 | N/A | | N/A | |
| Total | 39,434,273 | 39,561,049 | 38,879,263 | 38,785,862 | |
| | | | | | |

(b) Analysed by geographical location of counterparty and type

| | The Gro | up | The Bank | | |
|--------------------------------|------------------|------------------|------------------|------------------|--|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 | |
| In mainland China | | | | | |
| - Central bank | 21,976,893 | 11,081,195 | 21,976,893 | 11,081,195 | |
| - Banks | 16,632,416 | 28,479,854 | 16,082,118 | 27,704,667 | |
| - Other financial institutions | 800,000 | | 800,000 | - | |
| Sub-total | 39,409,309 | 39,561,049 | 38,859,011 | 38,785,862 | |
| Accrued interest | 24,964 | N/A | 20,252 | N/A | |
| Total | 39,434,273 | 39,561,049 | 38,879,263 | 38,785,862 | |

Financial Report

(23) Deposits from customers

| | | The Group | | The Bank | | |
|---|------|------------------|------------------|---------------------------|------------------|--|
| | Note | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 | |
| Demond damasika | | | | | | |
| Demand deposits | | 226 450 502 | 220 242 270 | 226.265.211 | 220 127 224 | |
| - Corporate customers - Individual customers | | 326,458,502 | 338,243,370 | 326,265,211 67,107,573 | 338,127,324 | |
| - Individual customers | | 67,131,218 | 59,444,575 | | 59,412,028 | |
| Sub-total | | 393,589,720 | 397,687,945 | 393,372,784 | 397,539,352 | |
| Time deposits (include call deposits) | | | | | | |
| - Corporate customers | | 453,701,748 | 381,867,632 | 453,472,717 | 381,656,081 | |
| - Individual customers | | 226,403,333 | 156,509,215 | 226,144,343 | 156,280,128 | |
| Sub-total | | 680,105,081 | 538,376,847 | 679,617,060 | 537,936,209 | |
| Pledged deposits | | | | | | |
| - Bank acceptances | | 21,509,504 | 24,227,956 | 21,476,195 | 24,202,965 | |
| - Guarantees | | 5,669,073 | 6,044,558 | 5,669,072 | 6,044,557 | |
| - Letters of credit | | 2,869,189 | 3,265,162 | 2,869,189 | 3,265,162 | |
| - Letters of Guarantee | | 2,832,865 | 3,036,100 | 2,832,865 | 3,036,100 | |
| - Others | | 27,383,665 | 12,879,805 | 27,383,665 | 12,879,805 | |
| Sub-total | | 60,264,296 | 49,453,581 | 60,230,986 | 49,428,589 | |
| Wealth-management fund | (i) | 42,734,437 | 91,011,534 | 42,734,437 | 91,011,534 | |
| Treasury Deposit | | 7,563,000 | 15,788,000 | 7,563,000 | 15,788,000 | |
| Fiscal deposits | | 405,260 | 548,221 | 405,260 | 548,221 | |
| Inward remittance | | 171,289 | 304,366 | 170,349 | 301,386 | |
| Outward remittance | | 647,412 | 157,148 | 647,412 | 157,148 | |
| Sub-total | | 1,185,480,495 | 1,093,327,642 | 1,184,741,288 | 1,092,710,439 | |
| Accrued interest | | 20,081,947 | N/A | 20,068,331 | N/A | |
| Total | | 1,205,562,442 | 1,093,327,642 | 1,204,809,619 | 1,092,710,439 | |

(i) As at 31 December 2019, the carrying amount of the Group's and the Bank's wealth-management fund for corporate customers was RMB 29 billion (31 December 2018: RMB 51 billion). The carrying amount for individual customers was RMB 14 billion (31 December 2018: RMB 40 billion).

(24) Employee benefits payable

The Group

| | Note | 31 December 2019 | 31 December 2018 |
|---|-------|------------------|------------------|
| | | | |
| Short-term employee benefits | (i) | 3,714,631 | 3,393,859 |
| Post-employment benefits - defined contribution plans | (ii) | 30,778 | 303,933 |
| Termination benefits | | 107,234 | 124,015 |
| Other long-term employee benefits | (iii) | 1,608,376 | 1,405,989 |
| | | | |
| Total | (iv) | 5,461,019 | 5,227,796 |
| | | | |

(i) Short-term employee benefits

| | 2019 | | | | | | |
|--|-----------------|-------------------------|-------------------------|-------------------|--|--|--|
| | As at 1 January | Accrued during the year | Payment during the year | As at 31 December | | | |
| | | | | | | | |
| Salaries, bonuses, allowances | 3,303,948 | 5,024,231 | (4,908,418) | 3,419,761 | | | |
| Staff welfare | 204 | 373,297 | (373,137) | 364 | | | |
| Social insurance | | | | | | | |
| - Medical insurance | 34,872 | 525,091 | (306,023) | 253,940 | | | |
| - Work-related injury insurance | 1,359 | 5,147 | (5,002) | 1,504 | | | |
| - Maternity insurance | 470 | 22,953 | (22,890) | 533 | | | |
| Housing fund | 4,280 | 365,860 | (367,300) | 2,840 | | | |
| Labour union fee, staff and workers' education fee | 48,726 | 148,298 | (161,335) | 35,689 | | | |
| Total | 3,393,859 | 6,464,877 | (6,144,105) | 3,714,631 | | | |

| | | 2018 | | | | | |
|--|-----------------|-------------------------|-------------------------|-------------------|--|--|--|
| | As at 1 January | Accrued during the year | Payment during the year | As at 31 December | | | |
| | | | | | | | |
| Salaries, bonuses, allowances | 3,032,504 | 4,660,873 | (4,389,429) | 3,303,948 | | | |
| Staff welfare | 144 | 300,292 | (300,232) | 204 | | | |
| Social insurance | | | | | | | |
| - Medical insurance | 34,586 | 283,248 | (282,962) | 34,872 | | | |
| - Work-related injury insurance | 1,148 | 6,856 | (6,645) | 1,359 | | | |
| - Maternity insurance | 432 | 20,179 | (20,141) | 470 | | | |
| Housing fund | 2,642 | 328,329 | (326,691) | 4,280 | | | |
| Labour union fee, staff and workers' education fee | 59,421 | 135,079 | (145,774) | 48,726 | | | |
| Total | 3,130,877 | 5,734,856 | (5,471,874) | 3,393,859 | | | |

(ii) Post-employment benefits – defined contribution plans

| | | 20 |)19 | |
|--|-----------------|-------------------------|-------------------------|-------------------|
| | | | | |
| | As at 1 January | Accrued during the year | Payment during the year | As at 31 December |
| | | | | |
| Basic pension insurance | 10,932 | 473,834 | (473,548) | 11,218 |
| Unemployment insurance | 2,153 | 13,953 | (13,949) | 2,157 |
| Annuity and supplemental pension insurance | 290,848 | 280,252 | (553,697) | |
| Total | 303,933 | 768,039 | (1,041,194) | 30,778 |
| | | 20 | 018 | |
| | As at 1 January | Accrued during the year | Payment during the year | As at 31 December |
| Basic pension insurance | 8,835 | 499,615 | (497,518) | 10,932 |
| Unemployment insurance | 2,211 | 12,981 | (13,039) | 2,153 |
| Annuity and supplemental pension insurance | 65,119 | 253,330 | (27,601) | 290,848 |
| Total | 76,165 | 765,926 | (538,158) | 303,933 |
| | | | | |

(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.

(25) Taxes payable

| | The (| Group | The Bank | | |
|--|------------------|------------------|------------------|------------------|--|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 | |
| Income tax payable | 2,566,761 | 1,383,263 | 2,321,250 | 1,229,230 | |
| Value-added tax and surcharges payable | 1,026,720 | 924,277 | 1,026,016 | 923,122 | |
| Others | 108,045 | 87,192 | 106,670 | 86,812 | |
| | | | | | |
| Total | 3,701,526 | 2,394,732 | 3,453,936 | 2,239,164 | |
| | | | | | |

(26) Interests payable

Analysed by types of financial liabilities which generate interests payable

| | The Gro | up | The Bank | | |
|---|------------------|------------------|------------------|------------------|--|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 | |
| Deposits from customers | N/A | 18,679,441 | N/A | 18,666,052 | |
| Deposits from banks and other financial institutions | N/A | 1,723,949 | N/A | 1,724,059 | |
| Borrowings from central bank | N/A | 1,613,268 | N/A | 1,613,268 | |
| Debt securities issued | N/A | 853,726 | N/A | 817,901 | |
| Borrowings from banks and other financial institutions | N/A | 370,809 | N/A | 36,697 | |
| Financial assets sold under repurchase agreements | N/A | 11,549 | N/A | 7,994 | |
| Total | N/A | 23,252,742 | N/A | 22,865,971 | |

According to the requirements of the financial statement format of the new financial enterprise, the interest of the financial instrument calculated and withdrawn based on the effective interest rate method is included in the book balance of the corresponding financial instrument.

(27) Provision

| | The G | broup | The Bank | | |
|---|------------------|------------------|------------------|------------------|--|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 | |
| Provision for credit losses on off- balance-sheet assets | 494,502 | N/A | 494,458 | N/A | |
| Provision for estimated liabilities on unresolved litigations and disputes | 95,259 | 63,891 | 95,259 | 63,891 | |
| Total | 589,761 | 63,891 | 589,717 | 63,891 | |

(28) Debt securities issued

Analysed by types of debtsecurities issued

| | The Gr | oup | The Bank | | |
|--|------------------|------------------|------------------|------------------|--|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 | |
| Inter-bank certificates of deposits issued | 290,624,008 | 293,026,821 | 290,624,008 | 293,026,821 | |
| Other financial debts securities issued | 290,824,008 | 293,020,821 | 290,824,008 | 295,020,821 | |
| | | | , , | | |
| Subordinated debts issued | 22,997,960 | 15,000,000 | 22,997,960 | 15,000,000 | |
| Convertible bonds issued | 17,928,401 | - | 17,928,401 | - | |
| Sub-total | 359,044,777 | 332,774,490 | 356,546,255 | 330,526,821 | |
| Accrued interest | 976,547 | N/A | 936,818 | N/A | |
| Total | 360,021,324 | 332,774,490 | 357,483,073 | 330,526,821 | |

Analysis of the movement of Debt securities issued (excluding accrued interest):

The Group

| | | | | 2019 | | |
|--|------------|----------------|---------------------|---------------------|---|------------------|
| | Note | 1 January 2019 | Issued for the year | Repaid for the year | Amortisation of discounts or premiums | 31 December 2019 |
| Inter-bank certificates of deposits issued | (a) | 293,026,821 | 485,704,661 | (497,010,000) | 8,902,526 | 290,624,008 |
| Other financial debts securities issued | (b) | 24,747,669 | 10,245,680 | (7,500,000) | 1,059 | 27,494,408 |
| Subordinated debts issued | (c) | 15,000,000 | 19,999,000 | (12,000,000) | (1,040) | 22,997,960 |
| Convertible bonds issued | (d) | - | 17,162,478 | (335) | 766,258 | 17,928,401 |
| Total | | 332,774,490 | 533,111,819 | (516,510,335) | 9,668,803 | 359,044,777 |
| | | | | 2018 | | |
| | Note | 1 January 2018 | Issued for the year | Repaid for the year | Amortisation of discounts or premiums | 31 December 2018 |
| Inter-bank certificates of deposits issued | (a) | 199,841,911 | 476,150,810 | (394,570,000) | 11,604,100 | 293,026,821 |
| Other financial debts securities issued | (a) (b) | 17,500,000 | 7,247,366 | (394,370,000) | 303 | 293,020,821 |
| Subordinated debts issued | (D) (C) | 15,000,000 | 1,241,300 | - | 505 | 15,000,000 |
| Subordinated depts issued | (C) | 13,000,000 | | | | 13,000,000 |
| Total | | 232,341,911 | 483,398,176 | (394,570,000) | 11,604,403 | 332,774,490 |

The Bank

| | | | | 2019 | | |
|--|------|----------------|---------------------|---------------------|---|------------------|
| | Note | 1 January 2019 | Issued for the year | Repaid for the year | Amortisation of discounts or premiums | 31 December 2019 |
| Inter-bank certificates of deposits issued | (a) | 293,026,821 | 485,704,661 | (497,010,000) | 8,902,526 | 290,624,008 |
| Other financial debts securities issued | (b) | 22,500,000 | 9,995,680 | (7,500,000) | 206 | 24,995,886 |
| Subordinated debts issued | (c) | 15,000,000 | 19,999,000 | (12,000,000) | (1,040) | 22,997,960 |
| Convertible bonds issued | (d) | | 17,162,478 | (335) | 766,258 | 17,928,401 |
| Total | | 330,526,821 | 532,861,819 | (516,510,335) | 9,667,950 | 356,546,255 |

| | | | | 2018 | | |
|--|------|----------------|---------------------|---------------------|---|------------------|
| | Note | 1 January 2018 | Issued for the year | Repaid for the year | Amortisation of discounts or premiums | 31 December 2018 |
| | | | | | | |
| Inter-bank certificates of deposits issued | (a) | 199,841,911 | 476,150,810 | (394,570,000) | 11,604,100 | 293,026,821 |
| Other financial debts securities issued | (b) | 17,500,000 | 5,000,000 | - | - | 22,500,000 |
| Subordinated debts issued | (c) | 15,000,000 | - | - | - | 15,000,000 |
| | | | | | | |
| Total | | 232,341,911 | 481,150,810 | (394,570,000) | 11,604,100 | 330,526,821 |
| | | | | | | |

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(a) As at 31 December 2019, the Group and the Bank held 131 unmature negotiable certificates of deposit that were issued in the interbank market. The maximum maturity is 366 days. The interest rate ranges from 3.00% to 3.40% (As at 31 December 2018, the Group and the Bank held 176 unmature negotiable certificates of deposit that were issued in the inter-bank market. The maximum maturity is 365 days. The interest rate ranges from 3.00% to 5.09%).

(b) As at the balance sheet date, details other financial debts securities issued by the Group and the Bank are shown as follows (excluding accrued interest):

| | Note | 31 December 2019 | 31 December 2018 |
|---|-------|------------------|------------------|
| Specific financial bonds for small and micro business maturing in July 2019 | (i) | _ | 7,500,000 |
| Ordinary financial fixed rate bonds maturing in July 2020 | (ii) | 6,000,000 | 6,000,000 |
| Ordinary financial fixed rate bonds maturing in August 2021 | (iii) | 2,498,522 | 2,247,669 |
| Green financial fixed rate bonds maturing in April 2022 | (iv) | 9,995,886 | - |
| Ordinary financial fixed rate bonds maturing in July 2022 | (∨) | 4,000,000 | 4,000,000 |
| Ordinary financial fixed rate bonds maturing in April 2023 | (vi) | 5,000,000 | 5,000,000 |
| Total | | 27,494,408 | 24,747,669 |

(i) 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.

(ii) The Bank issued 3-years fixed interest rate ordinary financial bonds on 28 July 2017. The coupon interest rate per annum is 4.30% and the interest is settled once a year.

(iii) The Bank's subsidiary Suyin Finance Leasing issued a 3-years fixed interest rate non-banking ordinary financial bonds on 20 August 2018. The coupon interest rate per annum is 4.44% and the interest is settled once a year.

(iv) The Group issued 3-years fixed interest rate green financial bonds on 22 April 2019. The coupon interest rate per annum is 3.60% and the interest is settled once a year.

(v) The Bank issued 5-years fixed interest rate ordinary financial bonds on 28 July 2017. The coupon interest rate per annum is 4.50% and the interest is settled once a year.

(vi) The Bank issued 5-years fixed interest rate ordinary financial bonds on 2 April 2018. The coupon interest rate per annum is 5.00% and the interest is settled once a year.

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

| | Note | 31 December 2019 | 31 December 2018 |
|--|-------|------------------|------------------|
| | | | |
| Subordinated fixed rate bonds maturing in September 2024 | (i) | - | 12,000,000 |
| Subordinated fixed rate bonds maturing in September 2026 | (ii) | 3,000,000 | 3,000,000 |
| Subordinated fixed rate bonds maturing in September 2029 | (iii) | 19,997,960 | - |
| | | | |
| Total | | 22,997,960 | 15,000,000 |
| | | | |

(i) 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. The Group has exercised its right of redemption and redeemed all of the bonds on 24 September 2019.

(ii) 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) The Bank issued 10-years fixed interest rate bonds on 26 September 2019. The coupon interest rate per annum is 4.18% 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 26 September 2024.

(d) As at the balance sheet date, details convertible bonds issued by the Group and the Bank are shown as follows (excluding accrued interest):

| | 31 December 2019 | 31 December 2018 |
|---|------------------|------------------|
| 6-years fixed rate convertible bonds issued in March 2019 | 17,928,401 | |

Equity and liability components allocation:

| | Liability Components | Equity Components | Total |
|---------------------------|----------------------|-------------------|------------|
| Issuance amount | 17,205,117 | 2,794,883 | 20,000,000 |
| | | , , , | , , |
| Transaction costs | (42,639) | (6,926) | (49,565) |
| | | | |
| Issue date | 17,162,478 | 2,787,957 | 19,950,435 |
| Conversion for the year | 766,258 | - | 766,258 |
| Amortisation for the year | (335) | (53) | (388) |
| | | | |
| 31 December 2019 | 17,928,401 | 2,787,904 | 20,716,305 |

(i) Approved by the China Banking and Insurance Regulatory Commission (hereinafter referred to as "the CBIRC") and other relevant agencies, the Bank issued RMB 20 billion of A-shares convertible corporate bonds publicly (hereinafter referred to as "convertible bond") on March 14, 2019. The duration of this convertible bond is 6 years, that is, from March 14, 2019 to March 13, 2025. The coupon rate of the convertible bond is 0.2% in the first year, 0.8% in the second year, 1.5% in the third year, 2.3% in the fourth year, 3.5% in the fifth year, and 4% in the sixth year. Convertible bonds holders may, within the period from the first trading day subsequent to six months after the end of the issuance to the maturity date of the convertible bond (hereinafter referred to as the "conversion period"), the right to convert this convertible bond into ordinary shares of the Bank according to the conversion price for the current period. Within five trading days after the expiration of the convertible bonds issued, the Bank will redeem all unconverted bonds at the price of 111% of the face value of the convertible bonds issued (including the last annual interest).

(ii) During the conversion period, if the closing price of the Bank's A-share stocks for at least 15 trading days in any 30 consecutive trading days is not less than 130% (including 130%) of the current conversion price, the Bank has the right to redeem all or part of the convertible bonds that have not been converted into shares at the price of the bond's face value plus current interest accrued with the approval of relevant regulatory authorities (if necessary). If a conversion price adjustment occurs due to ex-rights or ex-dividends within the aforementioned 30 trading days, on trading days before adjustment, it is calculated according to the conversion price and the closing price before adjustment. On subsequent trading days, it is calculated based on the conversion price and the closing price after adjustment. In addition, when the total par value of the convertible bonds issued is less than RMB 30 million, the Bank has the right to redeem all the convertible bonds at the face value plus the interest accrued in the current period.

(iii) According to the calculation of the conversion price on the convertible bond prospectus, the initial conversion price is 7.90 yuan per share, which is not less than the average price of 20 trading days before the announcement date of the prospectus (if any stock price adjustment due to ex-rights and ex-dividends occurred within the 20 trading days, the price on the trading day before the adjustment is calculated at the price after the corresponding ex-rights and ex-dividends adjustments) and average price of stock transactions on the previous trading day, as well as the latest audited net assets per share and par value of stocks. As at 31 December 31 2019, the latest conversion price was RMB 7.56 per share.

(iv) As at 31 December 2019, RMB 378,000 of the convertible corporate bonds were converted into A-shares ordinary shares, with a cumulative number of 49,981 shares.

(29) Other liabilities

The Group

| | 31 December 2019 | 31 December 2018 |
|-------------------------------|------------------|------------------|
| | | |
| Suspense account for clearing | 4,210,906 | 3,108,294 |
| Deposit for finance leasing | 4,076,590 | 3,839,188 |
| Deferred income | 1,804,107 | 1,538,652 |
| Dividend payable | 67,961 | 59,795 |
| Others | 413,096 | 461,543 |
| | | |
| Total | 10,572,660 | 9,007,472 |

(30) Share capital

The Bank

| | 31 December 2018 | Conversion from the convertible bond to shares | 31 December 2019 |
|-------------------------------|------------------|--|------------------|
| RMB common stocks (A - Share) | 11,544,450 | 50 | 11,544,500 |

As referred to in Note 5(28)(4), approved by the China Banking and Insurance Regulatory Commission and other relevant agencies, the Bank issued RMB 20 billion of A-shares convertible corporate bonds publicly on March 14, 2019. From the issue date to 31 December 2019, RMB 378,000 of the convertible corporate bonds were converted into A-shares ordinary shares, with a cumulative number of 49,981 shares.

(31) Other equity instruments

The Group and the Bank

| | Note | 31 December 2019 | 31 December 2018 |
|---|-----------------|------------------|------------------|
| | | | |
| Preference shares | (1),(2),(3),(4) | 19,977,830 | 19,977,830 |
| Equity components of convertible bonds issued | 5(28)(d) | 2,787,904 | - |
| | | | |
| Total | | 22,765,734 | 19,977,830 |
| | | | |

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

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

(2) 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.

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(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).

(3) Changes in preference shares outstanding

| | 1 Januar | y 2019 | Additions dur | ing the year | 31 Decem | oer 2019 |
|----------------------------------|------------------------------|---------------------------------|------------------------------|---------------------------------|------------------------------|---------------------------------|
| Financial instrument outstanding | Quantity (million shares) | Carrying Value (RMB million) | Quantity (million shares) | Carrying Value (RMB million) | Quantity (million shares) | Carrying Value (RMB million) |
| Domestic Preference Share | | 19,978 | | _ | 200 | 19,978 |

(4) Relevant information of amounts attributable to holders of equity instruments

| | 2019 | 2018 |
|---|-------------|-------------|
| | | |
| Equity attributable to shareholders of the Bank | 132,792,385 | 122,624,474 |
| - Equity attributable to ordinary shareholders of the Bank | 112,814,555 | 102,646,644 |
| - Equity attributable to holders of the Bank's other equity instruments | 19,977,830 | 19,977,830 |
| Equity attributable to non-controlling shareholders | 3,643,536 | 1,880,452 |
| - Equity attributable to non-controlling ordinary shareholders | 3,643,536 | 1,880,452 |
| - Equity attributable to non-controlling shareholders of other equity instruments | - | - |

Please see note 5(36) for distribution of dividends to the preferred shareholders.

(32) Capital reserve

The Group

| | | 2019 | |
|---------------|----------------------|--|------------------------|
| | As at 1 January 2019 | Additions during the year (Note 1 / 2) | As at 31 December 2019 |
| Share premium | 16,075,278 | 76,918 | 16,152,196 |
| | | 2018 | |
| | As at 1 January 2018 | Additions during the year | As at 31 December 2018 |
| Share premium | 16,075,278 | | 16,075,278 |

The Bank

| | | 2019 | |
|---------------|----------------------|------------------------------------|------------------------|
| | As at 1 January 2019 | Additions during the year (Note 2) | As at 31 December 2019 |
| | | | |
| Share premium | 16,072,078 | 338 | 16,072,416 |
| | | | |
| | | 2018 | |
| | As at 1 January 2018 | Additions during the year | As at 31 December 2018 |
| | | | |
| Share premium | 16,072,078 | - | 16,072,078 |

(a)In 2019, Suyin Finance Leasing Co., Ltd increased capital and shares by capital injection from the Bank and other non-controlling shareholders. The difference before and after the capital increase in the net asset share of Suyin Finance Leasing Co., Ltd was approximately RMB 76.58 million, which was included in the capital reserve.

(b)As referred to in Note 5(28)(d), approved by the China Banking and Insurance Regulatory Commission and other relevant agencies, the Bank issued RMB 20 billion of A-shares convertible corporate bonds publicly on March 14, 2019. From the issue date to 31 December 2019, RMB 378,000 of the convertible corporate bonds were converted into A-shares ordinary shares, with a cumulative number of 49,981 shares and share premium RMB 338,000.

(33) Other comprehensive income

The Group and the Bank

| | | | | | 2019 | | | |
|---|---|------------------------------|---|--|---|---|---|---|
| | As at 31 December 2018 | As at 1 January 2019 Befo | L Before-tax amount t | Less: Previously recognised amount transferred to profit or loss | Less: Income tax expense | Net-of-tax amount attributable to shareholders of the Bank | nt Net-of-tax amount to attributable to of non-controlling interests | Balance at the end of the year attributable to g shareholders of the Bank |
| Items that may not be reclassified to profit or loss - Gains or losses arising from changes in fair value of the Financial investments designated at FVOCI Items that may be reclassified to profit or loss | s s | (86,578) | 11,960 | | (066'2) | 8,970 | 0 | - (77,608) |
| Gains or losses arising from changes in fair value of the financial investments measured at FVOCI | N/A | 1,908,835 | 311,988 | (1,597,013) | 337,568 | (947,457) | 57) | - 961,378 |
| - Gains or losses arising from changes in fair value of available-for-sale financial assets | 578,161 | N/A | N/A | N/A | N/A | N/A | A N/A | A N/A |
| Provision on credit loss of the financial investments measured at FVOCI | N/A | 689,250 | 95,775 | • | (23,944) | 71,831 | 31 | - 761,081 |
| Total | 578,161 | 2,511,507 | 419,723 | (1,597,013) | 310,634 | (866,656) | 26) | - 1,644,851 |
| | | | | 2018 | Ø | | | |
| | Balance at the beginning of the year attributable to shareholders of the Bank | Before-tax amount | Less: Previously recognised amount transferred to profit or loss | | Net- Less: Income tax share expense | Net-of-tax amount attributable to shareholders of the Bank | Net-of-tax amount attributable to non- controlling interests | Balance at the end of the year attributable to shareholders of the Bank |
| Items that may be reclassified to profit or loss - Gains or losses arising from changes in fair value of available-for-sale financial | (954,475) | 2,621,948 | (578,433) | 33) | (510,879) | 1,532,636 | | 578,161 |
| assets | | | | | | | | |

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(34) Surplus reserve

The Group and the Bank

| 5,959,273 | 6,184,409 | 12,143,682 |
|-----------|-----------|---|
| | 6,184,409 | 12 143 682 |
| | | 12,113,002 |
| 1,166,013 | 1,166,013 | 2,332,026 |
| | | |
| 7,125,286 | 7,350,422 | 14,475,708 |
| | | |
| 7,125,286 | 7,350,422 | 14,475,708 |
| 1,279,160 | 1,279,160 | 2,558,320 |
| | | |
| 8,404,446 | 8,629,582 | 17,034,028 |
| | 7,125,286 | 7,125,286 7,350,422 7,125,286 7,350,422 1,279,160 1,279,160 |

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, 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. In accordance with the resolution of the general meeting of shareholders of the Bank on 17 May 2019, the Bank will appropriate 10% of its net profit to statutory surplus reserve.

(35) General reserve

| | The G | roup | The | Bank |
|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2019 | 2018 | 2019 | 2018 |
| As at 1 January Appropriation | 25,376,162 3,009,348 | 22,969,534 2,406,628 | 24,903,706 2,850,714 | 22,733,660 2,170,046 |
| As at 31 December | 28,385,510 | 25,376,162 | 27,754,420 | 24,903,706 |

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.

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(a) In accordance with the resolution of the 19th meeting of the 4th Board of Directors of the Bank on 29 October 2019 the bank distribute RMB 1.04 billion yuan to prefence shareholders at RMB 5.20 yuan (including tax) per share based on 5.20% dividend rate.

(b) In accordance with the resolution of the general meeting of shareholders of the Bank on 17 May 2019, the shareholders approved the following profit appropriations for the year ended 31 December 2018:

- 10% of the profit after tax for the statutory surplus reserve of year 2018;
- 10% of the profit after tax for the discretionary surplus reserve of year 2018;
- RMB 2.17 billion yuan for the general reserve; and

- RMB 3.40 yuan per 10 shares (before tax), with the aggregate amount of RMB 3.925 billion as cash dividend to the registered shareholders

(c) In accordance with the resolution of the 13th meeting of the 4th Board of Directors of the Bank on 29 October 2018 the bank distribute RMB 1.04 billion yuan to preferce shareholders at RMB 5.20 yuan (including tax) per share based on 5.20% dividend rate.

(d) In accordance with the resolution of the general meeting of shareholders of the Bank on 15 May 2018, the shareholders approved the following profit appropriations for the year ended 31 December 2018:

- 10% of the profit after tax for the statutory surplus reserve of year 2017;
- 10% of the profit after tax for the discretionary surplus reserve of year 2017;
- RMB 2.076 billion yuan for the general reserve; and

- RMB 1.80 yuan per 10 shares (before tax), with the aggregate amount of RMB 2.078 billion as cash dividend to the registered shareholders

(37) Net interest income

| | The Group | | The Bank | |
|--|--------------|--------------|--------------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| Loans and advances to customers | | | | |
| - Corporate loans and advances | 28,517,778 | 26,106,179 | 28,449,577 | 26,043,106 |
| - Individual loans and advances | 18,597,415 | 11,238,595 | 18,587,454 | 11,235,426 |
| - Discounted bills | 2,863,015 | 3,971,578 | 2,863,015 | 3,971,578 |
| Investment in debt instruments | 23,994,841 | 32,676,416 | 23,975,000 | 32,680,552 |
| Long-term receivable | 2,997,522 | 2,048,280 | - | - |
| Deposits with central bank | 2,077,920 | 2,188,535 | 2,076,974 | 2,187,618 |
| Placements with banks and other financial institutions | 1,144,667 | 406,695 | 1,118,371 | 512,310 |
| Financial assets held under resale agreements | 828,338 | 1,154,331 | 824,621 | 1,154,331 |
| Deposits with banks and other financial institutions | 340,579 | 1,962,057 | 465,768 | 1,965,502 |
| Interest income | 81,362,075 | 81,752,666 | 78,360,780 | 79,750,423 |
| Deposits from customers | | | | |
| - Corporate customers | (21,025,177) | (18,797,562) | (21,019,033) | (18,792,227) |
| - Individual customers | (8,913,778) | (7,390,230) | (8,905,423) | (7,383,067) |
| Debt securities issued | (13,029,124) | (13,587,918) | (12,917,380) | (13,551,791) |
| Deposits from banks and other financial institutions | (6,021,963) | (9,003,757) | (6,015,668) | (9,007,392) |
| Borrowings from central bank | (3,602,400) | (2,776,885) | (3,599,861) | (2,773,832) |
| Placements from banks and other financial institutions | (1,802,887) | (1,748,606) | (644,617) | (583,659) |
| Financial assets sold under repurchase agreements | (1,388,669) | (2,950,228) | (1,349,003) | (2,909,862) |
| Others | (41,420) | (50,573) | (41,420) | (50,573) |
| Interest expense | (55,825,418) | (56,305,759) | (54,492,405) | (55,052,403) |
| Net interest income | 25,536,657 | 25,446,907 | 23,868,375 | 24,698,020 |

(38) Net fee and commission income

| | The Group | | The Bank | | |
|--|-----------|-----------|-----------|-----------|--|
| | 2019 | 2018 | 2019 | 2018 | |
| Agency service fees | 3,591,153 | 2,912,495 | 3,591,153 | 2,912,495 | |
| Bank card fees | 1,149,229 | 905,333 | 1,149,216 | 905,319 | |
| Custodian and other fiduciary service fees | 586,533 | 727,848 | 586,533 | 727,848 | |
| Credit commitment fees | 407,371 | 417,461 | 407,317 | 417,426 | |
| Settlement and clearing fees | 66,016 | 73,571 | 65,969 | 73,527 | |
| Advisory service fees | 5,130 | 4,474 | 5,130 | 4,474 | |
| Others | 489,157 | 421,336 | 40,409 | 37,630 | |
| Fee and commission income | 6,294,589 | 5,462,518 | 5,845,727 | 5,078,719 | |
| Settlement and clearing charges | (141,723) | (117,005) | (141,721) | (117,003) | |
| Bank card charges | (36,499) | (52,253) | (36,486) | (52,236) | |
| Others | (93,453) | (70,968) | (70,585) | (49,463) | |
| Fee and commission expense | (271,675) | (240,226) | (248,792) | (218,702) | |
| Net fee and commission income | 6,022,914 | 5,222,292 | 5,596,935 | 4,860,017 | |

(39) Investment gains

| | The Gro | The Group | | The Bank | |
|---|------------|-----------|------------|-----------|--|
| | 2019 | 2018 | 2019 | 2018 | |
| Net gains/(losses) during the period in which financial instruments are h | eld | | | | |
| - Financial investments measured at FVTPL | 11,274,417 | N/A | 11,274,417 | N/A | |
| - Financial investments designated at FVOCI | 3,795 | N/A | 3,795 | N/A | |
| - Available-for-sale financial assets | N/A | 2,959,659 | N/A | 2,959,659 | |
| Net gains /(losses) from disposal of financial instruments | | | | | |
| - Financial investments measured at FVOCI | 1,244,521 | N/A | 1,244,521 | N/A | |
| - Loans and advances measured at FVOCI | 352,492 | N/A | 352,492 | N/A | |
| - Financial investments measured at FVTPL | 97,102 | N/A | 96,167 | N/A | |
| - Derivatives | 11,883 | 59,634 | 11,883 | 59,634 | |
| - Financial investments measured at amortised cost | (12,254) | N/A | (12,254) | N/A | |
| - Financial assets measured at FVTPL | N/A | 54,463 | N/A | 54,463 | |
| - Available-for-sale financial assets | N/A | 631,158 | N/A | 631,158 | |
| - Others | <u> </u> | 128,897 | | 128,897 | |
| Total | 12,971,956 | 3,833,811 | 12,971,021 | 3,833,811 | |

(40) Net losses from changes in fair value

| | The C | Group | The | Bank |
|---|-----------|-----------|-----------|-----------|
| | 2019 | 2018 | 2019 | 2018 |
| | | | | |
| Financial assets held for trading | (124,380) | N/A | (130,468) | N/A |
| Derivatives | (58,631) | (320,112) | (58,631) | (320,112) |
| Financial assets at fair value through profit or loss | N/A | 156,234 | N/A | 156,234 |
| Total | (183,011) | (163,878) | (189,099) | (163,878) |

(41) General and administrative expenses

| | The C | Group | The | Bank |
|---|------------|------------|------------|-----------|
| | 2019 | 2018 | 2019 | 2018 |
| Staff costs | | | | |
| - Salaries and bonuses | 5,593,528 | 5,167,434 | 5,529,455 | 5,107,284 |
| - Social insurance and supplemental pension insurance | 1,321,230 | 1,076,209 | 1,309,300 | 1,067,418 |
| - Other wellfare | 890,262 | 773,144 | 880,645 | 765,913 |
| Sub-total | 7,805,020 | 7,016,787 | 7,719,400 | 6,940,615 |
| Premises and equipment expenses | | | | |
| - Depreciation and amortisation | 598,293 | 573,155 | 594,901 | 570,229 |
| - Rental and property management expenses | 547,972 | 533,521 | 544,905 | 528,942 |
| - Utility charges | 70,834 | 76,291 | 70,407 | 75,853 |
| - Others | 340,694 | 281,806 | 333,520 | 277,803 |
| Sub-total | 1,557,793 | 1,464,773 | 1,543,733 | 1,452,827 |
| Other general and administrative expenses | 2,167,758 | 1,622,303 | 2,143,770 | 1,606,318 |
| Total | 11,530,571 | 10,103,863 | 11,406,903 | 9,999,760 |
| | | | | |

(42) Impairment losses on credit

| | The Group | | The Bank | |
|--|------------|------|------------|------|
| _ | 2019 | 2018 | 2019 | 2018 |
| | | | | |
| Loans and advances measured at amortised cost | 12,671,610 | N/A | 12,658,409 | N/A |
| Financial investments measured at amortised cost | 2,578,945 | N/A | 2,546,606 | N/A |
| Deposits with inter-banks and other financial institutions | 844,552 | N/A | 844,410 | N/A |
| Long-term receivable | 822,293 | N/A | - | N/A |
| Loans and advances measured at FVOCI | 140,029 | N/A | 140,029 | N/A |
| Placements with inter-banks and other financial institutions | 92,625 | N/A | 92,625 | N/A |
| Provision | 72,344 | N/A | 72,374 | N/A |
| Other assets | 26,373 | N/A | 26,454 | N/A |
| Financial assets held under resale agreements | 11,404 | N/A | 11,349 | N/A |
| Financial investments measured at FVOCI | (44,255) | N/A | (44,255) | N/A |
| Total | 17,215,920 | N/A | 16,348,001 | N/A |

(43) Impairment losses on assets

| The Group | | The | Bank |
|-----------|----------------------------------|--|---|
| 2019 | 2018 | 2019 | 2018 |
| | | | |
| N/A | 9,428,833 | N/A | 9,478,988 |
| N/A | 419,300 | N/A | - |
| N/A | 383,851 | N/A | 380,392 |
| N/A | 28,283 | N/A | 28,620 |
| | | | |
| N/A | 10,260,267 | N/A | 9,888,000 |
| | 2019 N/A N/A N/A N/A | 2019 2018 N/A 9,428,833 N/A 419,300 N/A 383,851 N/A 28,283 | 2019 2018 2019 N/A 9,428,833 N/A N/A 419,300 N/A N/A 383,851 N/A N/A 28,283 N/A |

(44) Income tax expense

(a) Income tax expense

| | The Group | | The E | Bank |
|---|-------------|---------------------------------------|-------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| | | | | |
| Current tax | 3,390,736 | 2,230,702 | 2,965,437 | 2,022,431 |
| Deferred tax | (2,834,613) | (1,341,267) | (2,690,241) | (1,291,739) |
| Adjustments for tax filling and previous year | 99,584 | 115,458 | 100,198 | 115,723 |
| | | | | |
| Total | 655,707 | 1,004,893 | 375,394 | 846,415 |
| | | · · · · · · · · · · · · · · · · · · · | | |

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

| | | The G | iroup | The E | Bank |
|--|------|-------------|-------------|-------------|-------------|
| | Note | 2019 | 2018 | 2019 | 2018 |
| Profit before tax | | 15,615,486 | 14,267,401 | 14,502,240 | 13,638,014 |
| Expected income tax at statutory tax rate of 25% | | 3,903,872 | 3,566,850 | 3,625,560 | 3,409,504 |
| Tax effect of non-taxable income | (i) | (3,357,665) | (2,509,349) | (3,357,518) | (2,509,346) |
| Tax effect of non - deductible expenses | (ii) | 49,332 | 25,929 | 46,729 | 24,286 |
| Adjustments for tax filling and prior years | | 60,168 | (78,537) | 60,623 | (78,029) |
| Income tax expense | | 655,707 | 1,004,893 | 375,394 | 846,415 |

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

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

(45) 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 | 2019 | 2018 |
|--|------|------------|------------|
| Net Profit attributable to shareholders of the Bank | (i) | 13,578,609 | 12,024,935 |
| Weighted average issued ordinary shares (in thousands) | (ii) | 11,544,461 | 11,544,450 |
| Basic and diluted earnings per share (in RMB Yuan) | | 1.18 | 1.04 |

(i) Consolidated net profit attributable to ordinary shareholders of the Company is calculated as follows:

| | 2019 | 2018 |
|--|-------------|-------------|
| | | |
| Consolidated net profit attributable to ordinary shareholders of the Company | 14,618,609 | 13,064,935 |
| Effect of preferred stock dividend announcement | (1,040,000) | (1,040,000) |
| | | |
| Consolidated net profit attributable to ordinary shareholders of the Company | 13,578,609 | 12,024,935 |
| | | |

(ii) Weighted average number of ordinary shares is calculated as follows:

| | 2019 | 2018 |
|---|------------------|------------|
| Issued ordinary shares at the beginning of the year (in thousands) Effect of conversion of convertible bonds | 11,544,450 11 | 11,544,450 |
| Weighted average number of ordinary shares at the end of the year (in thousands) | 11,544,461 | 11,544,450 |

(46) Note to the statement of cash flow

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

| | The G | roup | The Ba | ank |
|---|---------------|---------------|---------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| | | | | |
| Net Profit | 14,959,779 | 13,262,508 | 14,126,846 | 12,791,599 |
| Add / (minus) : | | | | |
| Impairment losses on credit | 17,215,920 | N/A | 16,348,001 | N/A |
| Impairment losses on assets | N/A | 10,260,267 | N/A | 9,888,000 |
| Unwinding of discount | N/A | (238,273) | N/A | (235,259) |
| Depreciation and amortisation | 618,172 | 573,155 | 603,491 | 570,229 |
| Net gains from disposal of fixed assets, intangible assets and other long-term assets | (102,134) | (102,509) | (102,049) | (102,509) |
| Net losses from changes in fair value | 183,011 | 163,878 | 189,099 | 163,878 |
| Net foreign exchange losses | 579,384 | 426,173 | 579,384 | 426,173 |
| Investment income | (1,697,539) | (3,833,811) | (1,696,604) | (3,833,811) |
| Interest income from investment in debt instruments | (23,994,841) | (32,676,416) | (23,975,000) | (32,680,552) |
| Interest expenses on debt securities issued | 13,029,124 | 13,587,918 | 12,917,380 | 13,551,791 |
| Increase in deferred tax assets | (2,834,613) | (1,341,267) | (2,690,241) | (1,291,739) |
| Increase in operating receivables | (178,529,442) | (135,454,289) | (167,395,137) | (127,486,383) |
| Increase in operating payables | 102,615,412 | 43,324,258 | 93,079,753 | 41,338,785 |
| Net cash flow from operating activities | (57,957,767) | (92,048,408) | (58,015,077) | (86,899,798) |

(b) Changes in cash and cash equivalents:

| | The Group | | The B | ank |
|--|--------------|--------------|--------------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| Cash and cash equivalents at the end of the year | 51,383,938 | 47,735,785 | 53,818,749 | 52,537,223 |
| Less: Cash and cash equivalents at the beginning of the year | (47,735,785) | (62,181,354) | (52,537,223) | (63,165,334) |
| Net decrease in cash and cash equivalents | 3,648,153 | (14,445,569) | 1,281,526 | (10,628,111) |

(c) Cash and cash equivalents:

| | The Group | | The Bank | |
|---|------------|------------|------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| | | | | |
| Cash on hand | 1,379,061 | 1,349,574 | 1,375,142 | 1,346,427 |
| Unrestricted deposits with central bank | 7,152,150 | 13,702,301 | 7,147,744 | 13,698,133 |
| Unrestricted deposits with banks and other financial institutions | 25,186,570 | 17,622,471 | 24,679,706 | 16,831,224 |
| Placements with banks and other financial institutions | 12,621,197 | 6,575,454 | 15,571,197 | 12,175,454 |
| Financial assets held under resale agreements | 5,044,960 | 8,485,985 | 5,044,960 | 8,485,985 |
| | | | | |
| Cash and cash equivalents at the end of the year | 51,383,938 | 47,735,785 | 53,818,749 | 52,537,223 |
| | | | | |

(47) Pledged assets

(a) Assets pledged as security

Carrying value of pledged assets (excluding accrued interest) in balance sheet is as follows:

| The Grou | р | The Ban | k |
|------------------|--|--|--|
| 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| | | | |
| 121,986,000 | 110,276,000 | 121,986,000 | 110,276,000 |
| 39,409,309 | 39,561,049 | 38,859,011 | 38,785,862 |
| 7,563,000 | 15,788,000 | 7,563,000 | 15,788,000 |
| <u> </u> | 150,661 | | - |
| 168,958,309 | 165,775,710 | 168,408,011 | 164,849,862 |
| | 31 December 2019 121,986,000 39,409,309 7,563,000 | 121,986,000 110,276,000 39,409,309 39,561,049 7,563,000 15,788,000 - 150,661 | 31 December 2019 31 December 2018 31 December 2019 121,986,000 110,276,000 121,986,000 39,409,309 39,561,049 38,859,011 7,563,000 15,788,000 7,563,000 150,661 - - |

Transactions above are conducted under customary terms of relevant businesses.

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

| | The Grou | ip | The B | ank |
|--|------------------|------------------|------------------|------------------|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| Securities | | | | |
| | | | | |
| - Government bonds | 180,634,449 | 142,354,127 | 180,634,449 | 142,354,127 |
| - Bank and other financial institution bonds | 7,599,924 | 23,202,623 | 7,599,924 | 23,202,623 |
| - Corporate bonds | 8,088,938 | 4,643,211 | 8,088,938 | 4,643,211 |
| Sub-total | 196,323,311 | 170,199,961 | 196,323,311 | 170,199,961 |
| Commercial bills | 7,020,309 | 23,238,050 | 7,020,309 | 23,238,050 |
| Loans and advances to customers | 1,550,000 | 3,231,000 | 1,550,000 | 3,231,000 |
| Long-term receivable | 778,169 | 927,728 | - | - |
| Deposits with banks and other financial institutions | - | 75,330 | - | - |
| Total | 205,671,789 | 197,672,069 | 204,893,620 | 196,669,011 |
| | | | | |

| | The Group | | The Bank | (|
|--|------------------|------------------|------------------|------------------|
| _ | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| Deposits with banks and other financial institutions | | 75,330 | | |
| Financial assets at fair value through profit or loss | N/A | 28,389 | N/A | 28,389 |
| Loans and advances to customers | 8,570,309 | 26,469,050 | 8,570,309 | 26,469,050 |
| Financial investments measured at amortised cost | 169,595,848 | N/A | 169,595,848 | N/A |
| Financial investments measured at FVOCI | 26,727,463 | N/A | 26,727,463 | N/A |
| Available-for-sale financial assets | N/A | 46,228,390 | N/A | 46,228,390 |
| Held-to-maturity investments | N/A | 119,063,745 | N/A | 119,063,745 |
| Receivables investment | N/A | 4,879,437 | N/A | 4,879,437 |
| Long-term receivables | 778,169 | 927,728 | | - |
| Total | 205,671,789 | 197,672,069 | 204,893,620 | 196,669,011 |

(2) 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 balance sheet date, 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.

(48) 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.

Some securitization transactions conducted by the Group will cause the Group to derecognize all transferred financial assets. 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 2019, the carrying amount of the securitised credit assets of the Group was RMB 725 million at the date of transfer (31 December 2018: RMB 6,769 million).

Apart from credit asset securitization above, the group and the bank have transferred credit assets with a face value of RMB 4.974 billion to the securitized entity as at 31 December 2019 (31 December 2018: nil). For the transaction, the Group has neither transferred nor retained substantially all the risks and rewards of the transferred credit assets, and retained control of the credit assets, the Group recognises the assets on the statement of financial position in accordance with the Group's continuing involvement and the rest is derecognised. The carrying amount of assets that the Group continues to recognise on the statement of financial position was RMB 662 million as at 31 December 2019 (31 December 2018: nil).

Usufruct Transaction

The Group transfers the usufruct of credit asset to s special purpose trust and then the investor transfers the share of the trust fund.

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 2019, the carrying amount of the such credit assets of the Group was RMB 1,546 million at the date of transfer (31 December 2018: RMB 2,387 million).

Apart from the transaction above, the group have transferred the usufruct of credit asset with a face value of RMB 2.052 billion to a special purpose trust as at 31 December 2019 (31 December 2018: nil). For the transaction, the Group has neither transferred nor retained substantially all the risks and rewards of the transferred credit assets, and retained control of the credit assets, the Group recognises the assets on the statement of financial position in accordance with the Group's continuing involvement and the rest is derecognised. The carrying amount of assets that the Group continues to recognise on the statement of financial position was RMB 245 million as at 31 December 2019 (31 December 2018: nil).

Credit assets Transaction

In 2019, the Group directly transferred non-performing loans of RMB 3.711 billion to third parties, all of which were derecognized (2018: RMB 5.453 billion, all of which were derecognized).

For details of usufruct the group and the bank reserved, refer to 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:

| | The Bank's shareholding percentage (Note i) | areholding (Note i) | The Bank's voting rights percentage (Note i) | iting rights (Note i) | Registered capital | capital | Place of operation and registration and date of establishment | Primary business |
|----------------------------|---|------------------------|--|--------------------------|-----------------------------------|------------------|---|---------------------|
| I | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 | 31 December 2019 31 December 2018 | 31 December 2018 | | |
| Baode Rural Bank (Note ii) | 41% | 41% | 51% | 51% | 180,000 | 180,000 | Jiangsu, 10 June 2010 Commercial banking | Commercial banking |
| Suyin Finance Leasing | 51.25% | 60% | 51.25% | 60% | 4,000,000 | 3,000,000 | Jiangsu, 13 May 2015 | 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. **Financial Report**

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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 in 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 2019 and 31 December 2018, 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 Decem | ber 2019 | |
|----------------------------|--|--|--|-------------|
| | Financial investments measured at FVTPL | Financial investments measured at amortised cost | Financial investments designated at FVOCI | Total |
| Trust plan | 9,948,417 | 151,436,173 | - | 161,384,590 |
| Investment fund | 126,890,447 | - | - | 126,890,447 |
| Wealth management products | 67,350,600 | - | - | 67,350,600 |
| Asset management plan | 1,355,041 | 33,690,835 | - | 35,045,876 |
| Asset-backed securities | 815,123 | 7,974,455 | 14,605 | 8,804,183 |
| Total | 206,359,628 | | 14,605 | 399,475,696 |

| | | | 31 December 2018 | | |
|----------------------------|--|--|---------------------------------|---|-------------|
| | Fair value through profit or loss assets | Available-for-sale financial assets | Held-to maturity investments | Investment securities classified as receivables | Total |
| Trust plan | - | 1,602,177 | - | 172,362,223 | 173,964,400 |
| Wealth management products | - | 118,110,003 | - | - | 118,110,003 |
| Investment fund | - | 123,420,568 | - | - | 123,420,568 |
| Asset management plan | - | 2,639,585 | - | 51,339,748 | 53,979,333 |
| Asset-backed securities | 60,978 | 967,162 | 19,045,094 | - | 20,073,234 |
| | | | | | |
| Total | 60,978 | 246,739,495 | 19,045,094 | 223,701,971 | 489,547,538 |

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 2019 and 31 December 2018, relevant assets and liabilities as well as their carrying amount / maximum loss exposure of the Group's interests in these structured entities established by third parties through direct investment are as follows:

| | | 31 December 2 | 2019 | |
|----------------------------|--|--|--|-------------|
| | Financial investments measured at FVTPL | Financial investments measured at amortised cost | Financial investments designated at FVOCI | Total |
| Trust plan | 9,703,823 | 151,436,173 | - | 161,139,996 |
| Investment fund | 126,890,447 | - | - | 126,890,447 |
| Wealth management products | 67,350,600 | - | - | 67,350,600 |
| Asset management plan | 1,355,041 | 33,690,835 | - | 35,045,876 |
| Asset-backed securities | 146,448 | 7,974,455 | 14,605 | 8,135,508 |
| Total | 205,446,359 | 193,101,463 | 14,605 | 398,562,427 |

| | | | 31 December 2018 | | |
|----------------------------|--|--|---------------------------------|---|-------------|
| | Fair value through profit or loss assets | Available-for-sale financial assets | Held-to maturity investments | Investment securities classified as receivables | Total |
| Trust plan | - | 1,602,177 | - | 172,362,223 | 173,964,400 |
| Wealth management products | - | 118,110,003 | - | - | 118,110,003 |
| Investment fund | - | 123,420,568 | - | - | 123,420,568 |
| Asset management plan | - | 2,639,585 | - | 51,339,748 | 53,979,333 |
| Asset-backed securities | 60,978 | 943,727 | 18,986,722 | | 19,991,427 |
| Total | 60,978 | 246,716,060 | 18,986,722 | 223,701,971 | 489,465,731 |

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 2019, the carrying amount of the Group's management fees receivable in the consolidated balance sheet was RMB 927 million (31 December 2018: RMB 479 million).

As at 31 December 2019 and 31 December 2018, 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 2019 |
|-------------------------|-------------------------------------|-----------------------------|---|
| | | | Financial investments measured at FVTPL |
| | | | |
| Trust plan | | | 244,594 |
| Asset-backed securities | | _ | 668,675 |
| | | | |
| Total | | - | 913,269 |
| | | | |
| | | | |
| | | 31 December 2018 | |
| | Available-for-sale financial assets | Held-to-maturity investment | ts Total |
| | | | |
| Asset-backed securities | 23,435 | 58,37 | 2 81,807 |
| | | | |

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

As at 31 December 2019, 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 328.6 billion and 4.5 billion respectively (31 December 2018: RMB 294.3 billion and RMB 0.9 billion).

(d) Structured entities which the Group no longer held interests in and were not included in the consolidated financial statements as at blance 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 313 million (2018: RMB 287 million) in 2019.

The Group's unsecured wealth management products issued after 1 January 2019 and matured before 31 December 2019 totaled RMB 277.9 billion (unsecured wealth management products issued after 1 January 2018 and matured before 31 December 2018 totaled RMB 346.1 billion).

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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:

| | | | | 2019 | | |
|---|-----------------|------------|------------------|-------------------|----------|---------------|
| | Corporate | e banking | Personal banking | Treasury business | Others | Total |
| External net interest income / (expense) | 2 | 0,187,181 | 11,053,666 | (5,704,190) | - | 25,536,657 |
| Inter-segment net interest income / (expe | ense) | 291,664 | (367,285) | 75,621 | | - |
| Net interest income | 21 | 0,478,845 | 10,686,381 | (5,628,569) | | 25,536,657 |
| | | | ····· | | | ····· |
| Fee and commission income | | 4,109,973 | 1,491,331 | 693,285 | - | 6,294,589 |
| Fee and commission expense | | (146,788) | (55,762) | (69,125) | | (271,675) |
| Net fee and commission | | 3,963,185 | 1,435,569 | 624,160 | | 6,022,914 |
| Other income | | - | - | - | 131,133 | 131,133 |
| Net investment gains | | - | - | 12,971,956 | · - | 12,971,956 |
| Net losses from changes in fair value | | - | - | (183,011) | - | (183,011) |
| Net foreign exchange gains | | 184,696 | 1,720 | 159,031 | (2,845) | 342,602 |
| Other operating incomes | | 27,669 | - | - | 21,960 | 49,629 |
| Net gains of asset disposal | | - | - | - | 102,134 | 102,134 |
| Operating income | 24 | 4,654,395 | 12,123,670 | 7,943,567 | 252,382 | 44,974,014 |
| Business taxes and surcharges | | (297,682) | (175,735) | (51,165) | (2,198) | (526,780) |
| General and administrative expenses | | ,264,541) | (3,725,861) | (540,169) | | (11,530,571) |
| Impairment losses on credit | (9 | ,348,982) | (4,320,450) | (3,546,488) | - | (17,215,920) |
| Other operating expenses | | (11,289) | | | (10,624) | (21,913) |
| Operating expenses | (16 | i,922,494) | (8,222,046) | (4,137,822) | (12,822) | (29,295,184) |
| Operating profit | | 7,731,901 | 3,901,624 | 3,805,745 | 239,560 | 15,678,830 |
| Add: Non-operating income | | - | - | - | 19,393 | 19,393 |
| Less: Non-operating expenses | | - | - | - | (82,737) | (82,737) |
| | | | | | · · | |
| Profit before tax | | 7,731,901 | 3,901,624 | 3,805,745 | 176,216 | 15,615,486 |
| Other segment information: | | | | | | |
| Depreciation and amortisation | | (390,983) | (196,708) | (30,481) | - | (618,172) |
| Capital expenditure | | 414,122 | 208,351 | 32,285 | - | 654,758 |
| | | | | | | |
| | | | 31 De | ecember 2019 | | |
| Co | rporate banking | Perso | onal banking Tre | easury business | Others | Total |
| Segment assets | 759,802,891 | | 404,473,387 | 900,735,758 | 46,351 | 2,065,058,387 |
| Segment liabilities | 882,351,002 | | 315,940,849 | 730,276,980 | 53,635 | 1,928,622,466 |
| Other segment information: | | | | | | |
| Credit commitments | 249,933,218 | | 16,693,608 | - | - | 266,626,826 |

| Corporate banking 15,820,652 3,211,557 19,032,209 3,465,062 (124,336) 3,340,726 - 187,301 - 22,560,236 (259,706) (7,040,773) (9,098,769) | Personal banking 6,343,145 (1,252,112) 5,091,033 1,391,443 (57,808) 1,333,635 - - - - - - - - - - - - - | Treasury business 3,283,110 (1,959,445) 1,323,665 606,013 (58,082) 547,931 - 3,833,811 (163,878) 422,027 - 5,963,556 | Others | Total 25,446,907 - 25,446,907 5,462,518 (240,226) 5,222,292 154,275 3,833,811 (163,878) 610,281 17,791 |
|---|--|--|-----------|---|
| 3,211,557 19,032,209 3,465,062 (124,336) 3,340,726 - - - 187,301 - - 22,560,236 (259,706) (7,040,773) | (1,252,112) 5,091,033 1,391,443 (57,808) 1,333,635 - - - - - - - - - - - - - - - - - - - | (1,959,445) 1,323,665 606,013 (58,082) 547,931 - 3,833,811 (163,878) 422,027 - - | 17,791 | - 25,446,907 5,462,518 (240,226) 5,222,292 154,275 3,833,811 (163,878) 610,281 |
| 3,211,557 19,032,209 3,465,062 (124,336) 3,340,726 - - - 187,301 - - 22,560,236 (259,706) (7,040,773) | (1,252,112) 5,091,033 1,391,443 (57,808) 1,333,635 - - - - - - - - - - - - - - - - - - - | (1,959,445) 1,323,665 606,013 (58,082) 547,931 - 3,833,811 (163,878) 422,027 - - | 17,791 | - 25,446,907 5,462,518 (240,226) 5,222,292 154,275 3,833,811 (163,878) 610,281 |
| 19,032,209 3,465,062 (124,336) 3,340,726 - - - 187,301 - - 22,560,236 (259,706) (7,040,773) | 5,091,033 1,391,443 (57,808) 1,333,635 - - - - - - - - - - - - - | 1,323,665 606,013 (58,082) 547,931 - 3,833,811 (163,878) 422,027 - | 17,791 | 5,462,518 (240,226) 5,222,292 154,275 3,833,811 (163,878) 610,281 |
| 3,465,062 (124,336) 3,340,726 - - - - - - - - - - - - - - - - - - - | 1,391,443 (57,808) 1,333,635 - - - - 953 - - - - - - - - - - - - - - - - - - - | 606,013 (58,082) 547,931 - 3,833,811 (163,878) 422,027 - - | 17,791 | 5,462,518 (240,226) 5,222,292 154,275 3,833,811 (163,878) 610,281 |
| (124,336) 3,340,726 - - - 187,301 - - 22,560,236 (259,706) (7,040,773) | (57,808) 1,333,635 - - - 953 - - - 6,425,621 | (58,082) 547,931 - 3,833,811 (163,878) 422,027 - - | 17,791 | (240,226) 5,222,292 154,275 3,833,811 (163,878) 610,281 |
| 3,340,726 - - - 187,301 - - 22,560,236 (259,706) (7,040,773) | 1,333,635 - - - - 953 - - - - - - - - - - - - - - - - - - - | 547,931 - 3,833,811 (163,878) 422,027 - | 17,791 | 5,222,292 154,275 3,833,811 (163,878) 610,281 |
| - - 187,301 - 22,560,236 (259,706) (7,040,773) | - - 953 - - - 6,425,621 | - 3,833,811 (163,878) 422,027 - - | 17,791 | 154,275 3,833,811 (163,878) 610,281 |
| - 22,560,236 (259,706) (7,040,773) | 6,425,621 | (163,878) 422,027 - - | 17,791 | 3,833,811 (163,878) 610,281 |
| - 22,560,236 (259,706) (7,040,773) | 6,425,621 | (163,878) 422,027 - - | | (163,878) 610,281 |
| - 22,560,236 (259,706) (7,040,773) | 6,425,621 | 422,027 | | 610,281 |
| - 22,560,236 (259,706) (7,040,773) | 6,425,621 | | | |
| (259,706) (7,040,773) | | 5,963,556 | | 17,791 |
| (259,706) (7,040,773) | | 5,963,556 | 102,509 | |
| (259,706) (7,040,773) | | 5,963,556 | | 102,509 |
| (7,040,773) | (123 253) | | 274,575 | 35,223,988 |
| | | (55,461) | (2,662) | (441,082) |
| (9,098,769) | (2,589,902) | (473,188) | - | (10,103,863) |
| | (777,647) | (383,851) | - | (10,260,267) |
| - | | | (1,944) | (1,944) |
| (16,399,248) | (3,490,802) | (912,500) | (4,606) | (20,807,156) |
| 6,160,988 | 2,934,819 | 5,051,056 | 269,969 | 14,416,832 |
| - | - | - | 7,874 | 7,874 |
| - | - | | (157,305) | (157,305) |
| 6,160,988 | 2,934,819 | 5,051,056 | 120,538 | 14,267,401 |
| | | | | |
| (385,680) | (155,678) | (31,797) | | (573,155) |
| 393,147 | 158,692 | 32,412 | | 584,251 |
| _ | (16,399,248) 6,160,988 - - 6,160,988 (385,680) | (16,399,248) (3,490,802) 6,160,988 2,934,819 6,160,988 2,934,819 6,160,988 2,934,819 (385,680) (155,678) | | |

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 2019 | 31 December 2018 |
|--|------------------|------------------|
| Loan commitments | | |
| - original contractual maturity less than 1 year | 2,178,482 | 126,100 |
| - original contractual maturity more than 1 year (inclusive) | 6,433,090 | 432,983 |
| Credit card commitments | 16,707,965 | 6,208,981 |
| | | |
| Sub-total | 25,319,537 | 6,768,064 |
| | | |
| Bank acceptances | 202,556,016 | 152,133,545 |
| Guarantees | 22,306,252 | 18,933,188 |
| Letters of credit | 16,459,378 | 14,838,910 |
| Finance lease commitments | - | 2,285,000 |
| | | |
| Sub-total | 241,321,646 | 188,190,643 |
| Total | 266,641,183 | 194,958,707 |
| | | |

(2) Credit risk weighted amount

The Group

| | 31 December 2019 | 31 December 2018 |
|---|------------------|------------------|
| Credit risk weighted amount of credit commitments | 64,631,952 | 46,659,309 |

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 2019 | 31 December 2018 |
|------------------|---|
| 450.026 | 466,965 |
| , | |
| , | 407,514 |
| 305,957 | 333,480 |
| 388,811 | 447,035 |
| 280,202 | 369,530 |
| | |
| 1,813,548 | 2,024,524 |
| | 459,936 378,642 305,957 388,811 280,202 |

(4) Capital commitments

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

| | 31 December 2019 | 31 December 2018 |
|-----------------------------------|------------------|------------------|
| Contracted for but not paid | 359,493 | 457,085 |
| Authorised but not contracted for | 9,803 | 56,544 |

(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 2019 | 31 December 2018 |
|------------------------|------------------|------------------|
| Redemption commitments | 15,566,406 | 14,219,640 |

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 2019, there were 90 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 732 million (31 December 2018: RMB 1,057 million). The Group has made provision of RMB 95.26 million (31 December 2018: RMB 63.89 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 2019 | 31 December 2018 |
|-----------------|------------------|------------------|
| | | |
| Entrusted loans | 73,126,795 | 88,465,173 |
| | | |
| Entrusted funds | 73,126,795 | 88,465,173 |
| | | |

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.

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 non-performing loans.

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 Treasury Operating Centre 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 Treasury Operating Centre and Inter-bank Department works closely with other departments to form an integrated risk monitoring system for treasury operations.

(a) Measurement of the expected credit loss allowance

According to the new financial instruments standards require that the group confirm the expected credit losses to financial instruments are divided into three stages, and the expected credit loss provision for at the amortized cost measurement model and measured at fair value and the changes are recorded in other comprehensive income of debt instruments, financial assets and impairment of loan commitments and financial guarantees.

Financial instrument risk stage division

Based on whether the credit risk of financial instruments has increased significantly since the initial confirmation, the Group divides each business into three risk stages and reserves the expected credit loss. The main definitions of the three phases of a financial instrument are as follows:

Stage 1: For a financial instrument whose credit risk has not increased significantly since the initial confirmation, the expected credit loss amount of the financial instrument in the next 12 months shall be measured.

Stage 2: For a financial instrument whose credit risk has not increased significantly since the initial confirmation, the expected credit loss amount of the financial instrument in the next 12 months shall be measured

Stage 3: Financial assets with objective evidence of impairment at the balance sheet date. Measure the expected credit loss of the financial instrument in the remaining period.

The judgment of a significant increase in credit risk

Criteria of significant increase in credit risk including but not limited to the followings:

- The overdue date has exceeded 30 days
- A deterioration in credit rating that lead to a significant change the risk of default
- Existing or forecast adverse changes in operation, financial or economic conditions that have a significant effect on the debtor's ability to meet its obligation to the Group
- An actual or expected significant deterioration in the operating results of the debtor;

- Other objective evidence of a significant increase in credit risk

Definition of financial assets with credit impairment

In order to evaluate whether credit impairment of financial assets occurs, the Group generally considers the following factors:

- the overdue date has exceeded 90 days
- Significant financial difficulties with the issuer or debtor
- Debtor breaches contract, such as failure to repay interest or overdue interest or principal payments

- The creditor considers economic or contractual reasons relating to the debtor's financial difficulties, give the debtor concessions that it would not have made under any other circumstances.

- The debtor is likely to go bankrupt or undergo other financial restructuring
- The active market for the financial asset disappears due to financial difficulties
- Other objective evidence of impairment of financial assets

The credit impairment of financial assets may be caused by the joint action of multiple events, but not necessarily by events that can be identified separately.

The measure of expected credit loss

Based on whether the credit risk has increased significantly and whether the financial instrument has suffered a credit impairment, the Group confirms the loss provision for the expected credit loss of different financial instruments for 12 months or the whole duration, respectively. The expected credit loss is the discounted product of three key parameters: default probability (PD), default loss rate (LGD) and default risk exposure (EAD). The relevant definition is as follows:

Probability of default (PD): the likelihood that the debtor will not be able to meet his obligations in the next 12 months or during the entire remaining period. The group's default probability is adjusted based on the results of the internal rating model, and forward-looking information is added to reflect the debtor's default probability at the time point in the current macroeconomic environment.
 Loss Given Default (LGD): the percentage of the risk exposure loss at the time of default. According to the different business products and collateral and other factors, the default loss rate is also different

- Exposure at Default (EAD): the amount to be paid when default happen

The group determines ECL according to forecast default probability, default loss rate and default risk exposure of a single debt.

The calculation of ECL is related to forward-looking information. According to historical data analysis, the Group recognises key economic indicators regarding ECL such as Gross Domestic Product (GDP), Consumer Price Index (CPI) and Social Finance (SOFI) Stock. The group regularly forecast the indexes of macroeconomic index pool, and make estimation using most related factors.

The Group combines macro data analysis and expert judgment results to set corresponding economic forecast scenarios (higher, flat, and lower) and corresponding measurement coefficients, to calculate the ECL reserves of the Group in corresponding situations.

During the Reporting Period, there has been no significant change in the estimation or key assumptions of the ECL measurement parameters.

Pledged Assets Held

As at 31 December 2019, loans and advances to customers of the Group and the Bank that have already suffered credit impairment are 12.688 billion and 12.676 billion respectively (31 December 2018: The Group and the bank were 10.828 billion and 10.814 billion respectively). Among them, the collaterals of the Group and the Bank covering such loans are RMB 3.605 billion and RMB 3.604 billion respectively (31 December 2018: The Group and the bank were 2.817 billion and 2.804 billion respectively).

(b) Maximum exposure

As at 31 December 2019, the maximum credit risk exposure of the Group without taking account of any collateral and other credit enhancements is set out below:

| | 31 December 2019 | 31 December 2018 |
|--|------------------|------------------|
| | | |
| Cash and deposits with central bank | 130,873,039 | 142,296,132 |
| Deposits with banks and other financial institutions | 33,103,578 | 24,100,785 |
| Placements with banks and other financial institutions | 32,914,906 | 22,189,135 |
| Financial assets at fair value through profit or loss | N/A | 15,061,645 |
| Derivative financial assets | 1,827,159 | 3,711,050 |
| Financial assets held under resale agreements | 6,159,533 | 8,485,985 |
| Loans and advances to customers | 1,010,901,288 | 863,977,517 |
| Financial investments: | | |
| Financial investments measured at fair value through profit or loss | 229,755,366 | N/A |
| Financial investments measured at amortised cost | 476,973,498 | N/A |
| Financial investments measured at fair value through other com- prehensive income | 76,082,306 | N/A |
| Financial investments designated at fair value through other com- prehensive income | 137,676 | N/A |
| Available-for-sale financial assets | N/A | 334,771,654 |
| Held-to-maturity investments | N/A | 214,513,444 |
| Investment securities classified as receivables | N/A | 233,467,356 |
| Long-term receivables | 47,874,891 | 37,668,451 |
| Others | 1,459,430 | 12,196,885 |
| Sub-total | 2,048,062,670 | 1,912,440,039 |
| Credit Commitments | 266,146,681 | 194,958,707 |
| Maximum exposure | 2,314,209,351 | 2,107,398,746 |

(c) Financial assets analysed by credit quality

As at 31 December 2019, the Group's financial asset risk stages are divided as follows:

As at 31 December 2019

| | | | | As at 31 December 2019 | mber 2019 | | | |
|--|---------------|------------|-------------|------------------------|--------------|------------------------------------|-----------------|--------------|
| | | Cost | | | | Expected credit impairment reserve | airment reserve | |
| | Stage One | Stage Two | Stage Three | Total | Stage One | Stage Two | Stage Three | Total |
| | | | | | | | | |
| Financial assets measured at amortized cost | | | | | | | | |
| Cash and deposits with central bank | 130,873,039 | I | I | 130,873,039 | ı | ı | I | I |
| Deposits with banks and other financial institutions | 33,192,916 | I | 758,628 | 33,951,544 | (89,338) | ı | (758,628) | (847,966) |
| Placements with banks and other financial institutions | 33,011,550 | I | I | 33,011,550 | (96,644) | 1 | ı | (96,644) |
| Financial assets held under resale agreements | 6,172,157 | I | I | 6,172,157 | (12,624) | 1 | ı | (12,624) |
| Loans and advances to customers | 899,638,242 | 48,607,270 | 14,898,843 | 963,144,355 | (18,096,998) | (5,642,151) | (9,682,800) | (33,421,949) |
| Financial investments | 462,384,112 | 20,787,969 | 3,625,634 | 486,797,715 | (3,897,242) | (3,544,062) | (2,382,913) | (9,824,217) |
| Tatel | 1 606 242 210 | | | | | (010 001 0) | | |
| 10tal | 010'7/7'CQC'T | 03,333,233 | CU1,263,UI | T,003,900,500 | (27,132,640) | (3,100,213) | (12,024,341) | (44,203,400) |
| Financial assets measured at FVOCI | | | | | | | | |
| Loans and advances to customers | 80,683,100 | 495,782 | I | 81,178,882 | (927,997) | (10,061) | 1 | (938,058) |
| Financial investments | 76,082,306 | | ' | 76,082,306 | (76,716) | | ' | (76,716) |
| | | | | | | | | |
| Total | 156,765,406 | 495,782 | | 157,261,188 | (1,004,713) | (10,061) | ' | (1,014,774) |
| | | | | | | | | |
| Credit Commitments | 261,090,828 | 5,524,417 | 25,938 | 266,641,183 | (448,926) | (31,653) | (13,923) | (494,502) |
| | | | | | | | | |

Note: Simplified method was adopted to financial assets measured at amortized cost when measure impairment provision, thus the three-stage division is not applicable.

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Financial assets analysed by credit quality as at 31 December 2018 are summarised as follows:

| | | As at 31 December 2018 | | | | | |
|--|--|---|--------------------|------------------------|--------------------|--|--|
| | Deposits / placements with banks and other financial institutions | Financial assets held under resale agreements | Loans and advances | Investments (note (i)) | Others (note (ii)) | | |
| Impaired | | | | | | | |
| Individually assessed gross amount | - | - | 10,015,523 | 1,548,539 | _ | | |
| Provision for impairment losses | | - | (5,081,722) | (581,169) | - | | |
| Sub-total | | | 4,933,801 | 967,370 | - | | |
| Collectively assessed gross amount | - | - | 2,362,774 | - | - | | |
| Provision for impairment losses | | - | (1,840,399) | | - | | |
| Sub-total | | | 522,375 | - | | | |
| Overdue but not impaired | | | | | | | |
| Less than 3 months (inclusive) | - | - | 2,888,475 | - | 2,728 | | |
| Provision for impairment losses | | - | (667,726) | | (84) | | |
| Sub-total | | - | 2,220,749 | | 2,644 | | |
| Neither overdue nor impaired gross amount | 46,289,920 | 8,485,985 | 873,942,224 | 680,623,182 | 54,909,067 | | |
| Provision for impairment losses | | - | (17,641,632) | (2,543,963) | (1,335,325) | | |
| Sub-total | 46,289,920 | 8,485,985 | 856,300,592 | 678,079,219 | 53,573,742 | | |
| Neither overdue nor impaired gross amount | 46,289,920 | 8,485,985 | 863,977,517 | 679,046,589 | 53,576,386 | | |

(i)Investments comprise transactional debt instruments at fair value through profit or loss, debt instruments investment of availablefor-sale financial assets, held-to-maturity investments and investment securities classified as receivables.

(ii)Others comprise financial assets such as derivative financial assets, interest receivables, long-term receivables and other receivables.

(d) Credit ratings of receivables from inter-banks (excluding accrued interest)

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 2019 | 31 December 2018 |
|-----------------|------------------|------------------|
| | | |
| Grade A to AAA | 58,958,769 | 35,022,074 |
| Unrated | 13,896,947 | 19,753,831 |
| | | |
| Carrying amount | 72,855,716 | 54,775,905 |
| | | |

(e) Credit ratings of debt instruments (excluding accrued interest)

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 2019 |
|-----------------|------------------|
| | |
| Grade A to AAA | 327,859,706 |
| Lower than A | 199,205 |
| Unrated | 228,102,752 |
| | |
| Carrying amount | 556,161,663 |

As at 31 December 2018, the book value debt instruments due from peers is distributed as follows:

| | 31 December 2018 |
|-----------------|------------------|
| | |
| Grade AAA | 308,743,732 |
| Grade AA to AA+ | 6,871,467 |
| Unrated | 366,556,522 |
| | |
| Carrying amount | 682,171,721 |

(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 monitors the application of these risk limits.

(a) Interest rate risk

Interest rate risk is the likelihood of a loss that may arise from adverse movements in the market interest rate. The Group's interest rate risks arise mainly from mismatches of assets and liabilities and market value fluctuation in transactions.

The Group mainly manages interest rate risks through structuring and adjusting its asset portfolios. The Group monitors interest rate gap analysis and risk exposure analysis to measure static re-pricing profile of the assets and liabilities on a regular basis.

The Group organises meetings of the Asset and Liabilities Management Committee and adjust the structure of assets and liabilities based on market interest rate trends to manage interest rate exposure.

(i) Analysis of re-pricing date structure

The following tables indicate the assets and liabilities as at the balance sheet date by the expected next repricing dates or by maturity dates, depending on which is earlier:

| | | | 31 Decem | ber 2019 | | |
|---|-------------------------|-----------------|--------------------------------|-------------------------------|-------------------|---------------|
| | Non-interest bearing | Within 3 months | Between 3 months and 1 year | Between 1 year and 5 years | More than 5 years | Total |
| Financial assets | | | | | | |
| Cash and deposits with central bank | 3,151,541 | 129,100,559 | - | - | - | 132,252,100 |
| Deposits and placements with banks and other financial institutions | 275,568 | 58,571,435 | 7,171,481 | - | - | 66,018,484 |
| Financial assets held under resale agreements | 3,967 | 6,155,566 | - | - | - | 6,159,533 |
| Loans and advances to customers (Note a) | 3,825,959 | 598,778,246 | 384,394,725 | 23,902,358 | - | 1,010,901,288 |
| Investments (Note b) | 138,715,871 | 51,642,239 | 121,829,484 | 297,571,169 | 173,190,083 | 782,948,846 |
| Long-term receivables (Note c) | 593,428 | 43,335,822 | 2,050,991 | 1,842,584 | 52,066 | 47,874,891 |
| Other financial assets | 3,286,589 | | | | | 3,286,589 |
| Total financial assets | 149,852,923 | 887,583,867 | 515,446,681 | 323,316,111 | 173,242,149 | 2,049,441,731 |
| Financial liabilities | | | | | | |
| Borrowings from central bank | 1,531,336 | 2,100,000 | 119,886,000 | - | - | 123,517,336 |
| Deposits and placements with banks and other financial institutions | 2,087,795 | 92,341,369 | 83,569,482 | - | _ | 177,998,646 |
| Financial assets sold under repurchase agreements | 24,964 | 36,073,904 | 3,014,915 | 320,490 | - | 39,434,273 |
| Deposits from customers | 20,081,947 | 652,341,813 | 250,353,454 | 282,359,568 | 425,660 | 1,205,562,442 |
| Debt securities issued | 976,547 | 68,273,925 | 246,278,485 | 21,494,407 | 22,997,960 | 360,021,324 |
| Other financial liabilities | 10,424,033 | | | | | 10,424,033 |
| Total financial liabilities | 35,126,622 | 851,131,011 | 703,102,336 | 304,174,465 | 23,423,620 | 1,916,958,054 |
| Gap between assets and liabilities | 114,726,301 | 36,452,856 | (187,655,655) | 19,141,646 | 149,818,529 | 132,483,677 |

| | | | 31 Decem | ber 2018 | | |
|---|-------------------------|-----------------|--------------------------------|-------------------------------|-------------------|---------------|
| | Non-interest bearing | Within 3 months | Between 3 months and 1 year | Between 1 year and 5 years | More than 5 years | Total |
| Financial assets | | | | | | |
| Cash and deposits with central bank | 2,512,870 | 141,132,836 | - | - | - | 143,645,706 |
| Deposits and placements with banks and other financial institutions | - | 32,886,469 | 13,403,451 | - | - | 46,289,920 |
| Financial assets held under resale agreements | - | 8,485,985 | - | - | - | 8,485,985 |
| Loans and advances to customers (Note a) | - | 515,790,415 | 328,032,607 | 20,154,495 | - | 863,977,517 |
| Investments (Note b) | 118,767,510 | 85,907,131 | 133,459,461 | 279,065,522 | 180,614,475 | 797,814,099 |
| Long-term receivables (Note c) | - | 29,908,789 | 2,769,563 | 4,878,155 | 111,944 | 37,668,451 |
| Other financial assets | 15,907,935 | | | | | 15,907,935 |
| Total financial assets | 137,188,315 | 814,111,625 | 477,665,082 | 304,098,172 | 180,726,419 | 1,913,789,613 |
| Financial liabilities | | | | | | |
| Borrowings from central bank | - | 18,000,000 | 92,446,000 | - | - | 110,446,000 |
| Deposits and placements with banks and other financial institutions | _ | 56,220,946 | 124.982,028 | 12,430 | | 181,215,404 |
| Financial assets sold under repurchase agreements | - | 32,515,378 | 6,495,373 | 550,298 | - | 39,561,049 |
| Deposits from customers | - | 672,507,713 | 288,308,641 | 131,893,194 | 618,094 | 1,093,327,642 |
| Debt securities issued | - | 79,468,214 | 221,058,607 | 17,247,669 | 15,000,000 | 332,774,490 |
| Other financial liabilities | 34,642,070 | | · | | | 34,642,070 |
| Total financial liabilities | 34,642,070 | 858,712,251 | 733,290,649 | 149,703,591 | 15,618,094 | 1,791,966,655 |
| Gap between assets and liabilities | 102,546,245 | (44,600,626) | (255,625,567) | 154,394,581 | 165,108,325 | 121,822,958 |

a. For loans and advances to customers, the category "Within three months" includes overdue amounts (net of provision for impairment losses) of RMB 6.452 billion as at 31 December 2019 (31 December 2018: The balance is RMB 6.984 billion). Overdue loans are loans and advances to customers, of which the principal or interest was overdue for one day or more.

b. Financial investments comprise financial investments measured at FVTPL, financial investments measured at amortised cost, financial investments measured at FVOCI, and financial investments designated at FVOCI (As at 31 December 2018, 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 receivable.) These investments that are mature within three month include RMB 1,243 million overdue (net of provision for impairment losses) as at 31 December 2019 (2018: RMB 967 million). The above overdue means that the principal or interest is overdue by 1 day or more.

c. Investment securities classified as receivable that are mature within three month include RMB 325 million overdue (net of provision for impairment losses) as at 31 December 2019 (2018:RMB 1.44 million). The above overdue means that the principal or interest is overdue by 1 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 2019 | 31 December 2018 | | | | |
| Change in interest rate (basis points) | | | | | | |
| +200 | 4,154,314 | 2,079,007 | | | | |
| -200 | (4,147,079) | (2,080,222) | | | | |
| | Sensitivity of equ | | | | | |
| | 31 December 2019 | 31 December 2018 | | | | |
| Change in interest rate (basis points) | | | | | | |
| +200 | (4,150,008) | (4,482,582) | | | | |
| | 4,698,074 | 5,055,964 | | | | |

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:

| | | 31 Decem | ber 2019 | |
|--|---------------|----------------------|-------------------------|---------------|
| | RMB | USD (RMB equivalent) | Others (RMB equivalent) | Total |
| Financial assets | | | | |
| Cash and deposits with central bank | 129,227,329 | 2,966,680 | 58,091 | 132,252,100 |
| Deposits and placements with banks and other financial institutions | 48,364,088 | 10,864,974 | 6,789,422 | 66,018,484 |
| Financial assets held under resale agreements | 6,159,533 | - | - | 6,159,533 |
| Loans and advances to customers | 998,077,473 | 9,234,115 | 3,589,700 | 1,010,901,288 |
| Investments (Note a) | 759,840,254 | 22,311,396 | 797,196 | 782,948,846 |
| Long-term receivables | 47,874,891 | - | - | 47,874,891 |
| Other financial assets | 2,768,127 | 513,417 | 5,045 | 3,286,589 |
| Total financial assets | 1,992,311,695 | 45,890,582 | 11,239,454 | 2,049,441,731 |
| Financial liabilities | | | | |
| Borrowings from central bank | 123,517,336 | - | - | 123,517,336 |
| Deposits and placements with banks and other financial institutions | 177,572,156 | 426,490 | - | 177,998,646 |
| Financial assets sold under repurchase agreements | 39,434,273 | - | - | 39,434,273 |
| Deposits from customers | 1,158,828,254 | 45,549,071 | 1,185,117 | 1,205,562,442 |
| Debt securities issued | 360,021,324 | - | - | 360,021,324 |
| Other financial liabilities | 9,261,090 | 1,155,666 | 7,277 | 10,424,033 |
| Total financial liabilities | 1,868,634,433 | 47,131,227 | 1,192,394 | 1,916,958,054 |
| Net position | 123,677,262 | (1,240,645) | 10,047,060 | 132,483,677 |
| Credit commitments | 245,665,391 | 15,773,667 | 4,707,623 | 266,146,681 |
| Derivative financial instruments (Note b) | 7,571,858 | 1,960,423 | (9,468,601) | 63,680 |

| | | 31 Decem | 1ber 2018 | |
|--|---------------|----------------------|-------------------------|---------------|
| | RMB | USD (RMB equivalent) | Others (RMB equivalent) | Total |
| | | | | |
| Financial assets | | | | |
| Cash and deposits with central bank | 141,123,249 | 2,410,178 | 112,279 | 143,645,706 |
| Deposits and placements with banks and other financial institutions | 36,422,729 | 8,224,810 | 1,642,381 | 46,289,920 |
| Financial assets held under resale agreements | 8,485,985 | - | - | 8,485,985 |
| Loans and advances to customers | 845,382,434 | 16,726,828 | 1,868,255 | 863,977,517 |
| Investments (Note a) | 783,352,462 | 13,597,280 | 864,357 | 797,814,099 |
| Long-term receivables | 37,668,451 | - | - | 37,668,451 |
| Other financial assets | 11,714,812 | 4,141,176 | 51,947 | 15,907,935 |
| Total financial assets | 1,864,150,122 | 45,100,272 | 4,539,219 | 1,913,789,613 |
| Financial liabilities | | | | |
| Borrowings from central bank | 110,446,000 | - | - | 110,446,000 |
| Deposits and placements with banks and other financial institutions | 178,001,289 | 3,096,033 | 118,082 | 181,215,404 |
| Financial assets sold under repurchase agreements | 39,561,049 | - | - | 39,561,049 |
| Deposits from customers | 1,057,629,340 | 34,458,846 | 1,239,456 | 1,093,327,642 |
| Debt securities issued | 332,774,490 | - | - | 332,774,490 |
| Other financial liabilities | 34,048,513 | 537,700 | 55,857 | 34,642,070 |
| Total financial liabilities | 1,752,460,681 | 38,092,579 | 1,413,395 | 1,791,966,655 |
| Net position | 111,689,441 | 7,007,693 | 3,125,824 | 121,822,958 |
| Credit commitments | 175,809,571 | 14,129,925 | 5,019,211 | 194,958,707 |
| Derivative financial instruments (Note b) | 4,678,168 | (2,131,378) | (2,883,728) | (336,938) |

a. Financial investments comprise financial investments measured at FVTPL, financial investments measured at amortised cost, financial investments measured at FVOCI, and financial investments designated at FVOCI (As at 31 December 2018, 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 receivable.)

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.

| | Sensitivity of net | profit and equity |
|--|--------------------|-------------------|
| | 31 December 2019 | 31 December 2018 |
| | | |
| Change in foreign currency exchange rate | | |
| Appreciation against RMB by 5% | 48,684 | 191,940 |
| Depreciation against RMB by 5% | (48,684) | (191,940) |

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:

| | | | | TC DECENT | 31 December 2019 | | | |
|---|-------------|-------------------------------------|----------------|---------------------------------|-----------------------------------|-------------------------------|-------------------|---------------|
| | Indefinite | Overdue / repayable on demand | Within 1 month | Between 1 month and 3 months | Between 3 months and 1 year | Between 1 year and 5 years | More than 5 years | Total |
| Financial assets | | | | | | | | |
| Cash and deposits with central bank | 123,720,890 | 8,531,210 | 1 | 1 | 1 | I | | 132,252,100 |
| Deposits and placements with banks and other financial institutions | I | 19,463,158 | 17,135,204 | 22,002,193 | 7,417,929 | I | ı | 66,018,484 |
| Financial assets held under resale agreements | ı | 1 | 6,159,533 | 1 | I | I | | 6,159,533 |
| Loans and advances to customers | ı | 11,344,027 | 138,514,655 | 133,851,067 | 411,644,784 | 161,404,176 | 154,142,579 | 1,010,901,288 |
| Investments (Note i) | 131,997,513 | 1,242,722 | 16,233,347 | 30,413,754 | 130,498,791 | 298,190,062 | 174,372,657 | 782,948,846 |
| Long-term receivables | ı | 324,654 | 1,341,479 | 2,626,339 | 11,782,063 | 31,553,018 | 247,338 | 47,874,891 |
| Others financial assets | | 1,439,944 | 408,693 | 476,685 | 694,374 | 261,570 | 5,323 | 3,286,589 |
| Total financial assets | 255,718,403 | 42,345,715 | 179,792,911 | 189,370,038 | 562,037,941 | 491,408,826 | 328,767,897 | 2,049,441,731 |
| Financial liabilities | | | | | | | | |
| Borrowings from central bank | ı | | 2,148,020 | | 121,369,316 | | | 123,517,336 |
| Deposits and placements with banks and other financial institutions | I | 15,479,646 | 33,214,209 | 44,715,812 | 84,588,979 | | | 177,998,646 |
| Financial assets sold under repurchase agreements | I | | 34,552,742 | 1,541,441 | 3,017,793 | 322,297 | | 39,434,273 |
| Deposits from customers | I | 427,355,835 | 122,090,080 | 107,939,315 | 253,968,666 | 293,781,942 | 426,604 | 1,205,562,442 |
| Debt securities issued | I | | 6,723,745 | 43,621,778 | 247,255,033 | 21,494,407 | 40,926,361 | 360,021,324 |
| Other financial liabilities | | 3,506,648 | 430,934 | 706,375 | 2,180,124 | 3,504,725 | 95,227 | 10,424,033 |
| Total financial liabilities | | 446,342,129 | 199,159,730 | 198,524,721 | 712,379,911 | 319,103,371 | 41,448,192 | 1,916,958,054 |
| Net position | 255,718,403 | (403,996,414) | (19,366,819) | (9,154,683) | (150,341,970) | 172,305,455 | 287,319,705 | 132,483,677 |
| Notional amount of derivative financial instruments | | | 94,685,881 | 70,626,151 | 149,567,000 | 22,181,250 | | 337,060,282 |

| | | | | 31 Decem | 31 December 2018 | | | |
|--|---------------------|-------------------------------------|---------------------|---------------------------------|-----------------------------------|-------------------------------|--|---------------|
| | Indefinite | Overdue / repayable on demand | Within 1 month | Between 1 month and 3 months | Between 3 months and 1 year | Between 1 year and 5 years | More than 5 years | Total |
| Financial assets | | | | | | | | |
| Cash and deposits with central bank | 128,593,831 | 15,051,875 | I | I | 1 | I | 1 | 143,645,706 |
| Deposits and placements with banks and other financial institutions | I | 14,580,592 | 11,007,523 | 7,298,354 | 13,403,451 | I | I | 46,289,920 |
| Financial assets held under resale agreements | 1 | 1 | 8,485,985 | | | | 1 | 8,485,985 |
| Loans and advances to customers | 1 | 6,743,281 | 89,962,757 | 136,849,840 | 377,402,957 | 137,289,234 | 115,729,448 | 863,977,517 |
| Investments (Note i) | 118,430,082 | 967,370 | 21,880,947 | 58,632,712 | 134,376,597 | 282,535,002 | 180,991,389 | 797,814,099 |
| Long-term receivables | 1 | 2,644 | 972,791 | 2,098,675 | 9,384,114 | 24,741,684 | 468,543 | 37,668,451 |
| Others financial assets | | 2,280,060 | 3,107,039 | 3,522,054 | 6,673,107 | 305,976 | 19,699 | 15,907,935 |
| Total financial assets | 247,023,913 | 39,625,822 | 135,417,042 | 208,401,635 | 541,240,226 | 444,871,896 | 297,209,079 | 1,913,789,613 |
| Financial liabilities | | | | | | | | |
| Borrowings from central bank | 1 | 1 | 8,000,000 | 10,000,000 | 92,446,000 | 1 | | 110,446,000 |
| Deposits and placements with banks and other financial institutions | I | 8,408,278 | 23,291,583 | 24,521,085 | 124,982,028 | 12,430 | | 181,215,404 |
| Financial assets sold under repurchase agreements | I | I | 20,128,763 | 12,386,615 | 6,495,373 | 550,298 | ı | 39,561,049 |
| Deposits from customers | I | 427,973,318 | 126,692,494 | 117,841,901 | 288,308,641 | 131,893,194 | 618,094 | 1,093,327,642 |
| Debt securities issued | I | I | 13,760,546 | 65,707,668 | 221,058,607 | 17,247,669 | 15,000,000 | 332,774,490 |
| Other financial liabilities | | 11,324,288 | 3,194,907 | 3,989,942 | 10,691,264 | 5,328,588 | 113,081 | 34,642,070 |
| Total financial liabilities | , | 447.705.884 | 195.068.293 | 234.447.211 | 743.981.913 | 155.032.179 | 15.731.175 | 1.791.966.655 |
| | | | (FLC FLC CL) | | | | | |
| Net position | 247,023,913 | (408,080,062) | (59,651,251) | (26,045,576) | (202,741,687) | 289,839,717 | 281,477,904 | 121,822,958 |
| Notional amount of derivative financial instruments | | | 40,034,541 | 39,912,959 | 183,388,021 | 16,475,002 | | 279,810,523 |
| (I) Financial investments comprise financial investments mea | sured at FVTPL, fii | nancial investme | ents measured a | it amortised cost, | financial investm | ents measured a | ts measured at FVTPL, financial investments measured at amortised cost, financial investments measured at FVOCI, and financial | cial |
| investments designated at FVOCI (As at 31 December 2018, investments comprise financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity | vestments compri | ise financial asse | ets at fair value t | hrough profit or lc | ss, available-for- | sale financial as | sets, held-to-matu | lity |

investments and investment securities classified as receivable). D

(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.

| | | | | | 31 December 2019 | | | | |
|--|-----------------|---------------------------|------------|-------------------------------------|------------------|---------------------------------|-----------------------------------|-------------------------------|-------------------|
| | Carrying amount | Undiscounted cash flow | Indefinite | Overdue / repayable on demand | Within 1 month | Between 1 month and 3 months | Between 3 months and 1 year | Between 1 year and 5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | | | | | |
| Borrowings from central bank | 123,517,336 | 126,041,474 | , | | 2,164,774 | , | 123,876,700 | | |
| Deposits and placements from banks and other financial institutions | 177,998,646 | 179,794,324 | | 15,479,657 | 33,260,966 | 45,002,155 | 86,051,546 | , | , |
| Financial assets sold under repurchase agreements | 39,434,273 | 39,480,516 | | | 34,554,381 | 1,547,940 | 3,048,834 | 329,361 | , |
| Deposits from customers | 1,205,562,442 | 1,224,900,650 | | 427,355,835 | 122,360,227 | 108,417,969 | 258,028,292 | 308,224,777 | 513,550 |
| | 360,021,324 | 382,524,749 | ı | , | 6,730,000 | 43,830,000 | 253,179,400 | 28,822,569 | 49,962,780 |
| Other financial liabilities | 8,660,554 | 8,660,554 | | 3,506,648 | 12,100 | 263,680 | 1,506,526 | 3,276,373 | 95,227 |
| Total non-derivative liabilities | 1,915,194,575 | 1,961,402,267 | | 446,342,140 | 199,082,448 | 199,061,744 | 725,691,298 | 340,653,080 | 50,571,557 |
| Derivative financial instruments | | | | | | | | | |
| Derivative financial instruments settled on gross basis of which | | | | | | | | | |
| | | 305,953,807 | I | ı | 94,123,429 | 70,573,924 | 140,836,673 | 419,781 | ı |
| | | (305,879,681) | ı | , | (94,133,846) | (70,543,489) | (140,816,322) | (386,024) | |
| Derivative financial instruments settled on net basis | ľ | (10,446) | | | 69 | 45 | (627) | (9,933) | · |
| Total derivative financial instruments | | 63,680 | | | (10,348) | 30,480 | 19,724 | 23,824 | · |
| | | 266,641,183 | | 28,457,951 | 53,356,101 | 44,030,738 | 125,673,661 | 8,955,272 | 6,167,460 |

| | | | | | 31 December 2018 | | | | |
|--|-----------------|---------------------------|------------|-------------------------------------|------------------|---------------------------------|-----------------------------------|-------------------------------|-------------------|
| | Carrying amount | Undiscounted cash flow | Indefinite | Overdue / repayable on demand | Within 1 month | Between 1 month and 3 months | Between 3 months and 1 year | Between 1 year and 5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | | | | 1 | |
| Borrowings from central bank | 110,446,000 | 114,127,798 | ı | | 8,263,611 | 10,330,417 | 95,533,770 | | |
| Deposits and placements from banks and other financial institutions | 181,215,404 | 186,428,813 | I | 8,410,938 | 23,685,919 | 25,157,415 | 129,159,280 | 15,261 | ı |
| Financial assets sold under repurchase agreements | 39,561,049 | 39,787,959 | | ı | 20,149,487 | 12,455,856 | 6,598,265 | 584,351 | |
| Deposits from customers | 1,093,327,642 | 1,130,245,927 | , | 428,411,150 | 130,426,297 | 121,615,926 | 299,760,427 | 149,277,623 | 754,504 |
| Debt securities issued | 332,774,490 | 342,416,842 | , | | 13,780,000 | 66,130,000 | 223,190,496 | 22,991,546 | 16,324,800 |
| Other financial liabilities | 7,342,258 | 7,342,258 | | 4,012,803 | 40,633 | 119,374 | 267,584 | 2,799,341 | 102,523 |
| Total non-derivative liabilities | 1,764,666,843 | 1,820,349,597 | | 440,834,891 | 196,345,947 | 235,808,988 | 754,509,822 | 175,668,122 | 17,181,827 |
| Derivative financial instruments | | | | | | | | | |
| Derivative financial instruments settled on gross basis of which | | | | | | | | | |
| - Total inflow | | 243,296,177 | ı | ı | 39,567,598 | 40,732,766 | 162,600,805 | 395,008 | ı |
| - Total outflow | | (243,678,891) | 1 | 1 | (39,463,306) | (40,778,732) | (163,060,124) | (376,729) | |
| Derivative financial instruments settled on net basis | | 48,265 | | | (230) | 338 | 52,944 | (4,787) | |
| Total derivative financial instruments | | (334,449) | | | 104,062 | (45,628) | (406,375) | 13,492 | |
| Credit commitments | | 194,958,707 | | 10,867,107 | 30,385,909 | 32,602,142 | 110,566,502 | 7,310,081 | 3,226,966 |
| | | | | | | | | | |

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(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 parttime 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 2018, 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:

| | | 31 Decembe | er 2019 | |
|---|--------------------------------|--------------------------------|--------------------------------|-------------|
| | Level 1 fair value measurement | Level 2 fair value measurement | Level 3 fair value measurement | Total |
| Recurring fair value measurement | | | | |
| Assets | | | | |
| Derivative financial assets | - | 1,827,159 | - | 1,827,159 |
| Loans and advance | - | 77,752,279 | 3,426,603 | 81,178,882 |
| Financial investments measured at FVTPL | | | | |
| - Debt instruments | - | 20,944,416 | - | 20,944,416 |
| - Fund investments | 126,890,447 | - | - | 126,890,447 |
| - Financial product investments | - | - | 67,350,600 | 67,350,600 |
| - Asset management and trust fund | - | 244,594 | 11,058,864 | 11,303,458 |
| - Equity investments | 215,109 | - | 194,709 | 409,818 |
| - Other investments | - | 2,856,627 | - | 2,856,627 |
| Financial investments measured at FVOCI | | | | |
| - Debt instruments | - | 73,645,321 | - | 73,645,321 |
| - Other investments | - | 2,436,985 | - | 2,436,985 |
| Financial investments designated at FVOCI | | | | |
| - Equity investments | | | 137,676 | 137,676 |
| Total assets measured at fair value on a recurring basis | 127,105,556 | 179,707,381 | 82,168,452 | 388,981,389 |
| Liabilities | | | | |
| Derivative financial liabilities | | 1,763,479 | | 1,763,479 |
| Total liabilities measured at fair value on a recurring basis | | 1,763,479 | - | 1,763,479 |

| | | 31 Decemb | per 2018 | |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-------------|
| | Level 1 fair value measurement | Level 2 fair value measurement | Level 3 fair value measurement | Total |
| Recurring fair value measurement | | | | |
| Assets | | | | |
| Trading financial assets at fair value through profit or loss | | | | |
| - Investment in debt instruments | - | 15,061,645 | - | 15,061,645 |
| Derivative financial assets | - | 3,654,626 | 56,424 | 3,711,050 |
| Available-for-sale financial assets | | | | |
| - Investment in debt instruments | - | 88,659,242 | 127,344,902 | 216,004,144 |
| - Investment in equity instruments | 118,273,438 | · | 459,232 | 118,732,670 |
| Total assets measured at fair value on a recurring basis | 118,273,438 | 107,375,513 | 127,860,558 | 353,509,509 |
| 6 | | | | |
| Liabilities | | | | |
| Derivative financial liabilities | | 4,047,070 | | 4,047,070 |
| Total liabilities measured at fair value on a recurring basis | | 4,047,070 | | 4,047,070 |
| | | | | |

(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 financial instruments of the Group belonging to the second level of fair value measurement mainly include debt investments, bill discounting and derivative financial instruments.

The fair value of discounted bonds and bills is determined based on the quotation of the relevant securities settlement agency or exchange valuation system. The relevant quotation agencies adopted observable input values reflecting market conditions in the process of forming quotations.

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 2019 | Valuations technique | Unobservable inputs | Range/ value |
|-----------------------------|-----------------------------------|--|-----------------------------|----------------|
| | | | | |
| Wealth management products | 67,350,600 | Discounted cash flow method | Risk-adjusted discount rate | [3.25%, 4.90%] |
| Trust plan | 9,703,823 | Discounted cash flow method | Risk-adjusted discount rate | [3.90%, 6.80%] |
| Bill Discounting | 3,426,603 | Discounted cash flow method | Risk-adjusted discount rate | [2.86%, 3.05%] |
| Asset management plan | 1,355,041 | Discounted cash flow method | Risk-adjusted discount rate | [4.30%, 5.94%] |
| Unlisted equity investments | 332,385 | Comparative method of listed companies | Liquidity discount | 20% |
| | | | | |

| | Fair value at 31 December 2018 | Valuations technique | Unobservable inputs | Range/ value |
|--|-----------------------------------|--|-----------------------------|----------------|
| | | | | |
| Wealth management products | 123,420,568 | Discounted cash flow method | Risk-adjusted discount rate | [3.50%, 5.95%] |
| Trust plan | 1,602,177 | Discounted cash flow method | Risk-adjusted discount rate | [5.80%, 7.20%] |
| Non-listed equity instruments available for sale | 2,639,585 | Comparative method of listed companies | Liquidity discount | [2.70%, 5.94%] |
| Asset management plan | 91,804 | Discounted cash flow method | Risk-adjusted discount rate | 20.00% |
| Interest rate swap | 56,424 | Discounted cash flow method | Risk-adjusted discount rate | [4.95%, 5.50%] |
| Investment fund | 50,000 | Discounted cash flow method | Risk-adjusted discount rate | 6.90% |

Valuation of the Group's wealth management products, trust plan, asset management plan, interest rate swap, bill discounting 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.

The fair value of unlisted available-for-sale investments in equity instruments were determined by the net market ratio of comparable listed companies with the adjustments for liquidity discount. The liquidity discount in the above model was adjusted to an unobservable input value.

As at 31 December 2019 and 2018, 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

2019

Total gains and losses during the year Additions and settlements

| | As at January 2019 | Recognised in profit or loss | Recognised in other comprehensive income | Additions | Settlement | 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 |
|---|--------------------|------------------------------|---|-------------|---------------|-------------------|--|
| | | | | | | | |
| Assets | | | | | | | |
| Derivative financial assets | | | | | | | |
| - Interest rate derivative instruments | 56,424 | 2,802 | | ı | (59,226) | I | |
| Loans and advance | | | | | | | |
| - Bill Discounting | 1,335,433 | 173,124 | (2,863) | 9,565,369 | (7,644,460) | 3,426,603 | |
| Financial investments measured at FVTPL | | | | | | | |
| - Fund investments | 50,058 | 843 | | , | (50,901) | 1 | |
| - Financial product investments | 123,420,568 | 5,442,814 | | 604,772,000 | (666,284,782) | 67,350,600 | 173,450 |
| - Asset management and trust fund | 2,976,430 | 455,012 | | 31,105,134 | (23,477,712) | 11,058,864 | 19,941 |
| - Equity investments | | 1 | | 194,709 | | 194,709 | |
| Financial investments measured at FVOCI | | | | | | | |
| - Asset management and trust fund | 1,252,156 | 11,974 | 8,827 | | (1,272,957) | | |
| Financial investments designated at FVOCI | | | | | | | |
| -Equity investments | 125,716 | | 11,960 | | ' | 137,676 | |
| | | | | | | | |
| Total | 129,216,785 | 6,086,569 | 17,924 | 645,637,212 | (698,790,038) | 82,168,452 | 193,391 |
| | | | Î | | | Î | |

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| | | Total gains and losses during the year | during the year | Additions and settlements | ottlements | | |
|--|-----------------|--|---|---------------------------|---------------|-------------------|--|
| | As at 1 January | Recognised in profit or loss | Recognised in other comprehensive income | Additions | Settlement | 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 |
| Accord | | | | | | | |
| ASSELS | | | | | | | |
| Derivative financial assets | | | | | | | |
| - Interest rate derivative instruments | 113,018 | 4,553 | ı | I | (61,147) | 56,424 | (56,594) |
| Available-for-sale financial assets | | | | | | | |
| - Investment in debt instruments | 188,289,954 | 7,389,606 | | 603,923,140 | (672,257,798) | 127,344,902 | |
| - Investment in equity instruments | 324,692 | 17,594 | (102,859) | 224,663 | (4,858) | 459,232 | |
| | | | | | | | |
| Total | 188,727,664 | 7,411,753 | (102,859) | 604,147,803 | (672,323,803) | 127,860,558 | (56,594) |
| | | | | | | | |

2018

| | 2019 | 2018 |
|--|-----------|-----------|
| | | |
| Realised gains or losses recognised in profit or loss during the year | | |
| - Investment income | 185,098 | 7,396,497 |
| - Interest income | 5,901,524 | 71,850 |
| Unrealised gains or losses recognised in profit or loss during the year | | |
| - Net losses on changes in fair value | (53) | (56,594) |
| Total | 6,086,569 | 7,411,753 |
| Gains or losses recognised in other comprehensive income | | |
| Changes in fair value of loans and advances to customers measured at FVOCI | (2,863) | N/A |
| - Changes in fair value of financial investments measured at FVOCI | 8,827 | N/A |
| - Changes in fair value of financial investments deignated at FVOCI | 11,960 | N/A |
| - Changes in fair value of available-for-sale financial assets | N/A | (102,859) |
| Total | 17,924 | (102,859) |

Details of the above gains or losses charged to profit or loss recognised by the Group in 2019 and 2018 are as follows:

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 2019 and 31 December 2018.

| | | 31 December 2 | 019 | |
|---|-------------|---------------|-------------|-----------------|
| | Level 2 | Level 3 | Fair value | Carrying amount |
| Financial assets | | | | |
| Debt investments | 286,679,669 | 206,704,085 | 493,383,754 | 476,973,498 |
| Financial liabilities | | | | |
| Debt securities issued | 366,487,134 | | 366,487,134 | 360,021,324 |
| | | | · | |
| | | 31 December 2 | 018 | |
| | Level 2 | Level 3 | Fair value | Carrying amount |
| Financial assets | | | | |
| Held-to-maturity investments | 218,290,074 | - | 218,290,074 | 214,513,444 |
| Investment securities classified as receivables | 10,786,785 | 222,656,840 | 233,443,625 | 233,467,356 |
| Total | 229,076,859 | 222,656,840 | 451,733,699 | 447,980,800 |
| Financial liabilities | | | | |
| Debt securities issued | 333,831,594 | - | 333,831,594 | 332,774,490 |

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 debt instruments in financial instruments measured at amortised cost, asset-backed securities, negotiable certificate of deposits and debt securities issued (31 December 2018:held-to maturity investments, investment securities classified as receivables) are 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.

(b)There is no quotation for asset management plans and trust plans in financial investments measured at amortised cost (31 December 2018 asset management plans and trust plans in investment classified as receivables). As a result, the Group estimates the fair value of these financial investments by applying the discounted cash flow method. The discount rate used is the yield curve adjusted to the credit risk of these financial investments at the end of reporting year.

12. Related party relationships and transactions

(1) Changes in the shareholding percentage of the Group's substantial shareholders in the Reporting Period

| Company name | Note | 31 December 2019 | 31 December 2018 |
|--|------|------------------|------------------|
| | | | |
| Jiangsu International Trust Corporation Limited ("Jiangsu Trust") | | 8.04% | 8.04% |
| Jiangsu Phoenix Publishing & Media Group Corporation Limited ("Phoenix Group") | | 7.81% | 7.81% |
| Huatai Securities Co., Ltd ("Huatai Securities") | | 5.54% | 5.54% |
| Wuxi Construction and Development Investment Co., Ltd. | | 4.73% | 4.73% |
| Jiangsu Broadcasting Corporation | | 3.00% | 2.15% |
| China Orient Asset Management Co., Ltd. | (i) | 2.56% | 2.56% |
| Suzhou International Development Group Co., Ltd. | | 2.34% | 2.34% |
| Jiangsu Shagang Group Co., Ltd. | (i) | 1.98% | 3.03% |
| Jiangsu Transportation Holdings Co., Ltd. | | 1.70% | 1.70% |
| Yangzhou Modern Financial Investment Group Co., Ltd. | | 0.85% | 0.91% |

In addition to the main shareholders identified in accordance with the CAS and the Administrative Measures on Information Disclosure by Listed Companies, the above companies also include the main shareholders identified in accordance with the relevant requirements in the Provisional Measures on Administration of Equities of Commercial Banks promulgated by the former CBRC on 5 January 2018.

According to the relevant requirements in the Provisional Measures on Administration of Equities of Commercial Banks, the main shareholders of commercial banks are those who hold or control more than 5% of the shares or voting rights of commercial banks, or hold less than 5% of the total capital or shares but have significant impact on the operation and management of commercial banks. Important impacts include, but are not limited to, the appointment of directors, supervisors or senior managers to commercial banks to influence the financial and operational management decisions through agreements or other means.

As of December 31, 2019, Huatai Securities directly held 0.22% of the convertible corporate bonds issued by the Bank.

(i)Mr. Shen Bin, the director of Jiangsu Shagang Group Co., Ltd. assigned to Bank of Jiangsu, resigned on October 18, 2019, and Mr. Zhao Chuanbiao, a supervisor of China Oriental Asset Management Co., Ltd. assigned to the Bank of Jiangsu, resigned on August 23, 2019.

(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:

| | Jiangsul Trust and its subsidiaries | Phoenix Group and its subsidiaries | Huatai Securities and its subsidiaries | Company of the key management personnel (Note i) (excluding the above shareholders) | Others | Total | Percentage of associated transaction amount / balances |
|---|--|------------------------------------|---|---|-----------|-------------|---|
| Significant transactions amount in 2019: | | | | | | | |
| Interest income | 23,041 | I | 16,070 | 953,051 | 4,488 | 996,650 | 1.22% |
| Interest expense | (677) | (209) | (5,007) | (22,179) | (4,541) | (32,913) | 0.06% |
| Fee and commission income | | 11 | | 9,775 | | 9,786 | 0.16% |
| Investment income | | , | | 2,426 | | 2,426 | 0.02% |
| Net gains on changes of fair value | 2,686 | | | 1,565 | | 4,251 | (2.32%) |
| General and administrative expenses | | I | (6,867) | (569) | | (7,436) | 0.06% |
| Issuance expenses paid | I | I | (18,762) | | , | (18,762) | N/A |
| The balances of transactions with related parties as at 31 December 2019. | | | | | | | |
| Deposits with banks and other financial institutions | 1 | 1 | 1 | 44,655 | 1 | 44,655 | 0.13% |
| Placement with banks and other financial institutes | ' | | 1,000,000 | 1,655,272 | ' | 2,655,272 | 8.04% |
| Financial investments measured at FVTPL | 1,002,686 | ı | | 719,852 | | 1,722,538 | 0.75% |
| Loans and advances to customers | ı | I | 1 | 3,757,787 | 143,921 | 3,901,708 | 0.37% |
| Financial investments measured at amortisation cost | 1,023,041 | I | 1 | 1,228,285 | I | 2,251,326 | 0.46% |
| Deposits from banks and other financial institutions | (564,603) | 1 | (172,294) | (471,624) | 1 | (1,208,521) | 0.88% |
| Deposits from customers | I | (502,885) | (35,960) | (2,762,526) | (116,776) | (3,418,147) | 0.28% |
| | | | | | | | |
| Significant off-balance sheet items as at 31 December 2019: | | | | | | | |
| Credit card commitments | ı | I | 1 | I | 62,093 | 62,093 | 0.37% |
| Bank acceptances | I | I | I | 70,558 | I | 70,558 | 0.03% |
| Letter of guarantee | 1 | 539 | | 422,300 | | 422,839 | 1.90% |
| Credit line | 2,025,727 | 539 | 1,000,000 | 7,638,945 | 206,014 | 10,871,225 | N/A |

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| | Jiangsul Trust and its subsidiaries | Phoenix Group and its subsidiaries | Huatai Securities and its subsidiaries | Company of the key management personnel (Note i) (excluding the above shareholders) | Others | Total | Percentage of associated transaction amount / balances |
|---|-------------------------------------|------------------------------------|---|---|-----------|---------------|---|
| Significant transactions amount in 2018: | | | | | | | |
| Interest income | I | ı | 72 | 453,744 | 882 | 454,698 | 0.56% |
| Interest expense | (766) | (11,326) | (14,060) | (31,922) | (2,683) | (60,757) | 0.11% |
| Fee and commission income | , | 0 | | 217 | | 217 | 0.00% |
| Fee and commission expense | | | (4,980) | ı | | (4,980) | 2.07% |
| Investment in come | | , | | 1,496 | | 1,496 | 0.04% |
| Net gains on changes of fair value | 1 | | | (48) | | (48) | 0.03% |
| Other operation income | 1 | 1 | 100 | , | , | 100 | 0.56% |
| General and administrative expenses | | | (6,434) | (751) | | (7,185) | 0.07% |
| Other comprehensive income (net of tax) | , | 1 | | (52,498) | | (52,498) | 3.43% |
| Issuance expenses paid | 1 | | (5,870) | | | (5,870) | N/A |
| The balances of transactions with related parties as at 31 December 2018: | | | | | | | |
| Deposits with banks and other financial institutions | I | ı | I | 2,038,832 | I | 2,038,832 | 8.46% |
| Placement with banks and other financial institutes | | | | 1,200,000 | | 1,200,000 | 5.41% |
| Financial assets at fair value through profit and loss | 1 | 1 | 1 | 503,386 | 1 | 503,386 | 3.34% |
| Interests receivable | | | | 60,327 | 44 | 60,371 | 0.61% |
| Loans and advances to customers | 1 | 1 | 1 | 4,373,933 | 17,523 | 4,391,456 | 0.49% |
| Available-for-sale financial assets | | | | 1,819,522 | 1 | 1,819,522 | 0.54% |
| Held-to-maturity investments | 1 | 1 | 1 | 90,000 | ı | 90,000 | 0.04% |
| Deposits from banks and other financial institutions | (444,431) | 1 | (420,189) | (328,281) | 1 | (1, 192, 901) | 0.79% |
| Deposits from customers | 1 | (502,416) | (30,000) | (4, 619, 241) | (175,583) | (5,327,240) | 0.49% |
| Interests payable | (5) | (10,968) | (163) | (5,614) | (1,831) | (18,581) | 0.08% |
| Significant off-balance sheet items as at 31 December 2018: | | | | | | | |
| Credit card commitments | , | 1 | | , | 4,382 | 4,382 | 0.07% |
| Bank acceptances | | | | 175,294 | 1 | 175,294 | 0.12% |
| Letter of guarantee | 1 | 539 | 1 | 412,500 | ı | 413,039 | 2.18% |
| Letter of credit | 1 | 1 | 1 | 425 | 1 | 425 | 0.00% |
| Credit line | I | 539 | | 8,361,625 | 21,905 | 8,384,069 | N/A |

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(3) Transactions with its key management personnel

Remuneration of key management personnel:

| | 2019 | 2018 |
|--|--------|--------|
| Payment for remuneration of key management personnel | 19,798 | 16,318 |

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 2019 and 2018.

(4) Transactions with subsidiaries

Significant transactions amounts with subsidiaries during the Reporting Period are set out as follows:

| | 2019 | 2018 |
|-------------------------|---------|---------|
| | | |
| Interest income | 129,107 | 119,057 |
| Interest expense | (1,715) | (3,636) |
| Other operating incomes | 2,883 | 2,746 |

Significant balances with subsidiaries during the Reporting Period:

| | 31 December 2019 | 31 December 2018 |
|--|------------------|------------------|
| | | |
| Deposits with banks and other financial institutions | 305,546 | 150,000 |
| Placements with banks and other financial institutions | 3,755,528 | 6,100,000 |
| Deposits from banks and other financial institutions | (37,977) | (294,088) |
| Interests receivable | N/A | 43,639 |
| Available for sale financial assets | N/A | 252,224 |
| Interests payable | N/A | (110) |

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.

(6) Significant transactions with related parties

In 2019, there was no significant related party transactions between the Bank and related parties (2018: Nil).

The significant related party transaction refers to a single transaction conducted between the Bank and a related party accounts for more than 1% of the net capital of the Bank, or the total balance with the related party accounts for more than 5% of the Bank's net capital after the transaction.

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 2019 | 31 December 2018 |
|---|------------------|------------------|
| Adequacy ratio of core tier one capital | 8.59% | 8.61% |
| Adequacy ratio of tier one capital | 10.10% | 10.28% |
| Capital adequacy ratio | 12.89% | 12.55% |
| Constituent parts of capital | | |
| Core tier one capital: | | |
| - Share capital | 11,544,500 | 11,544,450 |
| - Capital reserve which may be included | 16,152,196 | 16,075,278 |
| - Surplus reserve | 17,034,028 | 14,475,708 |
| - General risk reserve | 28,385,510 | 25,376,162 |
| - Retained earnings | 35,265,566 | 34,596,885 |
| - The portion of minority shareholders' capital which may be included | 2,016,515 | 1,291,013 |
| Others | 4,432,755 | 578,161 |
| Total core tier one capital | 114,831,070 | 103,937,657 |
| Adjustments: | | |
| - Other intangible assets excluding right to use land (deferred tax liabilities deducted) | (61,180) | (50,685) |
| Net core tier one capital | 114,769,890 | 103,886,972 |
| Other tier one capital | | |
| - Other tier one capital instruments | 19,977,830 | 19,977,830 |
| - The portion of minority shareholders' capital which may be included | 268,869 | 172,135 |
| Total other tier one capital | 20,246,699 | 20,149,965 |
| Adjustments: | | |
| - The bank's tier one capital hold directly or in directly by the Group | (32,781) | - |
| Net tier one capital | 134,983,808 | 124,036,937 |
| Tier two capital: | | |
| - Tier two capital instruments and their premium | 21,400,000 | 14,100,000 |
| - Extra loan impairment provision | 15,405,666 | 12,853,181 |
| - The portion of minority shareholders' capital which may be included | 537,737 | 344,270 |
| Net tier two capital | 37,343,403 | 27,297,451 |
| Net capital | 172,327,211 | 151,334,388 |
| Total risk weighted assets | 1,336,504,047 | 1,206,116,984 |

14. Subsequent events

(1) Statement of profit distribution after the balance sheet

The profit appropriation plan for the year ended 31 December 2019 was approved by the Bank's Board of Directors on 210 April 2020 and submitted for approval at the Shareholders' Meeting.

(2) Evaluation of the impact of COVID-19

Since COVID-19 broke out through the country in January 2020, the prevention and control works are continuing nationwide. The Bank will effectively implement the requirements of relevant regulatory and strengthen financial support for epidemic prevention and control. COVID-19 will have a certain impact on China's overall economic operation and business operations, which may affect the asset quality and asset return level of the Bank's credit assets and investment assets to a certain extent. The degree of impact will depend on the situation and duration of epidemic prevention and control and the implementation of various regulatory policies. The Bank will continue to pay close attention to the development of COVID-19, and assess and actively respond to its impact on the Bank's financial situation and operating result. As of the date of this report, the assessment is still in progress.

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 | 2019 | 2018 |
|--|------|----------|-----------|
| Gains on disposal of non-current assets | | 102,134 | 102,509 |
| Occasional tax refund and exemption | | - | - |
| Government grants | | 131,133 | 154,275 |
| Other losses meeting the definition of non-recurring gain or loss | | (63,344) | (149,431) |
| Net non-recurring gain | (i) | 169,923 | 107,353 |
| Tax impact on the above items | | (44,713) | (30,213) |
| Total | | 125,210 | 77,140 |
| Including: | | | |
| Non-recurring gain or loss attributable to shareholders of the Bank | | 124,675 | 75,197 |
| Non-recurring gain or loss attributable to non-controlling interests | | 535 | 1,943 |

(i) The above non-recurring gain or loss is accounted as gains from asset disposals, other income, non-operating income and non-operating expenses.

Gains or losses on the financial assets which the Group entrusted to others for investing or management, reversal of financial investments credit loss provision, possession and disposal of financial investments measured at FVTPL or financial assets at fair value through profit or loss, financial liabilities measured at FVTPL and financial investments measured at FVOCI or available-for-sale financial assets and custodian fee income received as trustee are not presented as extraordinary gains and losses because the above gains and losses are generated from normal operation.

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 EPS | | Diluted EPS | |
|---|--------------------------|-------|-----------|------|-------------|------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Consolidated net profit attributable to ordinary shareholders of the Bank | 12.65 | 12.43 | 1.18 | 1.04 | 1.04 | 1.04 |
| Consolidated net profit attributable to ordinary shareholders of the Bank, deducted by non-recurring gain or loss | 12.53 | 12.35 | 1.17 | 1.04 | 1.03 | 1.04 |



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