

# 目录

## CONTENTS

董事长致辞 .....	1
重要提示 .....	3
释义 .....	5
第一章 公司简介 .....	6
第二章 会计数据和业务数据摘要 .....	8
第三章 管理层讨论与分析 .....	10
第四章 股东及股本情况 .....	48
第五章 董事、监事、高级管理人员和员工情况 .....	55
第六章 公司治理结构与机制 .....	60
第七章 股东大会情况 .....	63
第八章 董事会报告 .....	64
第九章 监事会报告 .....	69
第十章 重要事项 .....	72
第十一章 财务报告、备查文件目录 .....	73
附件一：组织架构图 .....	76
附件二：分支机构一览表 .....	77
附件三：财务报表及会计报表附注 .....	92
2017 年度报告(英文版) .....	227



# Chairman's Statement

2017 was the first year of implementing the five-year strategic plan of the Group and a crucial year in making a good start to comprehensive accomplishment of the strategic plan. In the past year, we delivered a brilliant “answer sheet” to the government, regulatory authority, society, shareholders and our employees.

## **The Bank delivered the answer sheet with resolve**

“When the situations are fully considered, nothing is unachievable.” In the past year, both China and the world were in the midst of profound and complex changes in economy and finance. The Group was still in an important period of strategic opportunity for development; the prospects were bright but the challenges were severe. Confronted with new situations, new environment and new challenges, under the correct guidance of the Board of Directors, both the leadership and employees of the Bank maintained an upbeat attitude and high morale, worked tirelessly to reinforce the foundation for operating result, asset quality, corporate governance and internal control, and made new notable achievements. With great results in business operation and management, the Bank gained the close attention and support of the Jiangxi Provincial Party Committee, People's Government of Jiangxi Province, Party committees and governments at all levels, and regulatory authorities, and won recognition and good reputation as the brand of Jiangxi Bank from the market.

## **The Bank delivered the answer sheet with drive and ambition**

“Happiness is achieved through hard work.” At the end of the Reporting Period, total assets of the Group increased by 17.93% from the end of last year; balance of deposits and average daily balance increased by 27.57% and 28.70% respectively from the end of last year; the revenue amounted to RMB9,463 million, and total profit before tax stood at RMB3,741 million. On the basis of securing the 6th place in Jiangxi Province and the 1st in Nanchang City in terms of market share of RMB deposits (excluding non-banking), the Bank grew at a rate of 26.36%, more than twice the average rate of 12.59% in Jiangxi. The market share percentage in Jiangxi was 7.66%, up by 0.84 percentage point, while the percentage in Nanchang City was 16.53%, up by 1.69 percentage points. The Bank was ranked 329th place among the Top 1000 World Banks in terms of volume of tier-1 capital. During the Reporting Period, Dagong Global Credit Rating Co., Ltd. and China Lianhe Credit Rating Co., Ltd. lifted the entity credit rating of the Bank from AA+ to AAA, making the Bank one of the urban commercial banks with the highest entity credit rating in China. The China Banking Association bestowed such awards as the “Best Urban Commercial Bank”, “Best Integrated Financial Management Capacity”, “Best Social Contribution”, “Best Compliance”, “Best Profit” and “Best Innovation” upon the Bank. And the Bank took the 335th place among the “Top 500 Chinese Service Companies”.

## **The Bank delivered the answer sheet with plenty of guts**

No fruit will be reaped without hard work. To realize our dream, we remained mobilized for brand new endeavors. The Company became a bank for piloting electronic payment and collection of non-tax revenues in Jiangxi Province and conducted the first electronic payment and collection of non-tax revenues business in the province. It built the “Tax E-Finance”, a credit product “needing no collateral, no guarantee but purely credit” provided for the SME and micro-sized enterprises that normally paid taxes. The Bank took the lead in

setting up professional talent service banking by rolling out “Gan Cai Card”, “Smart Tong”, and other creative products. Also, it applied big data and face recognition technology to realize withdrawal from ATM via “face swiping” and nationwide quick approval of “Mobile Quick Loan”. It comprehensively launched the activities of “refined management of the year” and completed 59 refined management projects, of which 1 garnered the First Place of the “Demonstration-level Technical Achievement” and 2 earned the Second Place of the “Professional-level Technical Achievement” at the National Six Sigma Project Demonstration Competition (non-manufacturing field session). The three projects were benchmark projects.

The prospects are bright, but the path is filled with challenges. Doing nothing and hesitation will yield no fruit; resolve and tenacity can lead to a bright future. In 2018, the Board of Directors will keep firmly in mind the strategic goals, advance reform, promote transformation, lead the Bank in achieving the general target and task of “winning the three critical battles, improving the two levels, and making the one breakthrough”, and work to secure new victories.

A journey of a thousand miles begins with a single step. Here, I wish to express gratitude on behalf of Jiangxi Bank to the Party committees and governments at all levels and regulatory authority that have given support to the Group’s reform and development, to all the shareholders and sectors of the society that have helped the Group to grow and prosper, and to all the Group’s employees and their families who have contributed to development of the Group.





## Important Notice

1. The Board of Directors, the Board of Supervisors, directors, supervisors and senior executives of the Company undertake that there exists no false statement, misleading information or major omission, guarantee the truthfulness, accuracy and integrity of the contents of this annual report, and assume the relevant joint and several liabilities.

2. On April 24, 2018, the 2017 Annual Report of Jiangxi Bank Co., Ltd. was considered and passed at the second extraordinary meeting in 2018 of the first Board of Directors of the Company.

3. The 2017 Annual Report of Jiangxi Bank Co., Ltd. has been audited by KPMG Huazhen LLP, with standard unqualified auditors' reports being issued.

4. Chairman of the Board of Directors Chen Xiaoming, President of the Bank Luo Yan, Vice President in charge of finance of the Bank Xu Jihong, and the head of the finance department Zhao Wanxian, guarantee that the financial statements in this annual report are true and complete.

5. Financial data in this annual report are prepared in accordance with the Accounting Standards for Business Enterprises and, unless otherwise specified, are consolidated data.

## Signatures of Directors and Senior Officers:

Name	Position	Signature	Name	Position	Signature
Chen Xiaoming	Chairman		Que Yong	Shareholder- Director	
Luo Yan	President		Li Zhanrong	Shareholder-Director	
Chen Yong	Vice President		Liu Sanglin	Shareholder-Director	
Xu Jihong	Vice President, Secretary of the Board of Directors		Chen Yu	Shareholder-Director	
Cheng Zongli	Vice President		Deng Jianxin	Shareholder-Director	
Cai Xiaojun	Vice President		Tang Xianqing	Shareholder-Director	
			Zeng Zhibin	Shareholder-Director	
			Zhang Rui	Independent Director	
			Guo Tianyong	Independent Director	
			Zhang Wangxia	Independent Director	
			Wang Yun	Independent Director	
			Huang Xianrong	Independent Director	

## Definitions

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

Definitions of frequently used words		
The Bank and the Company	Refer to	Jiangxi Bank Co., Ltd.
The Group	Refers to	Jiangxi Bank Co., Ltd. and its subsidiaries
PBC	Refers to	The People's Bank of China
CBRC and China Banking Regulatory Commission	Refer to	China Banking Regulatory Commission
Jiangxi Office of the CBRC	Refers to	Jiangxi Office of China Banking Regulatory Commission
Jiangxi Financial Leasing Company	Refers to	Jiangxi Financial Leasing Co., Ltd.
Articles of Association of the Company	Refers to	Articles of Association of Jiangxi Bank Co., Ltd.
During the Reporting Period	Refers to	From January 1, 2017 to December 31, 2017
The end of the Reporting Period	Refers to	December 31, 2017

## Chapter I Company Profile

### I. Company Profile

Chinese name of the Company	江西银行股份有限公司
Chinese abbreviation of the Company	江西银行
English name of the Company	JIANGXI BANK CO., LTD.
Legal representative of the Company	Chen Xiaoming
Registered address	699 Jinrong Main Street, Honggutan New District, Nanchang, Jiangxi Province, China
ZIP code of registered address	330038
Business address	699 Jinrong Main Street, Honggutan New District, Nanchang, Jiangxi Province, China
Company website	<a href="http://www.jx-bank.com">http://www.jx-bank.com</a>

### II. Contact Information

Secretary of the Board of Directors	Xu Jihong
Telephone of Office of the Board of Directors	0791-86791008, 86791009
Office fax	0791-86771100
Service hotline	96266 (Jiangxi service hotline) 400-78-96266 (national service hotline)

### III. Information Disclosure and Availability for Inspection

Name of newspaper for information disclosure designated by the Company	Financial Times
Website for the publication of the Company's annual report	<a href="http://www.chinabond.com.cn">www.chinabond.com.cn</a> , <a href="http://www.chinamoney.com.cn">www.chinamoney.com.cn</a> . and the official website of the Company
The Company's annual report is available at	Office of the Board of Directors

#### IV. Particulars of Registration and Changes

Date of initial registration	February 18, 1998
Date of last change of registration	December 31, 2015
Unified Social Credit Code	913601007055009885
Institutional code of financial license	B0792H236010001

#### V. Other Relevant Information

Name of accounting firm	KPMG Huazhen LLP (Special General Partnership)
Business address of accounting firm	8th Floor, KPMG Tower, Oriental Plaza, 1 East Chang An Avenue, Beijing, China

**VI. This report is separately prepared in Chinese and English, and if there is any ambiguity, the Chinese one prevails.**

## Chapter II Summary of Financial and Operational Data

### 2.1 Financial Data of the Group

	2017	2016	Increase (Decrease) Compared to the Previous Year (%)	2015
<b>Annual operating results (in RMB thousand)</b>				
Operating income	9,462,975	8,978,602	5.39	6,833,057
Total profit	3,741,109	2,413,440	55.01	965,589
Net profit	2,914,824	1,677,871	73.72	772,817
Net profit attributable to equity holders of the parent company	2,865,226	1,637,349	74.99	772,571
Net amount of cash flows from operating activities	25,386,918	48,397,940	(47.55)	2,884,979
<b>In the Reporting Period (in RMB thousand)</b>				
Total assets	370,005,298	313,740,792	17.93	211,448,810
Loan outstanding	129,341,712	107,983,221	19.78	85,641,802
Including: Corporate loans	82,109,036	78,156,273	5.06	63,538,668
Personal loans	44,026,156	26,378,720	66.90	19,003,379
Discount	3,206,520	3,448,228	(7.01)	3,099,755
Total liabilities	346,733,237	292,568,465	18.51	191,645,570
Balance of deposits	243,837,351	191,137,769	27.57	144,038,115
Including: Corporate deposits	176,222,204	136,738,378	28.88	90,905,183
Personal deposits	59,732,019	45,761,586	30.53	38,924,872
Other deposits	7,883,128	8,637,805	(8.74)	14,208,060
Shareholder's equity	23,272,061	21,172,327	9.92	19,803,240

<b>Per share (in RMB)</b>				
Basic earnings per share	0.61	0.35	0.26	0.27
Diluted earnings per share	0.61	0.35	0.26	0.27
Net asset value per share	4.85	4.41	0.44	4.13
Net amount of cash flows per share from operating activities	5.43	10.34	(4.91)	0.62
<b>Indicators for profitability (%)</b>				
Average return on equity	0.85	0.64	0.21	0.42
Weighted average return on net asset	13.12	8.19	4.93	5.03
Net interest spread	2.19	2.85	(0.66)	3.43
Net interest margin	2.26	3.05	(0.79)	3.69
Cost-to-income ratio	32.11	29.73	2.38	28.05
<b>Indicators for quality of assets (%)</b>				
NPL ratio	1.64	1.68	(0.04)	1.81
Provision coverage ratio	215.17	210.94	4.23	218.93
Provision ratio of loans	3.54	3.55	(0.01)	3.96
<b>Indicators for capital adequacy ratio (%)</b>				
Core tier-1 capital adequacy ratio	9.43	10.87	(1.44)	12.64
Tier-1 capital adequacy ratio	9.43	10.87	(1.44)	12.64
Capital adequacy ratio	12.88	11.94	0.94	14.24

## Chapter III Discussion and Analysis of the Management

### 3.1 Overall Operation Status

2017 was first year of implementing the first five-year strategic plan of Jiangxi Bank. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Group carefully studied and implemented the spirit of the 19th CPC National Congress and Central Committee Economic Working Conference, strictly implemented requirements set out at the national and Jiangxi provincial financial working conferences, focused on returning to the source, preventing risks and promoting reform and innovation, and made progress in various kinds of work while ensuring stability.

#### I. Maintaining Good Development Momentum

First, the overall scale increased steadily. As of the end of the Reporting Period, total assets of the Group amounted to RMB370,005 million, an increase of 17.93% from the end of last year; balance of deposits reached RMB243,837 million, up by 27.57% from the end of last year; outstanding of loans stood at RMB129,342 million, an increase of 19.78% from the end of last year. Tax payment reached RMB2,043 million. The Group continued to top the list of companies in Jiangxi Province in terms of tax payment. Second, the profitability was continuously enhanced. At the end of the Reporting Period, the Group's revenue, profit before tax and net profit were RMB9,463 million, RMB3,741 million and RMB2,915 million, respectively, up by 5.39%, 55.01%, and 73.72%. Third, the brand image was significantly improved. During the Reporting Period, Dagong Global Credit Rating Co., Ltd. and China Lianhe Credit Rating Co., Ltd. lifted the entity credit rating of the Bank from AA+ to AAA, making the Bank one of the urban commercial banks with the highest entity credit rating in China. And the Bank was on list of Top 500 Chinese Service Companies for the first time, taking the 335th place. The Company successively won such awards as the "China Financial Innovation Award", "Financial Brand with Excellent Influence", "Best Integrated Financial Management Capacity", and "Excellence in Internet Financial Business Innovation".

#### II. Actively Driving Local Economy

First, efforts were intensified. During the Reporting Period, the Company, by adhering to abundant and effective input of capital, supported steady implementation of Jiangxi's Five-Year Plan, promoted implementation of important and key strategies such as the "Belt and Road" initiative and the Yangtze Economic Belt initiative, and facilitated development of aviation and medicine and other strategic emerging industries and upgrading of infrastructure. Second, various measures were adopted. During the Reporting Period, the Company set up professional talent service banking, and built the "business type" and "housing type" product and service systems to provide targeted, professional and diversified financial services to various talents who made



innovations and started businesses in Jiangxi. By stepping up efforts to develop green finance, taking part in the first carbon emission right transaction in Jiangxi and granting green credit of approximately RMB10 billion, it made contributions to realization of the “rise of green”. Third, many preferential policies were introduced. During the Reporting Period, the Company gave lots of preference in credit approval and credit enhancement method to green projects and green industries, gave priority to approval and credit extension of them, and specially opened a “green channel” for major green projects.

### III. Accelerating Reform and Transformation

First, management innovation was promoted. During the Reporting Period, with the Company’s comprehensive implementation of the reform in retail mechanism and system, retail performance improved significantly. The Company steadily reformed the Internet Finance Department to lay a good foundation for gaining independent license and operation in the future. It also improved financial management system, promoted financial system upgrading, and strictly control expenses. As a result, the usage efficiency of expenses and saving ratio of procurement were notably improved. Additionally, professional technical rankings were established to clear the “two-way” career development channel for the employees. Second, product innovation was fostered. During the Reporting Period, the Company applied big data and face recognition technology to develop and launch the product of “Mobile Quick Loan” and realize nationwide quick approval; centering on start-ups, technological businesses, NEEQ companies and companies to be listed, carried out investment and loan linkage business to help the high-tech companies to go public; became one of the first in Chinese banking industry to roll out UnionPay QR code payment products; built independent APP payment product, developed band payment product, and launched the scanning payment business of “Haolangshou” to continuously provide mobile, scenario and quick payment services. Third, channel innovation was accelerated. During the Reporting Period, the Company carried out investment and loan linkage with the Department of Finance of Jiangxi Province, developed a pilot plan, and jointly promoted the business startup and innovation initiative. It partnered with Tencent to realize social security contributions via WeChat in Nanchang to promote the smart city initiative.

### IV. Constantly Reinforcing Management Foundation

First, the Party building work was enhanced. The Company carried out the activities with the theme of “celebrate the 19th CPC National Congress and strive to meet Party standards” to develop a better gasp and implement the spirit of the 19th CPC National Congress and Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. Also, it further ensured strict Party self-governance, reinforced the “two responsibilities”, established Party Discipline committees in Party committees at the primary level, and incorporated Party building work in the Articles of Association of the Company. It ensured that intra-party political activities were carried out in earnest; made it regular practice and an institutionalized requirement for all Party members to gain a good command of the Party Constitution, Party regulations, and related major policy addresses and to meet Party standards; enhanced building of primary-level Party organizations; and actively promoted the working model of “Internet plus Party building” within the Company. Second, risk prevention and control were enhanced. The Company continued to promote construction of the comprehensive risk management system and strengthened consolidated management and management of new business; placed empha-

sis on improving technological application to risk identification and disposal, on upgrading the internal rating system and on developing a retail risk control model; enhanced risk prevention in key areas and strictly controlled reputational risk; built professional teams to achieve professional approval by industry; and conducted internal control assessment and actively applied the assessment results to enhancement of internal control management. Third, the internal management was improved efficiently. During the Reporting Period, the Group comprehensively launched the activities of “refined management of the year” and successfully completed 59 refined management projects. Covering all the front, middle and back office lines and branch institutions and involving performance improvement, quality enhancement, service optimization, risk control, cost reduction and many other fields, the activities delivered great results. The Group basically achieved the goal of improving a series of procedures, building a professional team and cultivating a good atmosphere” and saw notable improvement in scientific and refined internal management and in service optimization consciousness.

## 3.2 Analysis of Balance Sheet

### 3.2.1 Asset Business

As of the end of the Reporting Period, total assets of the Group amounted to RMB370,005 million, an increase of RMB56,265 million or 17.93% from the end of last year. The scale continued to expand.

(Unit: RMB thousand)

Item	December 31, 2017	Percentage (%)	December 31, 2016	Proportion (%)	Growth Rate (%)	December 31, 2015	Proportion (%)
Loan outstanding	129,341,712	–	107,983,221	–	–	85,641,802	–
Provision for impairment of loans	(4,572,334)	–	(3,829,576)	–	–	(3,388,374)	–
Net loans	124,769,378	33.72	104,153,645	33.20	19.79	82,253,428	38.90
Cash and deposits with PBC	40,039,192	10.82	34,820,475	11.10	14.99	26,983,991	12.76
Bond investment and other investments	188,429,760	50.93	157,331,966	50.15	19.77	79,682,576	37.68
Deposits and placement with peers and financial assets held under reverse repo	8,498,319	2.30	10,282,990	3.28	(17.36)	16,910,338	8.00
Fixed assets	2,642,897	0.71	2,520,727	0.80	4.85	2,413,111	1.14
Deferred income tax assets <sup>1</sup>	1,522,569	0.41	1,146,627	0.37	32.79	825,976	0.39
Interest receivable	1,498,904	0.41	1,316,539	0.42	13.85	911,635	0.43
Other assets <sup>2</sup>	2,604,279	0.84	2,167,823	0.68	20.13	1,467,755	0.70
<b>Total assets</b>	<b>370,005,298</b>	<b>100.00</b>	<b>313,740,792</b>	<b>100.00</b>	<b>17.93</b>	<b>211,448,810</b>	<b>100.00</b>

Note <sup>1</sup>: As of the end of the Reporting Period, deferred tax assets of the Group increased by RMB376 million or 32.79% from the end of last year, mainly due to the Group's further increase in provisions for impairment and changes in the fair market value of bond business in 2017.

Note <sup>2</sup>: Other assets of the Group mainly include placements with banks and other financial institutions, long-term equity investments, investment properties and intangible assets.

## I. Loan

Loans disbursed were major part of the Group's assets. As of the end of the Reporting Period, the Group's loan outstanding (including discount) stood at RMB129,342 million. New loans in the year amounted to RMB21,358 million, a year-on-year increase of 19.78%.

### (I) Loan Structure

(Unit: RMB thousand)

Structure	December 31, 2017	Percentage (%)	December 31, 2016	Percentage (%)	Growth Rate (%)
Corporate loans	82,109,036	63.48	78,156,273	72.38	5.06
Discount	3,206,520	2.48	3,448,228	3.19	(7.01)
Personal loans <sup>1</sup>	44,026,156	34.04	26,378,720	24.43	66.90
<b>Loan outstanding</b>	<b>129,341,712</b>	<b>100.00</b>	<b>107,983,221</b>	<b>100.00</b>	<b>19.78</b>

Note <sup>1</sup>: As of the end of the Reporting Period, personal loan outstanding of the Group reached RMB44,026 million, up by RMB17,647 million or 66.90% year-on-year, mainly due to the Group's focus on carrying out and marketing personal loan business especially mortgage loans and consumption loans for high-quality customers.

### (II) Personal Loans and Advances

(Unit: RMB thousand)

Item	December 31, 2017	% of Total	December 31, 2016	% of Total	Increase (%)
Personal housing loans <sup>1</sup>	25,562,847	58.06	15,147,245	57.42	68.76
Personal consumption loans <sup>2</sup>	9,212,175	20.92	4,314,829	16.36	113.50
Personal business loans	6,008,981	13.65	5,215,269	19.77	15.22
Credit card loans <sup>3</sup>	3,242,153	7.37	1,701,377	6.45	90.56
<b>Total</b>	<b>44,026, 156</b>	<b>100.00</b>	<b>26,378,720</b>	<b>100.00</b>	<b>66.90</b>

Note <sup>1</sup>: As of the end of the Reporting Period, personal housing loans amounted to RMB25,563 million, representing an increase of RMB10,416 million or 68.76%, which was mainly due to the increasing demand for housing mortgage loans as a result of accelerating urbanization in Jiangxi Province.

Note <sup>2</sup>: As of the end of the Reporting Period, personal consumption loan outstanding reached RMB9,212 mil-

lion, representing an increase of RMB4,897 million or 113.50%, which was mainly because of the Group's continuous efforts to expand and develop personal consumption loans and retail banking customer base. Specifically, the Group increased investment in research and development of FinTech, launched a mobile quick loan product that uses big data to control risk and has the characteristics of quick online approval and extension, and partnered with well-known Internet platform to extend consumption loans online.

Note <sup>3</sup>: As of the end of the Reporting Period, credit card loan outstanding reached RMB3,242 million, representing an increase of RMB1,541 million or 90.56%, mainly due to an increase in the issuance number of credit cards resulting from the Group's continuous efforts to expand the credit card business.

### (III) Distribution of Corporate Loans by Industry

(Unit: RMB thousand)

Industry	December 31, 2017	Percentage (%)	December 31, 2016	Percentage (%)	Growth Rate (%)
Wholesale and retail	19,320,739	23.53	21,181,999	27.10	(8.79)
Water, environment and public facilities management	14,806,318	18.03	10,112,296	12.94	46.42
Manufacturing	9,761,682	11.89	11,304,342	14.46	(13.65)
Leasing and commercial services	9,574,652	11.66	7,567,061	9.68	26.53
Real estate industry	7,893,656	9.61	7,026,692	8.99	12.34
Construction	7,795,150	9.49	8,985,999	11.50	(13.25)
Transportation, storage and postal services	1,787,057	2.18	1,817,127	2.32	(1.65)
Accommodation and catering	1,754,420	2.14	1,614,571	2.07	8.66
Education & training	1,424,210	1.73	1,614,066	2.07	(11.76)
Sanitation and social work	1,401,310	1.71	1,142,425	1.46	22.66
Production and supply of electric power, heating power, gas and water	1,369,279	1.67	1,266,298	1.62	8.13
Public administration, social security & social organizations	1,262,000	1.53	696,150	0.89	81.28
Agriculture, forestry, animal husbandry and fishery	1,188,598	1.45	1,410,966	1.81	(15.76)
Culture, sport and entertainment	1,038,984	1.27	969,696	1.24	7.15
Others	1,730,981	2.11	1,446,585	1.85	19.66
<b>The total loan of the company</b>	<b>82,109,036</b>	<b>100.00</b>	<b>78,156,273</b>	<b>100.00</b>	<b>5.06</b>

#### (IV) Distribution of Loans by Region

(Unit: RMB thousand)

Region	December 31, 2017	Percentage (%)	December 31, 2016	Proportion (%)	Growth Rate (%)
Nanchang	65,822,106	50.89	56,488,771	52.32	16.52
Jiangxi Province (excluding Nanchang)	45,533,099	35.20	36,826,320	34.10	23.64
Outside Jiangxi Province <sup>1</sup>	17,986,507	13.91	14,668,130	13.58	22.62
<b>Total</b>	<b>129,341,712</b>	<b>100.00</b>	<b>107,983,221</b>	<b>100.00</b>	<b>19.78</b>

Note <sup>1</sup>: Outside Jiangxi Province refers to the loans granted by Jiangxi Financial Leasing Company and by the branches and sub-branches of the Group outside Jiangxi Province

#### (V) Distribution of Loans by Guarantee Method

(Unit: RMB thousand)

Guarantee Method	December 31, 2017	Percentage (%)	December 31, 2016	Percentage (%)	Growth Rate (%)
Unsecured loans	17,232,304	13.32	10,697,816	9.91	61.08
Guaranteed loans	50,492,547	39.04	46,547,063	43.11	8.48
Secured loans	53,214,864	41.14	41,604,091	38.52	27.91
Pledged loans	8,401,997	6.50	9,134,251	8.46	(8.02)
<b>Total</b>	<b>129,341,712</b>	<b>100.00</b>	<b>107,983,221</b>	<b>100.00</b>	<b>19.78</b>

#### (VI) Five-grade Classification of Loans

(Unit: RMB thousand)

Items	December 31, 2017	Percentage (%)	December 31, 2016	Percentage (%)	Percentage Changes during the Period (%)
Pass loans	120,197,125	92.93	101,003,044	93.54	(0.61)
Special-mention loans	7,019,567	5.43	5,164,714	4.78	0.65
Substandard loans	98,191	0.08	590,302	0.55	(0.47)
Doubtful loans	1,599,499	1.24	1,108,117	1.03	0.21
Loss loans	427,329	0.33	117,044	0.11	0.22
Loans and advances to customers	129,341,712	100.00	107,983,221	100.00	0.00
NPL outstanding	2,125,019	1.64	1,815,463	1.68	(0.04)
NPL ratio (%)	1.64	--	1.68	--	--

Note: As of the end of the Reporting Period, NPL outstanding of the Group stood at RMB2,125 million, and

the NPL ratio was 1.64%, down by 0.04 percentage point compared with the end of last year. During the Reporting Period, affected by the changes in the loan quality, the percentage of sub-standard loans dropped, while the percentages of doubtful loans and loss loans rose.

#### (VII) Overdue Loans

(Unit: RMB thousand)

Items	December 31, 2017	Percentage (%)	December 31, 2016	Percentage (%)
Overdue for no more than 3 months	3,556,138	2.75	4,094,410	3.79
Overdue for 3 months to 1 year	1,173,464	0.91	1,047,253	0.97
Overdue for 1 to 3 years	901,404	0.70	1,301,160	1.20
Overdue for over 3 years	197,325	0.15	20,687	0.02
Overdue loans in total	5,828,331	4.51	6,463,510	5.99

Note: As of the end of the Reporting Period, overdue loans of the Group totaled RMB5,828 million, representing a decrease of RMB635 million compared with the end of last year. The percentage of overdue loans was 4.51%, down by 1.48 percentage points from the end of last year.

#### (VIII) Renegotiated Loans

(Unit: RMB thousand)

Items	December 31, 2017	Percentage (%)	December 31, 2016	Percentage (%)	Growth Rate (%)
Renegotiated loans	99,028.09	0.08	141,398.62	0.13	(29.97)

Note: As of the end of the Reporting Period, the rescheduled loan outstanding of the Group stood at RMB99 million, representing a decrease of RMB42 million compared with the end of last year.

#### (IX) Provision for Impairment of Loans

(Unit: RMB thousand)

Item	Assessed Individually	Assessed Collectively	Total
Opening balance	839,651	2,989,925	3,829,576
Provision of this year's profit and loss during the Reporting Period	2,180,953	409,385	2,590,338
Recovery during the Reporting Period	(396,747)	0	(396,747)
Write-down of impaired interest	(146,603)	0	(146,603)
Recoveries of loans and advances previously written off	189,953	15,707	205,660
Written-off loans during the Reporting Period	(839,408)	(107,888)	(947,296)
Transfer-out for the year	(562,594)	0	(562,594)
Closing balance	1,265,205	3,307,129	4,572,334

Guidance for loan loss provision: The Company will check the carrying amount of the loan on the date of balance sheet. The Company will first conduct a separate assessment for a loan that is individually significant to check if there exists any objective evidence of impairment. For individual loan that is not significant, the Company will conduct a collective assessment of objective evidence of impairment. If, according to the separate assessment, there exists no objective evidence proving a loan (whether significant or not) is impaired, the Company will include such loan in a group of loans with similar credit risk characteristics and conduct a collective impairment assessment. Assets for which a separate impairment assessment is conducted and whose impairment loss has been recognized or will continue to be recognized, will not undergo collective impairment assessment.

#### (X) Borrower Concentration

The total amount of loans granted by the Group to the single largest customer and top ten single customers accounted for 6.34% and 28.88 % of the Group's net capital base respectively. The table below shows the details of the loans granted to the top ten single borrowers of the Group during the Reporting Period.

(Unit: RMB thousand, %)

Name of Borrower		Loan Outstanding	% of Total Amount of Loans
1	Company A	2,000,000	1.55
2	Company B	930,000	0.72
3	Company C	880,000	0.68
4	Company D	850,000	0.66
5	Company E	800,000	0.62
6	Company F	770,000	0.59
7	Company G	750,000	0.58
8	Company H	730,000	0.56
9	Company I	700,000	0.54
10	Company J	700,000	0.54
Total		9,110,000	7.04

## II. Changes in Non-performing Loans during the Reporting Period and Corresponding Solutions

As of the end of the Reporting Period, the NPL outstanding of the Group reached RMB2,125 million, representing an increase of RMB310 million compared with the end of last year. The main reason was that companies faced great operation pressure and further exposure of credit risk due to supply-side reform, industrial structural adjustment, security chain factor and other factors.

During the Reporting Period, the Group took the following measures to control the non-performing growth. First, it enhanced appraisal of collection of non-performing loans by implementing a level link appraisal mechanism, fully using assessment tools and clearly defining primary responsibilities. Second, the Group strengthened disposal of key non-performing loans, accelerated mitigation of the risks of key areas and customers by means of renewal, liquidizing and risk transformation, and steadily stabilize asset quality. Third, the Group intensified judicial disposal, found out and attached the assets of the parties involved in a thorough and timely manner by relying on external big data platform, accelerated the process of judicial auctions, carried out well proactive marketing, and promoted quick liquidation of assets involved in litigation. Fourth, the Group took multiple measures simultaneously to improve disposal efficiency and, based on independent collection, accelerated implementation of outsourcing collection, stepped up efforts to write off bad debts, and promoted batch transfer of non-performing loans.

### 3.2.2 Investment Business

**I. The table below shows distribution of investment by holding purposes of financial assets:**

Investment was another important part of the Group's assets. As of the end of the Reporting Period, the net investment of the Group amounted to RMB188,430 million, representing an increase of RMB31,098 million over the end of last year and a year-on-year increase of 19.77%.

(Unit: RMB thousand)

Investment Structure	December 31, 2017	Percentage (%)	December 31, 2016	Percentage (%)	Growth Rate (%)	December 31, 2015	Percentage (%)
Financial assets at fair value through profit and loss of the current period <sup>1</sup>	587,817	0.31	71,314	0.05	724.27	5,367,675	6.74
Investments in available-for-sale (AFS) financial assets	59,606,148	31.63	74,615,104	47.43	(20.12)	12,004,446	15.07
Investments in held-to-maturity bonds	25,620,386	13.60	20,063,182	12.75	27.70	16,586,432	20.82
Receivables investment <sup>2</sup>	102,615,409	54.46	62,582,366	39.77	63.97	45,724,023	57.37
<b>Total</b>	<b>188,429,760</b>	<b>100.00</b>	<b>157,331,966</b>	<b>100.00</b>	<b>19.77</b>	<b>79,682,576</b>	<b>100.00</b>

Note <sup>1</sup>: As of the end of the Reporting Period, the Group's financial assets at fair value through profit or loss of the current period amounted to RMB588 million, up by 724.27% compared to the end of last year. Based on liquidity risk management, the Group markedly increased the holding of the government bonds and bonds issued by commercial banks and other financial institutions with relatively high liquidity. As a result, the Group's financial assets at fair value through profit or loss of the current period increased by RMB517 million compared with the end of last year.



Note <sup>2</sup>: As of the end of the Reporting Period, the Group's receivables investments amounted to RMB102,615 million, representing an increase of RMB40,033 million or 63.97% from the end of last year, mainly due to the increase in receivables asset allocation to gain more returns.

## II. Analysis of Financial Bond Holding

At the end of the Reporting Period, the ten financial bonds held by the Group with the highest nominal value are as follows:

(Unit: RMB thousand)

Bond Name	Total Par Value	Coupon Rate (%)	Maturity Date
Policy-related financial bonds	1,770,000	3.85	2024/1/9
Policy-related financial bonds	1,540,000	3.05	2026/8/25
Policy-related financial bonds	1,500,000	3.7	2022/1/6
Policy-related financial bonds	1,140,000	3.3	2021/12/5
Policy-related financial bonds	770,000	3.18	2026/9/5
Policy-related financial bonds	670,000	3.74	2025/9/10
Policy-related financial bonds	600,000	3.83	2024/1/6
Policy-related financial bonds	600,000	3.43	2021/12/8
Policy-related financial bonds	590,000	3.24	2023/2/25
Policy-related financial bonds	500,000	3.54	2020/1/6

## III. Long-term Equity Investments

### (I) Equity Investment in Subsidiaries

(Unit: RMB thousand)

Investee	December 31, 2017	December 31, 2016	Proportion of Shareholding (%)	Cash Dividends of the Period
Jiangxi Financial Leasing Company	510,000	510,000	51.00	22,950

Note: <sup>1</sup>. The Company and seven legal person entities including Nanchang Construction Engineering Group Company jointly established Jiangxi Financial Leasing Co., Ltd. The registered capital is RMB1 billion. The Company made capital contribution of RMB510 million, accounting for 51%. Zhonglei Accounting Firm Co., Ltd. made the Z.Y.Z. (2015) No. 02 Capital Verification Report on October 23, 2015. Since the Nanchang Administration of Market and Quality Supervision issued the business license on November 24, 2015, it was included in the consolidated statement for the current period.

<sup>2</sup>. The equity investment in the subsidiaries was offset in the consolidated balance sheet.

## (II) Equity Investment of Associated Enterprise Immaterial to the Company

(Unit: RMB thousand)

Investee	December 31, 2017	December 31, 2016	Proportion of Shareholding (%)	Cash Dividends of the Period
Nanchang Dafeng Rural Bank	71,801	62,495	28.18	—
Siping Tiedong Defeng Rural Bank	16,760	15,183	20.00	—
Nanfeng Judu Rural Bank	17,591	18,052	30.00	750
Jinxian Ruifeng Rural Bank	9,324	7,414	30.00	—
Guangchang Nanyin Rural Bank	13,790	14,096	30.00	—
<b>Total</b>	<b>129,266</b>	<b>117,240</b>	<b>—</b>	<b>—</b>

Note: 1. Nanchang Dafeng Rural Bank Co., Ltd. (“Nanchang Dafeng”) was established in September 30, 2010. The place of registration is Nanchang City, Jiangxi Province. The registered capital is RMB220 million. The main businesses include corporate banking and retail banking. The Company holds 28.18% of the shares of Nanchang Dafeng.

2. Siping Tiedong Defeng Rural Bank Co., Ltd. (“Siping Defeng”) was established in July 22, 2011. The place of registration is Siping City, Jilin Province. The registered capital is RMB30 million. The main businesses include corporate banking and retail banking. The Company holds 20% of the shares of Siping Defeng.

3. Nanfeng Judu Rural Bank Co., Ltd. (“Nanfeng Judu”) was established in December 20, 2011. The place of registration is Fuzhou City, Jiangxi Province. The registered capital is RMB50 million. The main businesses include corporate banking and retail banking. The Company holds 30% of the shares of Nanfeng Judu.

4. Jinxian Ruifeng Rural Bank Co., Ltd. (“Jinxian Ruifeng”) was established in June 15, 2012. The place of registration is Nanchang City, Jiangxi Province. The registered capital is RMB50 million. The main businesses include corporate banking and retail banking. The Company holds 30% of the shares of Jinxian Ruifeng.

5. Guangchang Nanyin Rural Bank Co., Ltd. (“Guangchang Nanyin”) was established in December 30, 2013. The place of registration is Fuzhou City, Jiangxi Province. The registered capital is RMB50 million. The main businesses include corporate banking and retail banking. The Company holds 30% of the shares of Guangchang Nanyin.

#### IV. Foreclosed Assets and Impairment Provisions

(Unit: RMB thousand)

Items	December 31, 2017	December 31, 2016	Growth Rate (%)	December 31, 2015
Original value of foreclosed assets	264,016	279,341	(5.49)	267,218
Including: real properties	100,710	115,785	(13.02)	115,785
Land use rights	8,521	8,771	(2.85)	8,771
Others	154,785	154,785	0.00	142,662
Provision for impairment of foreclosed assets	18,710	23,524	(20.46)	15,978
<b>Total</b>	<b>245,306</b>	<b>255,817</b>	<b>(4.11)</b>	<b>251,240</b>

Note: The foreclosed assets decreased by RMB15,325,000 in 2017, mainly due to disposal of three foreclosed assets in the year, which were the 11 properties on the first floor of Ruijing Garden in Changhe Avenue to Jingdezhen Hualong Real Estate Development Co., Ltd., 3 properties on 21 Zhushan Donglu to Jingdezhen Fujing Motorcycle Sales Company, and a piece of land with 1,952 square meters in Hexi Fenghuang Mountain to Jingdezhen Pukaile Hotel.

#### 3.2.3 Liabilities Business

As of the end of the Reporting Period, the total liabilities of the Group amounted to RMB346,733 million, representing an increase of RMB54,165 million or 18.51% over the end of last year.

(Unit: RMB thousand)

Item	December 31, 2017	Percentage (%)	December 31, 2016	Percentage (%)	Growth Rate (%)	December 31, 2015	Percentage (%)
Balance of deposits	243,837,351	70.32	191,137,769	65.33	27.57	144,038,115	75.16
Borrowings from PBC	4,022,343	1.16	6,000,000	2.05	(32.96)	600,000	0.31
Interbank placement borrowings and financial assets sold under repo	46,309,064	13.36	45,819,671	15.66	1.07	26,110,146	13.62
Bonds payable	43,473,768	12.54	43,786,584	14.97	(0.71)	17,362,190	9.06
Tax and fees payable	538,109	0.16	687,347	0.23	(21.71)	278,212	0.15
Employee remuneration payable	488,862	0.14	445,993	0.16	9.61	370,092	0.19
Other liabilities	8,063,740	2.32	4,691,101	1.60	71.89	2,886,815	1.51
<b>Total liabilities</b>	<b>346,733,237</b>	<b>100.00</b>	<b>292,568,465</b>	<b>100.00</b>	<b>18.51</b>	<b>191,645,570</b>	<b>100.00</b>

Note: Other liabilities mainly include notes payable, interest payable, accrued liabilities and funds to be cleared. As of the end of the Reporting Period, other liabilities increased by 71.89% from the end of last year, mainly because of the increase in interest payable of deposits and corresponding funds to be cleared resulting from the Group's deposit increase.

### I. Deposit

As of the end of the Reporting Period, balance of deposits of the Group amounted to RMB243,837 million, representing a year-on-year increase of RMB52.7 billion or 27.57%.

(Unit: RMB thousand)

Item	December 31, 2017	Percentage (%)	December 31, 2016	Proportion (%)	Growth Rate (%)	December 31, 2015	Percentage (%)
<b>Corporate deposits</b>	176,222,204	72.27	136,738,378	71.54	28.88	90,905,183	63.11
Corporate demand deposits	108,574,840	–	76,766,426	–	41.44	46,366,756	–
Corporate time deposits	67,647,364	–	59,971,952	–	12.80	44,538,427	–
<b>Personal deposits</b>	59,732,019	24.50	45,761,586	23.94	30.53	38,924,872	27.03
Personal demand savings deposits	20,842,492	–	13,620,126	–	53.03	10,135,290	–
Personal time savings deposits	38,889,527	–	32,141,460	–	20.99	28,789,582	–
<b>Other deposits</b>	7,883,128	3.23	8,637,805	4.52	(8.74)	14,208,060	9.86
<b>Balance of deposits</b>	<b>243,837,351</b>	<b>100.00</b>	<b>191,137,769</b>	<b>100.00</b>	<b>27.57</b>	<b>144,038,115</b>	<b>100.00</b>

Note: In 2017, the Group launched various savings plans and products, expanded distribution channels like electronic banking, and promoted refined marketing of deposits to develop retail banking business. As a result, at the end of 2017, personal deposit balance increased by RMB13.97 billion from the end of last year.

## II. Bonds Payable

As of the end of the Reporting Period, the Group's bonds payable balance stood at RMB43,474 million. The details are as follows:

(Unit: RMB thousand)

Bond Name	Closing Balance	Issued Amount	Issuance Date	Bond Tenor
13 Bank of Nanchang bond 02	1,999,711.72	2,000,000.00	May 7, 2013	5Y
16 Jiangxi Bank Green Finance 01	3,496,649.73	3,500,000.00	July 12, 2016	3Y
16 Jiangxi Bank Green Finance 02	1,498,143.32	1,500,000.00	July 12, 2016	5Y
16 Jiangxi Bank Green Finance 03	1,498,514.65	1,500,000.00	August 4, 2016	3Y
16 Jiangxi Bank Green Finance 04	1,498,100.36	1,500,000.00	August 4, 2016	5Y
17 Jiangxi Bank Tier-2 01	2,996,900.94	3,000,000.00	June 5, 2017	5+5Y
17 Jiangxi Bank Tier-2 02	2,996,697.72	3,000,000.00	September 26, 2017	5+5Y
17 Jiangxi Bank CD, 53 issues in Total	27,489,049.90	28,020,000.00	January-December 2017	1 month, 3 months, 6 months, 9 months, 12 months
<b>Total</b>	<b>43,473,768.34</b>	<b>44,020,000.00</b>	<b>-</b>	<b>-</b>

## III. Shareholders' Equity

As of the end of the Reporting Period, the total owner's equity of the Group reached RMB23,272 million, representing an increase of RMB2,100 million or 9.92% over the end of last year.

(Unit: RMB thousand)

Item	December 2017 December 31, 2016	Pro-portion (%)	December 31, 2016	Pro-portion (%)	Growth Rate (%)	December 31, 2015	Per-centage (%)
Share capital	4,678,777	20.10	4,678,777	22.10	0.00	4,678,777	23.63
Capital surplus	7,631,127	32.79	7,631,127	36.04	0.00	7,631,127	38.53
Other comprehensive income	(357,388)	(1.54)	(32,226)	(0.15)	1,009.01	42,619	0.22
Surplus reserve	2,253,652	9.68	1,969,997	9.30	14.40	1,810,480	9.14
General risk reserve	4,700,715	20.20	3,964,106	18.72	18.58	2,606,775	13.16
Retained profit	3,806,862	16.36	2,429,778	11.48	56.68	2,543,216	12.84
Minority shareholders' equity	558,316	2.41	530,768	2.51	5.19	490,246	2.48
<b>Shareholder's equity</b>	<b>23,272,061</b>	<b>100.00</b>	<b>21,172,327</b>	<b>100.00</b>	<b>9.92</b>	<b>19,803,240</b>	<b>100.00</b>

#### IV. Main Off-balance-sheet Business

The off-balance-sheet business of the Company was included into the collective credit granting business, which should follow the same management process and requirements including credit investigation, examination and approval, contract signing, loan issuing, post-loan management, as well as mortgage and pledge as the on-balance-sheet business.

At the end of the Reporting Period, the balance of the major off-balance-sheet items are as follows:

(Unit: RMB thousand)

Item	December 31, 2017	December 31, 2016	Growth Rate (%)	December 31, 2015
<b>1. Major off-B/S risk assets</b>	26,203,186	27,603,420	(5.07)	48,531,975
Banker's acceptances	16,178,690	21,025,400	(23.05)	39,602,234
Loan commitments	1,022,800	631,800	61.89	650,000
Issued L/C	1,080,048	534,865	101.93	3,682,945
Issued L/G	3,239,606	2,427,952	33.43	3,422,091
Unused credit line of credit card	4,682,042	2,983,403	56.94	1,174,705
<b>2. Operating lease commitments</b>	1,088,490	936,518	16.23	842,403
<b>3. Capital commitments</b>	<b>75,679</b>	<b>82,225</b>	<b>(7.96)</b>	<b>249,151</b>

#### 3.2.4 Analysis of Income Statement

During the Reporting Period, the net profit of the Group reached RMB2,915 million, increased by 73.72% compared to the RMB1,678 million of net profit at the end of last year. Revenue reached RMB484 million, representing a YoY increase of 5.39%. The main reasons are: first, affected by market-oriented interest rate, the traditional deposit-loan interest spread has narrowed, the conventional business volume increased while the price declined, and the income saw a slight YoY growth; second, the business structure was adjusted, and the efforts to develop fee-based business was strengthened, especially the development of credit card and Internet finance line. In 2017, the fee-based business income of the Company accounted for 17.37%, up 6.03 percentage points from a year ago. Meanwhile, the Company intensified the efforts in NPL recovery, making NPL be effectively controlled. The NPL ratio declined by 0.04 percentage point from a year ago, and the current year's provision reduced by RMB1,039 million, with a decline of 28.74% year-on-year and realizing a faster growth in the current year's profit.

## I. Overall Changes of Profit

(Unit: RMB thousand)

Items	2017	2016	Growth Rate (%)	2015
Operating income	9,462,975	8,978,602	5.39	6,833,057
Net interest income	7,481,103	7,826,176	(4.41)	6,241,046
Interest income	15,393,748	12,785,988	20.40	10,155,663
Interest expense	7,912,645	4,959,812	59.54	3,914,617
Net income from transaction fees and net commission income	1,490,619	961,760	54.99	547,736
Transaction fees and commission income	1,643,764	1,017,735	61.51	593,143
Transaction fees and commission expenditure	153,145	55,975	173.60	45,407
Return on investment	482,864	209,791	130.16	(6,112)
Including: Investment income from associated enterprises and joint ventures	12,026	1,122	971.84	(11,715)
Loss from changes of fair value	(7,930)	(35,359)	(77.57)	43,979
(Loss on)/Income from asset disposal	(26)	326	(107.98)	(595)
Other income	19,617	—	—	—
Exchange (Loss)/Gain	(27,025)	8,634	(413.01)	5,771
Other business income	23,753	7,274	226.55	1,232
Operating expense	5,723,186	6,572,119	(12.92)	5,915,008
Tax and surcharges	105,178	284,879	(63.08)	482,331
Business and administrative expense	3,038,877	2,669,604	13.83	1,916,744
Asset impairment loss	2,575,802	3,614,493	(28.74)	3,515,904
Other operating cost	3,329	3,143	5.92	29
Operating profit	3,739,789	2,406,483	55.40	918,049
Add: Non-operating revenue	25,027	29,854	(16.17)	50,352
Less: Non-operating expense	23,707	22,897	3.54	2,812
Total profit	3,741,109	2,413,440	55.01	965,589
Less: Income tax expense	826,285	735,569	12.33	192,772
Net profit	2,914,824	1,677,871	73.72	772,817
Net profit attributable to shareholders of the Bank	2,865,226	1,637,349	74.99	772,571
Minority profit and loss	49,598	40,522	22.40	246

## II. Structure and Changes of Operating Income

(Unit: RMB thousand)

Items	2017		2016		Increase (%)	2015	
	Amount	% of Total	Amount	% of Total		Amount	% of Total
Loans and advances to customers	6,972,634	45.30	6,412,940	50.16	8.73	5,659,075	55.73
Including: Corporate loans and advances	5,004,321	32.51	4,965,631	38.84	0.78	4,317,696	42.52
Personal loans and advances	1,921,273	12.48	1,335,336	10.44	43.88	1,180,993	11.63
Bills discounting	47,040	0.31	111,973	0.88	(57.99)	160,386	1.58
Bonds and investment	7,477,712	48.57	5,469,988	42.78	36.70	3,456,299	34.03
Deposits with PBC	501,671	3.26	398,914	3.12	25.76	304,493	3.00
Financial assets held under reverse repo	373,895	2.43	270,999	2.12	37.97	320,219	3.15
Deposits with banks and other financial institutions	52,288	0.34	232,640	1.82	(77.52)	415,103	4.09
Lending to banks and other financial institutions	15,548	0.10	507	0.00	2,966.67	474	0.00
<b>Sub-total of interest income</b>	<b>15,393,748</b>	<b>100.00</b>	<b>12,785,988</b>	<b>100.00</b>	<b>20.40</b>	<b>10,155,663</b>	<b>100.00</b>
Deposits from customers	3,740,652	47.27	2,958,916	59.66	26.42	2,321,533	59.30
Bonds payable	2,119,127	26.78	890,037	17.94	138.09	547,687	13.99
Due to banks and other financial institutions	1,206,447	15.25	624,088	12.58	93.31	753,472	19.25
Financial assets sold under agreements to repurchase	425,512	5.38	308,010	6.21	38.15	260,533	6.66
Borrowings from other financial institutions	335,753	4.24	156,668	3.16	114.31	562	0.01
Borrowings from PBC	59,854	0.76	13,888	0.28	330.98	14,380	0.37
Placements from banks and other financial institutions	25,199	0.32	8,205	0.17	207.12	15,950	0.41
Bills re-discounting	101	0.00	—	0.00	—	500	0.01
<b>Sub-total of interest expenses</b>	<b>7,912,645</b>	<b>100.00</b>	<b>4,959,812</b>	<b>100.00</b>	<b>59.54</b>	<b>3,914,617</b>	<b>100.00</b>
<b>Net interest income</b>	<b>7,481,103</b>	<b>—</b>	<b>7,826,176</b>	<b>—</b>	<b>(4.41)</b>	<b>6,241,046</b>	<b>—</b>



### III. Analysis of Net Interest Income

(Unit: RMB thousand)

Items	2017			2016		
	Daily Average Balance	Interest Income/Expense	Average Interest Rate (%)	Daily Average Balance	Interest Income/Expense	Average Interest Rate (%)
<b>Assets</b>						
Total Loans and Advances	119,074,965	6,972,634	5.86	98,064,685	6,412,940	6.54
<b>Investment</b>	<b>160,811,290</b>	<b>7,477,712</b>	<b>4.65</b>	<b>112,614,181</b>	<b>5,469,988</b>	<b>4.86</b>
Financial Assets at Fair Value through Profit and Loss of the Current Period	2,108,854	79,984	3.79	2,907,434	112,241	3.86
Available-for-sale financial assets	39,937,408	1,409,799	3.53	16,829,046	649,837	3.86
Held-to-maturity Investments	25,774,443	972,636	3.77	16,162,530	637,238	3.94
Receivables Investment	92,990,585	5,015,293	5.39	76,715,171	4,070,672	5.31
Placements at PBC	33,775,181	501,671	1.49	27,279,592	398,914	1.46
Deposits with banks and other financial institutions	4,460,175	52,288	1.17	7,730,030	232,640	3.01
Lending to banks and other financial institutions	572,861	15,548	2.71	11,778	507	4.30
Financial assets held under reverse repo	12,844,315	373,895	2.91	10,880,079	270,999	2.49
<b>Total interest-generating assets</b>	<b>331,538,787</b>	<b>15,393,748</b>	<b>4.65</b>	<b>256,580,345</b>	<b>12,785,988</b>	<b>4.98</b>
<b>Liabilities</b>						
Deposits from customers	215,556,029	3,740,652	1.74	167,491,141	2,958,916	1.77
Deposits from Banks and other Financial Institutions	28,985,986	1,206,447	4.16	22,930,692	624,088	2.72
Borrowings from PBC	1,572,603	59,854	3.81	396,448	13,888	3.50
Placements from banks and other financial institutions	632,414	25,199	3.98	384,066	8,205	2.14
Proceeds from financial assets sold under repo	15,348,978	425,512	2.77	12,981,795	308,010	2.37
Bonds payable	53,117,358	2,119,127	3.99	24,514,997	890,037	3.63
Borrowings from other financial institutions	7,050,137	335,753	4.76	4,168,384	156,668	3.76
Bills re-discounting	5,900	101	1.71	---	---	---
<b>Total interest-bearing liabilities</b>	<b>322,269,405</b>	<b>7,912,645</b>	<b>2.46</b>	<b>232,867,523</b>	<b>4,959,812</b>	<b>2.13</b>
<b>Net interest income</b>	<b>---</b>	<b>7,481,103</b>	<b>---</b>	<b>---</b>	<b>7,826,176</b>	<b>---</b>
Net interest spread (%)	---	2.19	---	---	2.85	---
Net interest margin (%)	---	2.26	---	---	3.05	---

Note: Investment includes financial assets at fair value through profit and loss of the current period, held-to-maturity investment, financial assets available for sale, and receivables investment.

(I) Change of Net Interest Income

1. Interest Income of Discounted Bills

During the Reporting Period, the interest income of discounted bills of the Group reached RMB47 million, decreasing RMB65 million and showing a decline of 57.99% compared with last year. The reason is that, in 2017, the Group took proactive measures to distribute more funds to loans and other assets with higher yield ratio, and gradually cut short the scale of bill business, leading to a decrease in interest income of discounted bills.

2. Interest Income on Investment

During the Reporting Period, the Group realized the interest income on investment of RMB7,478 million, increasing RMB2,008 million compared with the last year with an increase of 36.70%. The increase was mainly the result of increase in investment, the average daily balance of the investment increased by RMB48,197 million from a year ago.

3. Interest Income from Deposits with Banks and other Financial Institutions

During the Reporting Period, the Group realized the interest income from deposits with banks and other financial institutions of RMB52 million, decreasing RMB180 million compared with last year. The decrease was mainly because that the average daily balance of deposits with banks and other financial institutions decreased by RMB3,270 million compared with last year, and the average yield ratio also fell by 1.84 percentage points from a year ago.

(II) Change of Net Interest Expense

1. Interest Expense on Bonds Payable

During the Reporting Period, interest expense on bonds payable of the Group was RMB2,119 million, up RMB1,229 million or 138.09% compared with that in the last year. The growth was mainly because that, the average daily balance of bonds payable increased by RMB28,602 million, and average interest-bearing rate of bonds payable increased by 0.36 percentage point due to the overall upward trend of funds rate at the market at late 2016 through 2017.

2. Interest Expense on Deposits from Peers and Other Financial Institutions

During the Reporting Period, the interest expense on deposits from peers and other financial institutions of the Group was RMB1,206 million, increasing RMB582 million and showing a growth of 93.31%. The growth was mainly because that, the average daily balance of deposits of interbank and other financial institutions increased RMB6,055 million compared with last year, and the average interest-bearing rate of deposits of interbank and other financial institutions increased by 1.44 percentage points from a year ago due to the overall upward trend of funds rate at the market at late 2016 through 2017.

3. Interest Expense on Financial Assets Sold under Repo

During the Reporting Period, the interest expense on financial assets sold under repo of the Group was RMB426 million, increasing RMB118 million and showing a growth of 38.15% compared with that in the last year. The growth was mainly because that, the Group was engaged in more repo business in 2017, and the average interest-bearing rate of financial assets sold under repo increased by 0.40 percentage point from a year ago.

#### 4. Interest Expense of Borrowings from Other Financial Institutions

During the Reporting Period, the interest expense of borrowings from other financial institutions of the Group was RMB336 million, increasing RMB179 million and showing a growth of 114.31% compared with last year. The growth was mainly because that, the average daily balance of borrowings from other financial institutions increased by RMB2,882 million compared with last year, and the average interest-bearing rate of borrowings from other financial institutions also increased by 1 percentage point from a year ago.

#### 5. Interest Expense of Borrowings from PBC

During the Reporting Period, the interest expense of borrowings from PBC was RMB60 million, increasing RMB46 million and showing a growth of 330.98% compared with last year. The growth was mainly because that, the average daily balance of borrowings from PBC increased by RMB1,176 million compared with last year, and the average interest-bearing rate of borrowings from PBC also increased by 0.31 percentage point from a year ago.

#### 6. Interest Expense of Placements from Banks and Other Financial Institutions

During the Reporting Period, the interest expense of placements from banks and other financial institutions of the Group was RMB25 million, increasing RMB17 million and showing a growth of 207.12% compared with the last year. The growth was mainly because that, the average daily balance of placements from banks and other financial institutions increased RMB248 million compared with that in the last year, and the average interest-bearing rate of placements from banks and other financial institutions also increased by 1.84 percentage points from a year ago.

### IV. Customer Average Daily Loan Outstanding and Yield Ratio

(Unit: RMB thousand)

Items	2017			2016			2015		
	Daily Average Balance	Interest Income	Average Yield (%)	Daily Average Balance	Interest Income	Average Yield (%)	Daily Average Balance	Interest Income	Average Yield (%)
Corporate loans (excluding discount)	83,227,774	5,004,321	6.01	73,463,730	4,965,631	6.76	54,103,738	4,317,696	7.98
Personal loans	35,141,001	1,921,273	5.47	22,232,720	1,335,336	6.01	14,794,391	1,180,993	7.98
<b>Total of average loans and advances to customers (excluding discount)</b>	<b>118,368,775</b>	<b>6,925,594</b>	<b>5.85</b>	<b>95,696,450</b>	<b>6,300,967</b>	<b>6.58</b>	<b>68,898,129</b>	<b>5,498,689</b>	<b>7.98</b>

## V. Customer Average Daily Loan Outstanding and Interest-bearing Rate

(Unit: RMB thousand)

Items	2017			2016			2015		
	Daily Average Balance	Interest Expense	Average Interest-bearing Rate (%)	Daily Average Balance	Interest Expense	Average Interest-bearing Rate (%)	Daily Average Balance	Interest Expense	Average Interest-bearing Rate (%)
Corporate Deposits	160,839,457	2,463,215	1.53	125,164,016	2,032,174	1.62	85,040,428	1,655,800	1.95
Including: Demand Deposits	92,165,191	780,497	0.85	66,408,129	523,838	0.79	42,483,747	308,224	0.73
Time Deposit	68,674,266	1,682,718	2.45	58,755,887	1,508,336	2.57	42,556,681	1,347,576	3.17
Personal deposits	54,716,572	1,277,437	2.33	42,327,125	926,742	2.19	26,294,921	665,733	2.53
Including: Demand Deposits	16,677,163	62,331	0.37	10,705,879	39,031	0.36	7,844,831	29,842	0.38
Time Deposit	38,039,409	1,215,106	3.19	31,621,246	887,711	2.81	18,450,090	635,891	3.45
<b>Total daily average deposits</b>	<b>215,556,029</b>	<b>3,740,652</b>	<b>1.74</b>	<b>167,491,141</b>	<b>2,958,916</b>	<b>1.77</b>	<b>111,335,349</b>	<b>2,321,533</b>	<b>2.09</b>

## VI. Transaction Fee and Commission

Transaction fee and commission income of the Group increased from RMB1,018 million of 2016 to RMB1,644 million of 2017, representing a growth of 61.51%. The growth was mainly because that, the Group was dedicated to the transformation development towards a light bank, and its great efforts in promoting agency business, transaction banking, wealth management business, Internet finance business and credit card business also led to an increase in corresponding transaction fee.

(Unit: RMB thousand)

Items	2017	2016	Growth Rate (%)	2015
<b>Transaction fees and commission income</b>	<b>1,643,764</b>	<b>1,017,735</b>	<b>61.51</b>	<b>593,143</b>
Transaction fee of wealth management business	421,658	332,113	26.96	137,872
Consultancy and advisory fees	369,713	194,500	90.08	72,778
Transaction fee of agency business	234,288	83,732	179.81	58,713
Settlement and e-channel business fee	177,403	88,159	101.23	70,453
Transaction fee of regulatory service	149,923	90,648	65.39	154,387
Transaction fee of bank card service	137,220	71,352	92.31	45,003
Transaction fees of financial leasing	110,838	123,744	(10.43)	20,401
Acceptance and security transaction fee	33,466	32,459	3.10	33,507
Others	9,255	1,028	800.29	29
<b>Transaction fees and commission expenditure</b>	<b>153,145</b>	<b>55,975</b>	<b>173.60</b>	<b>45,407</b>
<b>Net income from transaction fees and net commission income</b>	<b>1,490,619</b>	<b>961,760</b>	<b>54.99</b>	<b>547,736</b>

## VII. Business and Administrative Expense

During the Reporting Period, the total business and administrative expense of the Group was RMB3,039 million, up by RMB369 million or 13.83% compared with that in the last year. The growth was mainly the result of increase in expense due to the rising human resource and fixed charge and scale growth caused by newly increased outlets. During the Reporting Period, the cost-income ratio of the Group reached 32.11%, up by 2.38 percentage points compared to 29.73% at the end of last year.

(Unit: RMB thousand)

Items	2017	2016	Growth Rate (%)	2015
Employee cost	1,489,564	1,325,513	12.38	931,844
Depreciation and amortization	331,288	299,429	10.64	177,046
Lease and property management fees	191,245	159,747	19.72	116,944
Other general and administrative fees	1,026,780	884,915	16.03	690,910
<b>Total</b>	<b>3,038,877</b>	<b>2,669,604</b>	<b>13.83</b>	<b>1,916,744</b>

### VIII. Asset Impairment Loss

During the Reporting Period, the impairment losses of assets of the Group was RMB2,576 million, decreasing by 28.74% compared with last year. The decrease was mainly because that, the Group further improved its ability in risk prevention and control, so certain achievements have been made and the asset quality was increased, leading to a year-on-year decrease of RMB500 million of loan write-off. Meanwhile, the Group strengthened its efforts in collection, recovering part of years of NPLs and written-off loans, and therefore decreasing the asset provisions accordingly. In impairment losses of assets, the impairment losses of receivables investment of the Group decreased by 52.25%, which was mainly because the Group's successful recovery of NPA in receivables in 2017.

(Unit: RMB thousand)

Item of Impairment of Assets	2017	Percentage (%)	2016	Percentage (%)	Growth Rate (%)	2015	Percentage (%)
Loans and advances to customers	2,193,591	85.16	2,835,368	78.44	(22.63)	3,467,632	98.63
Receivables investment	356,123	13.83	745,744	20.63	(52.25)	26,628	0.76
Other receivables	26,088	1.01	33,381	0.93	(21.85)	21,644	0.61
<b>Total</b>	<b>2,575,802</b>	<b>100.00</b>	<b>3,614,493</b>	<b>100.00</b>	<b>(28.74)</b>	<b>3,515,904</b>	<b>100.00</b>

### IX. Income Tax Expenses

During the Reporting Period, the income tax expenses of the Group reached RMB826 million, up by RMB91 million compared with that in the last year. The increase was mainly the result of profit growth during the Reporting Period.

(Unit: RMB thousand)

Items	2017	2016	Growth Rate (%)	2015
Current income tax	1,093,840	1,031,272	6.07	261,531
Deferred income tax	(267,555)	(295,703)	(9.52)	(68,759)
<b>Total</b>	<b>826,285</b>	<b>735,569</b>	<b>12.33</b>	<b>192,772</b>

### 3.2.5 Comprehensive Risk Management

Comprehensive risk management refers to comprehensive oversight on entire bank, affiliated institutions, branch institutions, business units at all levels and various kinds of risks, which requires to incorporate credit risk, market risk and operational risk into a unified scope of risk management, measure and aggregate various kinds of risks based on a universally accepted and normative standard, and control and manage risks in accordance with the relevance and combination characteristics embodied in risks.

During the Reporting Period, the Risk Management Committee of the Board of Directors of the Company actively fulfilled its duties. It formulated the 2017 work plan for Risk Management Committee and reviewed multiple proposals and reports, including risk appetite statement, reports on comprehensive risk and various special risks management, internal control assessment report, case prevention work plan, and asset and liability management report. It further improved risk governance mechanism and implemented risk management and control responsibility. The Senior Management assumed the responsibility in implementing comprehensive risk management. It established an operation and management architecture which adapted to comprehensive risk management, clarified division of responsibilities of comprehensive risk management functional departments, business departments and other departments in risk management, and also established an operation mechanism which achieved mutual coordination and effective check and balance between and among departments.

During the Reporting Period, the Company further strengthened risk prevention and control, continuously optimized asset quality, enhanced internal supervision and inspection, paid close attention to risk dynamics and focused on promoting initiative and perspective of risk management. First, the Company continued to improve the comprehensive risk management system and mechanism, optimize risk appetite indicator, strengthen risk management of the Group, and intensify the comprehensive risk monitoring, inspection, remediation and assessment, improved the system, optimized the tools and enriched the methods, making the management level in various kinds of risks be further improved. Second, the Company strengthened policy orientation. The Company formulated 2017 Credit Policy Guidelines to strengthen the research and judgment on macroeconomic trend, and implement differentiated credit policy. Third, the Company raised the access thresholds, solidified credit review standard, strictly controlled multi-end credit risk and credit risk in real estate, strictly examined government financing business and control the access of customer with high risk. Fourth, the Company developed internal control and compliance case prevention and inspection in many fields. During the Reporting Period, the Company carried out 42 inspection items covering various business activities such as loans and deposits, information security management, Internet finance and employee behavior, and ensured that no major operational risk has ever occurred. Fifth, the Company enhanced liquidity risk monitoring, strengthened the management of large value funds, focused on high-quality assets reserve and increased the reserve of bonds with high credit rating to guarantee the source of liquidity. Sixth, the Company carried out assessment on information technology outsourcing risk and Internet information security, organized emergency exercise of continuity of business to further strengthen IT risk management and emergency response capacity. Seventh, the management system has been constantly refined. On the one hand, the Company continuously promoted consulting project of operational risk management system construction and reconstruction of internal control and compliance operational risk; on the other hand, the Company continuously optimized asset and liability management system, constantly improved the level and efficiency in liquidity risk and interest rate risk management. Eighth, the Company carried out special audit on comprehensive risk management which covered eight major risks in order to make up the deficiencies and optimize risk management.

### 3.2.6 Main Risk of the Company and Corresponding Measures

By implementing comprehensive risk management, the Company ensured sustainable and steady development, realized added value for shareholders and fulfilled its social responsibility. The Company's Board of Directors and its special committee, the senior management and its special committee, Risk Management De-

partment, Credit Approval Department, Planning and Finance Department, Financial Market Department, Compliance Department, and Information Technology Department constitute the main risk management organizational structure of the Company.

The Company mainly faces the following risks: credit risk, market risk, operational risk, liquidity risk, IT risk, compliance and legal risk, reputational risk and strategy risk, etc.

### **I. Credit Risk**

Credit risk refers to the risk of economic loss resulting from the counterparty's failure to fulfill its obligations as agreed in the contract. The risk is mainly from various loans, interbank deposit, purchase under agreements to resell, bond investment and off-balance-sheet credit business.

The Company has set up a credit risk management structure which consists of the Board of Directors and Risk Management Committee, Board of Supervisors, the senior management and the executive body set up under it. The Board of Directors assumes the ultimate responsibility for monitoring credit risk management. The Board of Supervisors is held responsible for the fulfillment of duties of the Board of Directors and the Senior Management in credit risk management. The Senior Management is responsible for formulating, reviewing and supervising the implementation of credit risk management policies, thoroughly grasping the credit risk management status of the Bank and taking effective measures to prevent credit risk.

During the Reporting Period, the Board of Directors of the Company and the Risk Management Committee established under it reviewed multiple proposals and reports on credit risk management status, large-value facility, credit asset disposal, and made effective assessment on credit risk management policy, management status and risk acceptance ability of the Company. By clearly defining credit risk management responsibilities of each department of the Company, the credit risk report path, frequency and content, the Senior Management of the Company urged each department to earnestly perform their responsibilities in credit risk management, so as to ensure normal operation of credit risk management system. The Company aims at establishing a scientific and robust credit risk management system, and promotes sustainable, steady operation and healthy development of credit business through guiding and regulating credit business activities and credit risk management. The Company adopts weighted methods to measure the credit risk-weighted assets. By regularly monitoring internal credit risk management indicators, such as NPL ratio, NPA ratio, overdue ratio, credit loss ratio and default ratio, the Company makes comprehensive assessment and analysis on credit risk status. The compliance department and internal audit department of the Company carry out internal control assessment and audit on credit risk management status on a regular basis.

#### **(I) Solidifying Credit Access**

First, the Company raised the credit thresholds and carried out strict access, strict management and strict remediation. Second, the Company implemented list access for the real estate industry, and required repayment strictly based on sales schedule of the project. Third, the access of customer with high leverage, high liabilities and high risk were strictly controlled.

#### **(II) Adjusting Credit Structure**

First, in terms of credit policy orientation, the Company followed differentiated credit policy, promoted green credit, grasped the direction of industry transformation and development trend of emerging industry, actively supported new industrialization, urbanization and agricultural modernization, and guided credit funds to further flow into the real economy field. Second, in terms of examination and approval, the Company gradually



reduced funds investment in industry with excess capacity, and strictly controlled newly increased credit granting.

### **(III) Optimizing Extension Process**

First, the Company streamlined extension process and improved operation system. Second, the Company formulated review standard and fill-out template for extension process in order to improve the efficiency of extension process.

### **(IV) Enhancing Post-lending Management**

First, the Company improved the post-lending management system, augmented post-lending staff members and established risk monitoring and communication mechanism targeting at key and big customers. Second, the Company enhanced system construction and regulated post-lending management of online business. Third, the Company strengthened post-lending supervision, carried out post-lending off-site inspection, developed random inspection of actual trade background for banker's acceptance, and focused on special inspection for real estate and government financing business, collateral inspection, and credit archives inspection.

### **(V) Raising Risk Control Level**

First, the Company faced up to cross-market risk and incorporated the cross-market financial business into its risk management framework. Second, the Company carried out multi-dimensional limit control and management, and online management and continuous monitoring of limit control was achieved. Third, the Company promoted big data risk control technique, gradually established a bidirectional early warning mechanism of "indicator + scoring", and enhanced the credit risk monitoring and reconstructing the risk control early warning system.

## **II. Market Risk**

Market risk refers to the risk of potential loss incurred by the future income or future cash flow due to changes in value of financial instruments caused by changes in market prices (interest rate, exchange rate, stock price, commodity price, etc.). The market risk undertaken by the Company is primarily classified into interest rate risk and exchange rate risk.

The Company has set up a market risk governance structure which consists of the Board of Directors and its Risk Management Committee, the senior management and the executive body. The Board of Directors is the highest decision-making institution in market risk management, assuming final responsibility of market risk management. The senior management shall be responsible to prepare and supervise implementation of market risk management policies, and timely understand market risk level and management situation so as to ensure effective identification, measurement, monitoring and control on market risk undertaken by each business. The Risk Management Department is the leading department of management of market risk of the Company. Planning and Finance Department, Finance Department, Financial Market Department, International Business Department and so on are responsible for collaborative management, respectively.

### **(I) Interest Rate Risk**

#### **1. Interest Rate Risk of Trading Book**

During the Reporting Period, the Company further improved market risk governance framework for trading book, which covered interest risk, currency risk and commodity risk involved in trading book business. Based on changes in market environment, the Company timely adjusted internal delegation of risk limit, and further strengthened the management of interest rate risk of trading book. The Company optimized labor divi-

sion of each department, and ensured effective management of interest risk in trading book.

By continuously monitoring market risk, the Company set up market risk limit concerning interest rate risk of trading book, re-estimated fair value and analyzed the model of scenario for trading book. Meanwhile, the Company set up multiple unfavorable market scenarios according to investment portfolio to carry out stress test. In addition, the Company adopted parameter indicators including duration, convexity and basis point value to strengthen combination operation and interest risk control for trading book, and gradually increased middle- and back-office control and management capacity.

## **2. Interest Rate Risk in the Banking Book**

In the Reporting Period, the Company further improved the management policy for interest rate risk in the banking book, established the interest rate risk management structure, defined the responsibilities and reporting procedures of the Board of Directors, the Senior Management, the Special Committee and relevant departments, so as to ensure the effectiveness of interest rate risk management.

The Company mainly adopted repricing gap analysis, duration analysis, scenario simulation and other methods to measure and analyze interest rate risk. The repricing gap analysis mainly monitors the repricing term distribution and mismatch of assets and liabilities; the duration analysis monitors the duration of main product types and the duration gap changes of the Bank's assets and liabilities; scenario simulation is the major method for interest rate risk management analysis and measurement, including the influence brought by interest rate changes and yield curve changes to the Company under different scenarios. In the Reporting Period, the Company paid more attention to the changes of the external market, the trend of the monetary policies and market interest rate, researched and judged the trend of the market price. Base on the macro policies, regional environment and price level and other factors, the Company flexibly adjusted the structure of assets and liabilities, and the floating way of interest rate, and effectively prevented the interest rate risks. By optimizing the pricing model for deposits and loans, and setting parameters according to the local condition, the Company adopted the differentiated pricing for customers, which effectively improved the pricing management level.

## **(II) Currency Risk**

Currency risk refers to the risk that the position and cash flow of foreign exchange exposure held by the Bank may suffer adverse impact due to the exchange rate fluctuation. The main principle followed by the Company for currency risk control is to match the assets and liabilities in different currencies, and actively carry out routine monitoring on foreign exchange exposure, so as to ensure that the adverse influence generated by the exchange rate changes is controlled in an acceptable scope.

## **III. Operational Risk**

Operational risk refers to the risk caused by imperfect or problematic internal procedures, personnel and information technology system as well as external events. The types of operational risks the Company may face with mainly include internal fraud, external fraud, employment system and safety incidents in the workplace, customer, product and business activity events, damage of physical assets, IT system events, implementation, delivery and procedure management events, etc. Among them, customer, product and business activity events, implementation, delivery and procedure management events are the main sources for the Company's operational risk losses.

In the Reporting Period, the Company mainly adopted the following measures to enhance the operational risk management and case risk prevention and control:

(I) Establishing the Bottom-to-top Reporting System and the Three Lines of Defense. The business department, branches and sub-branches of the Head Office shall regularly or irregularly report the operational risk management status and the loss events, and the Company's Compliance Department shall regularly or irregularly submit relevant operational risk report to the Board of Directors, the Board of Supervisors, and the Senior Management. Meanwhile, the Company established a management system formed by the three lines of defense to comprehensively enhance the operational risk prevention and control. The first line is formed by the business department, the branches and sub-branches of the Head Office; the second line is formed by the Risk Management Department, Compliance Department and other risk management departments; the third line is formed by the Audit Department.

(II) Improving the Operational Risk Policy System. In the Reporting Period, the Company formulated and modified the main management policy for operational risks, which defined the management objectives, usage, operational procedures, and maintenance mechanism of the three operational risk tools. The Company also employed the tools to identify the business procedures that it has relatively weak control, and requested relevant departments to formulate remediation plans for remedying the internal control defects.

(III) Defining the Capital Measurement Rules of the Standardized Approach. In the Reporting Period, the Company formulated the mapping principles and plans between the accounts and the business lines, formulated the template for monitoring the capital measurement through the operational risk standardized approach, and accomplished the trail calculation for capital measurement through the standardized approach.

(IV) Improving the Operational Risk Management System. The Company initiated the building of a system integrating internal control, compliance, and operational risks. Based on the previous system, it got through the system modules, optimized the system logic, improved the system function, and realized the synergistic integration of internal control, compliance, and operational risks.

(V) Enhancing Identification and Control of Operational Risk. First, the Company implemented the inspection and supervision. By carrying out the special inspection of operational risk and case prevention, and "mine clearance" special inspection, the Company effectively eliminated the operational risks and hidden danger of case risks. Second, the Company enhanced procedure management. By comprehensively streamlining the business and management procedures, and combining the routine business activities with management, the Company pointed out the key fields with operational risks. Third, the Company compiled and issued the whole-process internal management manual. The Company defined the operational risk points, control measures, main inspection points, policy information and relevant system information of the Company's business and management procedures to enhance the identification and control of operational risks.

(VI) Deepening the Management of Case Prevention and Control. The Company timely formulated the objectives and plan of case prevention in 2017, and continuously promoted the case prevention tasks as scheduled, implemented the major responsibilities for case prevention, enhanced the monitoring of behaviors and solidified the foundation for case prevention. In this way, the effectiveness of case prevention was further enhanced. First, the Company sequentially promoted the establishment of the operational risk system, continuously optimized the restriction and assessment mechanism, solidified the foundation for risk prevention and established a case prevention management system. Second, the Company enhanced the case prevention knowledge education, strengthened the employees' sense of compliance, and paid close attention to the employees' abnormal behaviors inside and outside the eight working hours per day. Third, the Company organized and

carried out inspection for “must-not-do” behaviors, general inspection on employees’ behaviors, enhanced the compliance inspection for internal control, and standardized the business operation behaviors. Fourth, the Company remedied the Bank’s internal control defects, strengthened punishment to employees’ breaches of regulations and disciplines, and put accountability for remediation into practice.

In the Reporting Period, the Company’s operational risk management system ran stably and the operational risks and case risks were generally under control.

#### **IV. Liquidity Risk**

Liquidity risk refers to the risk that a commercial bank fails to timely acquire sufficient funds at a reasonable cost to repay the debts when they fall due, perform other payment obligations, or meet other fund needs for normal business operation. Events or factors giving rise to liquidity risk include: Concentrated withdrawal of deposits by customers, drawdown by loan customers, delayed payment of debtors, mismatched structure of assets and liabilities, difficulty for liquidation of assets, operational losses, risks related to affiliated institutions, etc.

The Company has established completed liquidity management and governance structure. The Board of Directors is the highest decision-making and policy approving institution for liquidity risk management, which bears the final responsibility for liquidity risk management. The Board of Directors authorizes the Risk Management Committee to take charge of liquidity risk management. The Senior Management sets up the Asset and Liability Management Committee to take charge of concrete implementation of liquidity risk management. The Board of Supervisors shall supervise and assess the performance of the Board of Directors and the Senior Management in liquidity risk management. The functional departments shall take charge of routine management of liquidity risks.

The Company’s liquidity risk management mode is the legal person-based consolidated liquidity risk management. The Company’s Planning and Finance Department carries out general management of its liquidity risk, and takes charge of the Bank’s routine liquidity gap management. The Financial Market Department assists with the routine financing gap management through interbank operations. The affiliated institutions shall bear the first responsibility for the institution’s liquidity management, and bear corresponding responsibility for liquidity management according to the requirements of the Head Office.

Through establishing timely, reasonable and effective liquidity risk management structure, the Company improved the liquidity risk management strategies, policies and procedures, realized effective identification, measurement, monitoring and control of liquidity risks, and controlled the liquidity risks within the acceptable scope. The Company maintained sufficient and appropriate liquidity and is able to satisfy customers’ payment demand at any time, maintain good market reputation, realize unification and harmonization of fund operation’s security, liquidity and profitability, so as to promote continuous and sound operation of the Company.

The Company regularly carries out stress test, to judge whether it can satisfy the capital outflow demand under extreme emergency, and according to the regulatory requirements and real market condition, irregularly adjust the scenarios and coefficients for stress tests, so as to ensure that the tests are scientific and effective. The Company formulated a liquidity contingency plan, which defined the handling measures and procedures under stress, and made preparation for prevention of liquidity crisis.

In the Reporting Period, the Group’s liquidity risks were stable and controllable. The main liquidity indicators were better than the regulatory requirements, wherein, the liquidity ratio was 47.94%; the NSF ratio

was 142.55%, the liquidity coverage ratio was 247.22% (wherein: the eligible high-quality liquid assets were worth RMB25,822 million, and the net cash outflow was RMB10,445 million), and the loan-deposit ratio was 53.04%. Slight, moderate and heavy stress test reached the requirement of the shortest survival time which is not less than 30 days, and the liquidity management level was enhanced continually. In the Reporting Period, the liquidity management measures adopted by the Company mainly included: First, the Company improved the liquidity management level according to the requirements for ICAAP projects; second, the Company optimized the structure of assets and liabilities, and increased the reserve of high-quality assets to more than RMB10 billion; third, the Company established the position system, reformed the asset and liability system, and continually enhanced the liquidity management measures and technical content; fourth, the Company strengthened monitoring of liquidity indicators, and enhanced the liquidity analysis; fifth, the Company enhanced interbank cooperation, and jointly tackled liquidity risks; sixth, the Company strengthened the regular meeting system for liquidity and made joint effort to discuss strategies for liquidity management.

## V. IT Risk

IT risk refers to the operations, laws and reputational risks arising from natural disasters, human factors, technical loopholes and management deficiencies during use of information technologies by commercial banks.

The Board of Directors sets up the Information Technology Management Committee under it to supervise and urge the Senior Management to implement the major management measures for IT risks. Through the “three lines of defense” organizational structure formed by the Information Technology Department, Risk Management Department, and Audit Department for IT risk management, the Senior Management included the IT risk in the comprehensive risk management system, continually improved the IT risk system and institution building, and constantly completed the IT risk management policies and procedures. Based on the requirements of regulatory standard and the development status of internal IT, the Company organized compilation of the IT risk monitoring indicators, identification and assessment of the hidden danger of risks in the Company’s information building, and enhanced monitoring and urged improvement. Based on the requirements of the Company’s IT risk management policy, the compliance department and the internal audit department regularly carried out internal control assessment and audit on the IT risk management condition.

During the Reporting Period, the Company mainly adopted the following measures to enhance IT risk management:

(I) Paying Attention to Information Security Management. First, the Company engaged professional information security assessment institutions to carry out classified security protection assessment of the information system. Second, the Company established the data hypo-sensitization system and realized effective protection for sensitive and private data. Third, the Company comprehensively arranged the desktop management system and realized the safe and automatic management of the terminals. Fourth, the Company conducted penetration tests on the Internet system and fortified the safety of mobile banking and other mobile terminals. Fifth, the Company promoted transformation of national cryptographic algorithm, which shall cover the major transaction systems and reach the autonomously controllable effect. Sixth, the Company enhanced outsourcing management, implemented concentrated management, enhanced the management efficiency and reduced outsourcing risks.

(II) Intensifying the Business Continuity Management. First, the Company established a review policy for the continuity of the information system’s on-line business, modified the general contingency plan, and further improved the business continuity management policy. Second, the Company carried out risk inspection of

the business continuity management and assessed the contingency plan for business continuity. Third, the Company organized drills for business continuity, examined availability of the disaster recovery resources and enhanced the emergency team's operational capacity.

(III) Intensifying the IT Risk Auditing. First, the Company carried out IT management condition auditing, deeply and profoundly inspected IT risks. Second, the Company timely followed up and urged the implementation of remediation for weak points found in the internal and external IT risk inspection, and built a strong third line of defense for IT risk management.

In the Reporting Period, the Company totally carried out 5 times of IT risk special assessment and inspection, and expanded the width of IT risk management. The Company implemented risk control for IT projects, revealed risks in the establishment of IT projects, and proposed risk control measures, to ensure safe, constant and stable operation of the IT system. In additional, the Company actively carried out IT risk management training, to cultivate the employees' sense of IT risk management.

## **VI. Legal and Compliance Risks**

### **(I) Legal Risk**

Legal risk refers to the legal liability risk arising from violation of laws and regulations, contracts, infringement of other people's legal rights, or other matters involving any of the Company's contract or commercial behaviors.

During the Reporting Period, the Company mainly adopted the following measures to prevent and control legal risk:

1. Improving the Legal Risk Management Mechanism. The Company established ex-ante, in-event and ex-post legal risk prevention mechanism. The Board of Directors takes charge of reviewing and determining strategies and policies related to legal risk management and bears final responsibility; the Senior Management takes charge of implementing the legal risk management strategies and policies, and reviewing and approving relevant important issues; the Compliance Department of the Head Office and relevant departments of the branch institutions take charge of concrete legal risk management.

2. Implementing the Legal Review Policy. The Company required relevant departments to review all the Bank's contracts for various business, to prevent legal risks and ensure legality of business activities.

3. Formulating Formatted Agreements. Formatted agreements were formulated for frequent business activities and used to reduce legal risks of the Company's business.

4. Enhancing Lawsuit Management. The Company's Head Office takes charge of management of all the Bank's lawsuits. The Company researches and discusses plan for actions in lawsuits, to enhance management capacity for cases and reduce legal risks.

5. Regularly Carrying out Legal Training. Each year, the Company regularly carries out legal training and popularizing-law activities, to strengthen employees' legal knowledge and sense of risks.

6. Legal Risk Warning Policy. As to legal risks commonly met in the Company's business operation, the Company has published legal risk warnings on the official website, to remind employees to prevent and reduce occurrence of legal risk events.

### **(II) Compliance Risk**

Compliance risk refers to the risk of suffering legal sanction, regulatory punishment, material financial loss and reputational risk because of failing to comply with laws, regulations and rules.



During the Reporting Period, the Company mainly adopted the following measures to enhance compliance risk management:

1. Improving Building of Compliance Policies. In the Reporting Period, the Company issued 208 rules and regulations in total, to continually improve the policy compliance management of the financial market, counter, credit, credit card, wealth management, Internet finance, foreign exchange and other business, including formulation of 125 new policies, modification of 83 policies, which ensured that the business and management have rules and regulations for reference.

2. Intensifying Supervision and Inspection. In the Reporting Period, the Company carried out 42 inspection items in total, and timely carried out irregular credit risk special inspection, “two boards and one management (the Board of Directors, the Board of Supervisors and the Senior Management)”, the “three violations, three arbitrages, four improprieties, and ten chaotic phenomena” and other special remediation actions as per work arrangements of the regulatory authorities. Aiming at problems found, the Company formulated practicable remediation plans, strengthened management of employees’ accumulated points for violation of rules, and established the supplementary mechanism for internal control defects.

3. Deepening Development of Compliance Culture. In the Reporting Period, the Company constantly carried out training and education activities focusing on knowledge of compliance and case prevention, to lift new employees’ professional skills and sense of risk prevention and control; convened seminars on operational risk cases, to deeply analyze operational risk points and internal control defects in the cases and effectively strengthen employees’ sense of operational risk prevention; carried out “internal control compliance micro-video” competition to innovate the approaches for publicity and education and form an atmosphere for compliant operation.

### (III) Money Laundering Risk

In the Reporting Period, the Company always paid close attention to the anti-money laundering work and solidly performed its obligations for anti-money laundering. First, the Company held the “risk-oriented” concept to actively implement the People’s Bank of China’s requirements in the Administrative Measures for the Report of Large-value Transactions and Doubtful Transactions of Financial Institutions, constantly improved the anti-money laundering internal control policy system and standardized the anti-money laundering work procedures. Second, guided by “autonomous monitoring”, the Company established a new anti-money laundering monitoring and submitting system, and designed a warning model for suspicious circumstances that conformed to its real status. Third, targeting at “concentrated, professional and systematic action”, the Company set up the Anti-money Laundering Monitoring and Analysis Center, and a team of experts for anti-money laundering, so as to gradually accomplish concentrated treatment of the Bank’s anti-money laundering tasks. Fourth, the Company carried out the anti-money laundering publicity and education activity themed by “enhancing account management, and improving the anti-money laundering, anti-terrorist financing and anti-tax avoidance regulatory system”, to popularize knowledge about anti-money laundering and enhance the awareness of the public to cooperate with the anti-money laundering tasks. Fifth, the Company largely carried out anti-money laundering training for employees and effectively enhanced employees’ skills for anti-money laundering. Sixth, the Company strengthened the effort for anti-money laundering inspection and supervision, timely detected risk vulnerabilities, and provided strong compliance support for efficient running of business operation.

## VII. Reputational Risk

Reputational risk is defined as the risk of negative assessment or comments on a commercial bank from stakeholders as a result of its operation, management and other behaviors or external events.

The Company has established complete reputational risk management and governance structure. The Board of Directors bears the final responsibility for reputational risk management. The Senior Management takes charge of concrete management of reputational risk. The Office of the Company is the department taking the lead in the management of reputational risk and taking charge of routine management of reputational risk.

In the Reporting Period, targeting at managing reputational risk and forming good reputation, the Company actively enhanced its reputational risk management level and control capacity. First, the Bank enhanced ex-ante control of reputational risk factors, strengthened internal control and compliant operation, lifted customer service quality and controlled the reputational risk from the source. Second, the Bank improved the reputational risk management mechanism, standardized information publishing and advertising publicity, and continually carried out culture building for reputational risk. Third, the Company constantly improved the warning system, enhanced public opinion monitoring, regularly carried out risk inspection and effectively prevented the potential public opinion. Fourth, the Company established the joint conference policy, regularly analyzed the status of reputational risk, standardized the crisis processing procedures and enhanced timeliness and effectiveness of the processing. Fifth, the Company paid attention to professional education and training, invited experts of the industry to carry out professional training and public opinion drill, so as to enhance the handling ability. Sixth, the Company carried out positive publicity. Through the official website and WeChat account, mainstream media and other platforms and channels, the Company spread the operation and development status of the Company, established a positive brand image and formed good public opinion environment.

## VIII. Strategic Risk

Strategic risk refers to the risk caused by commercial bank's improper strategy or changes of the external business environment. The Company has established a quite complete organizational structure for strategic risk management, which was formed by the Board of Directors and its Strategy Committee, the Senior Management, the Head Office's functional department for strategic management and other relevant functional departments. In the Reporting Period, the Company actively carried out strategic risk management, introduced consultants for strategic risk management, formulated strategic risk management measures, improved the strategic risk management system, effectively prevented strategic risk and promoted realization of the development vision and strategic objectives. In the Reporting Period, the Company's strategic risk was generally stable and controllable. The strategic risks were effectively controlled.

## IX. Capital Management

The Company has established a "four-in-one" capital management organizational structure and governance structure formed by the Board of Directors, the Board of Supervisors, the Senior Management, and departments of the Head Office and defined the responsibilities of different tiers. The Board of Directors shall bear the primary responsibility for the Bank's capital management, set the risk appetite and capital adequacy goal matching with the Bank's development strategy and external environment, review the Bank's internal capital adequacy assessment process, and ensure that the capital fully covers the primary risks. The Senior Management shall implement the capital management policy formulated by the Board of Directors. The Board of Supervisors shall supervise and assess the performance of the Board of Directors and the Senior Management.



ment in capital management.

The Planning and Finance Department is the department taking charge of the Company's capital management, general management of capital and submitting documents to the regulatory authorities. The Risk Management Department mainly takes charge of establishing a comprehensive risk management frame, and giving suggestions to assessment of credit risks, market risks and concentration risks, and settings of risk appetite. The Compliance Department takes charge of operating issues related to risk management. The Office takes charge of reputational risk management. The Office of the Board of Directors takes charge of strategic risk management. Other relevant departments shall cooperate with the Planning and Finance Department in capital management.

In the Reporting Period, the Company constantly improved the capital management system, formulated the Administrative Measures for ICAAP of Jiangxi Bank, the Administrative Measures for Capital Management of Jiangxi Bank, and other policies, which promoted elevation of the Company's capital management level. Based on that, the Company formulated the 2017 Statement on Risk Appetite of Jiangxi Bank. In 2017, the Company carried out the first stress test and internal capital assessment process. According to the test and assessment result, the Company formulated the 2016 Capital Adequacy Ratio Stress Test Report of Jiangxi Bank, the 2016 ICAAP Report of Jiangxi Bank, the 2017–2019 Capital Management Planning of Jiangxi Bank, which assessed the status of risks, the risk management capacity, capital adequacy level, and capital quality, and formulated the capital planning and capital adequacy ratio management plan, to ensure that the Bank's capital could fully resist the risks the Bank is facing with and satisfy the need for business development.

#### **(I) Capital Adequacy Ratio and Leverage Ratio**

The Group calculated the capital adequacy ratio and leverage ratio in accordance with the Management Measures for Capital of Commercial Banks (Provisional) of the CBRC (hereinafter referred to as the "Measures"). Wherein the credit risk was measured by the weighted approach, while the market risk was measured by the standard approach and the operational risk was measured by the basic indicator approach.

The form below showed the status of capital adequacy ratio calculated according to the Measures at the end of 2017.

### Capital Adequacy Ratio

For more information about the Group's capital measurement, please refer to the 2017 Capital Adequacy Ratio Report of Jiangxi Bank Co., Ltd.

(Unit: RMB thousand)

Items	December 31, 2017	December 31, 2016	December 31, 2015
Net core tier-1 capital	23,101,751	21,023,865	19,652,214
Net tier-1 capital	23,101,751	21,023,865	19,652,214
Tier-2 capital	8,447,314	2,069,924	2,487,622
Net capital	31,549,065	23,093,789	22,139,836
Risk-weighted assets	244,970,118	193,450,848	155,476,375
Credit-risk-weighted assets	228,286,227	180,120,008	143,774,419
Market-risk-weighted assets	706,962	74,873	1,020,097
Operational-risk-weighted assets	15,976,929	13,255,967	10,681,859
Core tier-1 capital adequacy ratio (%)	9.43	10.87	12.64
Tier-1 capital adequacy ratio (%)	9.43	10.87	12.64
<b>Capital adequacy ratio (%)</b>	<b>12.88</b>	<b>11.94</b>	<b>14.24</b>

### Leverage Ratio

(Unit: RMB thousand)

Items	December 31, 2017	December 31, 2016	December 31, 2015
Tier-1 capital	23,272,061	21,172,327	19,803,240
Deductive items of tier-1 capital	170,310	148,462	151,026
Net tier-1 capital	23,101,751	21,023,865	19,652,214
Balance of on-balance-sheet assets after adjustment	369,638,257	316,282,052	211,803,994
Adjusted off-balance sheet exposures	20,200,549	24,563,072	44,180,486
Balance of on-balance- and off-balance-sheet assets after adjustment	389,838,806	340,845,124	255,984,480
<b>Leverage ratio (%)</b>	<b>5.93</b>	<b>6.17</b>	<b>7.68</b>

Note: It is measured in accordance with the Administrative Measures for Leverage Ratio of Commercial Banks (Revised).

## (II) Allocation and Management of Economic Capital

The Company's economic capital management includes 3 main aspects: Measurement, allocation and application. In the Reporting Period, the Company continually optimized the economic capital management system, and lifted the refined management level of capital. When assessing the application of the Company's economic capital in the institutions and business lines, the RAROC indicator was introduced to cooperate with the EVA indicator, which further enhanced the scientificity and fairness of the performance assessment. In the allocation of economic capital, based on the requirements of strategic planning, the economic capital allocation of the Company is tilting towards retail business, effectively reducing the pressure of corporate economic capital employed.

### 3.2.7 Overview of the Company's Business

#### I. Corporate Financial Business

During the Reporting Period, the Company's corporate deposits have witnessed steady growth. The balance of RMB and foreign currency corporate deposits amounted to RMB176,222 million, up by RMB39,484 million, or 28.88%.

#### (I) Constant Optimization of Customer Structure

First, the Company continued to expand institutional customers. During the Reporting Period, the Company focuses on eight major groups of institutional customers including fiscal institutions, social security, provident funds, land reserve centers, departments of housing management, bourses, schools, and hospitals. The Company scored breakthroughs in key accounts consecutively; pinpointing key products such as "Yinyitong", "Xiaoyuantong", land-lost agricultural pension insurance loans, existing fund regulation, fund guarantee and other products, the Company maintained close cooperation with key institutional customers. During the Reporting Period, the Company firmly grasped good business opportunities, and implemented incentive mechanism for strategic accounts. As of the end of the Reporting Period, the Company's net growth rate of strategic customers was 85.96%. Second, the Company deeply promoted marketing for key accounts. During the Reporting Period, the Company engaged in strong marketing for the national top 500 private enterprise customers, top 100 private enterprise customers in Jiangxi Province, listed company customers, industry leading customers, and local-leading customers. On the firm basis of credit business, the Company strengthened the linkage marketing between its traditional business and international business, settlement business, debt business, and private placement business, enhanced customer stickiness, and elevated the customer's comprehensive contribution. The Company continuously improved its percentage in customers' all business volume, and tapped the real advantage of local commercial banks to support the development of local real economy.

#### (II) From Points to Areas: Breakthroughs in Key Areas

First, the Company seized the opportunity to promote green finance. During the Reporting Period, targeting the whole province, the Company promoted the development of green financial business, and directed and participated in the green credit extension in the Bank. As of the end of the Reporting Period, through the use of green financial bond, the Company issued funds to fully support the green projects in the province, and cumulatively realized credit extension of RMB8,181 million. Second, the Company promoted the "Yinyitong" business development. During the Reporting Period, the Company firmly seized the opportunity to promote the information-based reform of medical and health system in Jiangxi Province. Setting the Second Hospital Affili-

ated to Nanchang University project as our benchmark, the Company promoted the project of “Yinyitong” in the whole province. Relying on the “Yinyitong” project, the Company actively carried out public-private linkage marketing in payment and settlement, payroll, personal finance and supply chain finance business and other areas, and strove to become a comprehensive medical and health financial services provider. Third, the Company strengthened its connection with the education system. During the Reporting Period, the Company made innovation in intelligent campus products, and engaged in marketing among large- and medium-sized colleges and universities in Jiangxi Province. The Company successfully attained mass expansion of a number of quality education customers, promoting tuition collection account, campus card and other business’ comprehensive cooperation with major educational institutions. Fourth, the Company has marketed the intelligent tourism project. During the Reporting Period, the Company combined the unique advantages of Jiangxi Province in the tourism resources, and actively developed all-round cooperation with the scenic areas. Fifth, the Company helped the intelligent city construction. During the Reporting Period, the Company thrived in business areas including intelligent medical care, intelligent human society, intelligent campus, intelligent tourism, intelligent business circle, intelligent transportation and other fields. Making the use of advanced financial technology and banking innovative payment and settlement methods, the Company has achieved intelligent management and operation of the city, further enhancing the user experience of urban residents. By lubricating Intelligent city construction, the Company has opened a window in fields of Nanchang city services, and has promoted the development of retail business while obtaining low-cost capital placement.

### **(III) Cooperation with Policy-related Banks in Agent Business**

First, the Bank accelerated the cooperation with China Development Bank, Agricultural Development Bank and the Export-Import Bank of China, deepening the scope and field of cooperation. Second, the Bank promoted cooperation with policy-related banks in syndicated business. Mutual business upgrading has been achieved by deepening mutual business cooperation.

## **II. Small and Micro Enterprise Finance Business**

As of the end of the Reporting Period, the Company’s small and micro loan balance was RMB65,424 million, up by RMB7,306 million compared with that in the same period of the previous year, or an increase of 12.57%. Loans of small- and micro-sized enterprises accounted for 79.7%. During the Reporting Period, the Company actively planned the transformation of small- and micro-loan<sup>1</sup> business in the Bank. Franchise institution aiming at small- and micro-finance, the Small Business Credit Center, constituted the Development and Implementation Plan of Micro Credit Business Transformation, defining two major transition targets of small and micro loans, namely wholesale business and comprehensive financial business. The Plan also established transformation implementation measures including professional team setting, marketing promotion, performance appraisal, system adjustment and other aspects. During the Reporting Period, the Company issued a total of RMB5.59 billion small- and micro-loans, with a total number of 17,156 loans. The Company’s financing support covers the manufacturing industry, wholesale and retail industry, agriculture, forestry, animal

<sup>1</sup> "Small- and micro-loan" means that the Company provides loans to small- and micro-sized enterprises, business owners, de facto controllers or major shareholders, self-employed proprietors and natural persons to meet the borrower’s corporate or personal capital needs in the production, trade, services and business investment. The amount of exposure for a single customer loan (the amount of exposure refers to the amount of loans deducted by the mortgage deposit and the bank acceptance and margin guarantee amount) shall generally be no more than RMB1 million (inclusive).

husbandry, and fishery, software and information technology industry, accommodation and catering industry and many other industries. A large number of small- and micro-sized enterprises, self-employed proprietors, reemployed urban laid-off workers and other social groups benefit from the small- and micro-loans by the Company. As of the end of the Reporting Period, the Company's small- and micro-loan balance was RMB4,607 million, up by 33.69% compared with that at the end of the previous year. With the county sub-branches opening small and micro finance departments, small and micro finance franchise network continues to advance. As of the end of the Reporting Period, the Company had a total of 21 small- and micro-finance franchise institutions. With the exception of Yingtan and Jingdezhen, the Company has achieved full coverage of the prefecture-level cities in Jiangxi Province.

During the Reporting Period, the Company circled around the small- and micro-sized enterprises' operating characteristics and investment and financing needs; it strengthened the small and micro enterprise exclusive services, with products as its pivotal entry point. First, the Company made innovation in SME credit assessment and guarantee methods. The Company introduced the "Tax E-Finance" online loan products; through the direct system interface with the tax bureau, online and offline dual-line services are achieved. During the Reporting Period, the Company increased the level of financial products and service innovation, in the "mobile domain, the Internet +, guarantee mechanism, multi-level capital market" and other aspects, the Company continued to innovate service modes to small- and medium-sized enterprises, and kept on building a core product system to better serve small and micro finance. Through cooperation with the provincial tax system, the Bank constantly deepened the "bank-tax interaction" cooperation. The Company was authorized to provide financing services for B-level SMEs rated by the Enterprise Tax Information Platform "CTAIS"; it launched the "Tax-Banking Connect" and "Tax E-Finance" and other products. Through cooperation with the insurance company, as for the part exceeding the mortgage, the Company employed SME loan guarantee insurance method for purpose of credit enhancement for SME, hence launching the product of "Mortgage and Guarantee Method". During the Reporting Period, through the "Tax-banking Connect", "Tax E-Finance" and other products, the Company has effectively helped the SME and micro-sized enterprises with trustworthy tax payment records, materializing the practical benefit of the good faith in tax payment. Second, the Company fully implemented inclusive finance support policy, and formulated the Administrative Measures for Loan Fixed Assets of Small- and Micro-sized Enterprises, solving the time and term mismatch of loans granted to small- and micro-sized enterprises. Third, the Company vigorously expanded the business area and core enterprise wholesale business. The small- and micro-loan wholesale business volume amounted to 3,668, with a balance of RMB1,307 million, accounting for 28.37% of all small- and micro-loan balance. Fourth, the Company carried out the non-debt repayment and loan renewal work, helping to solve the problem of "expensive financing" of small- and micro-sized enterprises. During the Reporting Period, the Company renewed a total of 1,634 small- and micro-sized enterprise loans, with the total amount of RMB13,252 million.

### III. Personal Financial Business

#### (I) Accelerating the Promotion of Financial Product Innovation

During the Reporting Period, the Company sped up the promotion of FinTech innovation, and kept on the development and optimization of non-conventional products. Second, the Company made innovations in online consumer credit products. During the Reporting Period, the Company launched a pure online personal consumer loan product based on big-data risk control model -- "Mobile Quick Loan." The product broke through the traditional offline loan mode, realizing fully online, and fully automatic loan approving and grant-

ing. As of the end of the Reporting Period, “Mobile Quick Loan” had registered customers of 447,400 and cumulative loan extension number of 98,600. The cumulative amount of loan extension was RMB1,509 million, and the loan balance was about RMB700 million. Second, innovation has been made in payment products. During the Reporting Period, based on the mobile payment products<sup>2</sup>, the Company optimized and introduced a matching, independent APP, and researched and developed wearable equipment of non-contact payment function<sup>3</sup>. As of the end of the Reporting Period, the total number of mobile payment product customers reached 183,400, up by 12.14% compared with that in the same period of the previous year. In the national banking industry, the Company was among the first group to introduce UnionPay QR payment products. And the Company was among the first group to employ UnionPay Category II and III electronic account services in city-level commercial banks, further improving the debit card payment product system. Third, the Company closely followed the financial industry application trend of artificial intelligence technology, and actively carried out research and development of intelligent investment adviser products. Fourth, the Bank issued its first Visa credit card, a first airline co-branded credit card—“Jiangxi Airlines Co-branded Credit Card”, further enriching the Company’s credit card product categories. Fifth, the Company innovated a new product in bank card acquiring business—“Haoxiangshou”. The product provided comprehensive payment solutions to transportation, social security and other livelihood industries, fully meeting the customer’s demands for mobile payment.

## **(II) Promoting a Wide Range of Customer Marketing Activities**

During the Reporting Period, the Company further strengthened the personal customer segmental marketing; it organized three-category group marketing activities. The customer volume expansion has obtained a remarkable effect. First, the Company organized branches and sub-branches to carry out residential mortgage marketing activities. The Company promoted loan scale growth through the new real estate marketing, and second-hand house intermediary marketing. As of the end of the Reporting Period, the Company’s residential mortgage balance was increased by RMB10,416 million or 68.76% compared with that at the end of the previous year. Second, the Bank carried out “Five Walks-in Marketing Activities”<sup>4</sup>, and arranged for branch institutions to visit over a thousand organizations and communities. Mobile Quick Loan, mobile payment and other products have been vigorously publicized. Third, the Company deepened the cooperation with Jiangxi UnionPay, Wanda Park and other institutions; the Company launched “Fortune Card Red Friday”, “Fortune Food Gallery”, “Fortune Card Six Yuan Movie” and other promotional activities for Fortune Debit Card<sup>5</sup> customers. During the Reporting Period, more than 800 businesses participated in the Fortune Debit Card series activities, and nearly 500,000 customers participated in the activities. The Fortune Debit Card’s user coverage and visibility have seen significantly improvement. As of the end of the Reporting Period, the Company’s effective personal customer number was 216,400, up by 21.06% compared with that at the end of last year. Fourth, the

<sup>2</sup> “Mobile payment product” refers to the Company’s introduction of the mobile payment products integrating HCE Cloud UnionPay, Huawei Pay and Apple Pay.

<sup>3</sup> “Wearable equipment of non-contact payment function” refers to non-contact mobile payment function by the independent APP on the hand ring device that is linked with mobile payment.

<sup>4</sup> “Five Walks-in Marketing Activities” mean that the Company organized personal customer outreach marketing activities by branch institutions to enter enterprises, communities, shopping districts, and real estate.

<sup>5</sup> “Fortune Debit Card” refers to a debit card issued by the Company of the same name.

Company built “Internet + Credit Card + Life” ecological circle; it set up Jiangxi Bank Credit card “Hui Life” marketing platform, which effectively enhanced the Company’s credit card brand influence. As of the end of the Reporting Period, the Company issued a total of 332,285 credit cards, with an increase of 76.43% year on year. The current year’s cumulative credit card turnover was RMB20,142 million, with a growth of 106.44%. The current year’s cumulative credit card installment turnover was RMB4,953 million, with an increase of 288.78%. POS card acquiring merchants reached 4,658, realizing POS card acquiring trading volume of RMB16.95 billion.

### (III) Optimizing the Online and Offline Channel Building

During the Reporting Period, the Company promoted the building of online and offline channels in an organic way. First, the Company opened up new channels of online credit extension. During the Reporting Period, the Company continued to strengthen cooperation with well-known Internet platforms, through the joint operation way, the Company increased consumption loan online customer expansion and credit extension. As of the end of the Reporting Period, the balance of personal consumption loans on the Internet platform was RMB3.59 billion, with interest income of RMB185 million. Second, the Bank steadily promoted the intelligent transformation, and continuously drove forward the application of face recognition technology. As of the end of the Reporting Period, the Company has realized face recognition, withdrawal and other functions on self-service machines. And in the Mobile Quick Loan APP, the Company adopted face recognition technology to assist in customer identification.

### (IV) Strengthening Team Building and Appraisal

During the Reporting Period, the Company continued to optimize the performance appraisal system of personal business practitioners to motivate their work, and organized a collection of practical training courses to improve the staff’s professional ability. First, the Company revised and perfected branch institution’s personal business management and appraisal methods for “Nine Major Positions”<sup>6</sup>, so that the performance appraisal system of each position becomes more reasonable and balanced. Second, the Company formulated the Retail Performance Rating Measures that are applicable to all outlets, and further strengthened the personal business line positions’ marketing functions in outlets, effectively stimulating the business development of retail outlets. Third, in the whole year, the Bank carried out special trainings of personal loan business, customer asset allocation ability upgrading trainings, county sub-branch staff specific trainings, key product trainings, the total number of which was more than 30. As a result, the staff’s professional ability has been improved significantly.

## IV. Financial Market Business

Under the guidance of the central government’s macro policy characterized by “cutting overcapacity, reducing inventory, deleveraging, lowering costs and bolstering areas of weakness”, the PBC’s prudent and neutral monetary policy and the strict regulatory policy of the China Banking Regulatory Commission, the Company conducted sensible deployment, and achieved the rapid and healthy development of the Financial Market Department business segments. As of the end of the Reporting Period, the Company’s financial market

<sup>6</sup> “Nine Major Positions” refer to nine positions engaged in personal financial business, including the head of the Personal Banking Department, the head of an outlet, the operations supervisor of an outlet, the wealth management advisor, the personal credit relationship manager, the wealth management manager, the lobby manager, the assistant to lobby manager, and the personal relationship manager of tier-1 branches and sub-branches.



business assets amounted to RMB202.4 billion, up by 16.32%. The Company was selected “2016 China Bond Market Outstanding Member -- Bond Business Progress Award”, “2016 Active Trading Agent”, “2017 China Financial Innovation Award -- Top Ten Financial Products Innovation Award”, “2016 Best Urban Commercial Bank”, “Best Integrated Financial Management Capacity”, “Best Social Contribution”, “Best Compliance”, “Best Profit” and “Best Innovation” for banking wealth management products.

### **(I) Trading and Underwriting Business**

During the Reporting Period, the Company actively adapted to the new normal of the tight balance of the money market, while ensuring the liquidity, the Company energetically promoted the transaction activity of the inter-bank market, and actively carried out the underwriting and distribution of the bonds. As of the end of the Reporting Period, the Company has entered the top 50 banks of transaction volume in interbank market. And as a member of the underwriting group, the number of underwriting bonds participated by the Company amounted to 741 and the cumulative underwriting amount was RMB121.35 billion.

### **(II) Investment and Liability Business**

During the Reporting Period, the Company set its corporate mission as to serve the local economy; at the same time, it continued to pay attention to macro-economic and market environment changes. It timely adjusted investment strategies, and focused on the allocation of policy-related bank debts, local government bonds, currency and bond funds, and other high liquidity assets. In addition, the Company reasonably carried out the cooperation business between bank and trust, and between bank and securities to obtain a stable income. As of the end of the Reporting Period, the Company's investment balance was RMB188.43 billion, up by 19.77%.

During the Reporting Period, the Company reasonably matched the source of funds and the use of capital, and laid a solid base for peer customers. The Company also actively adjusted the structure of debts, and broadened the financing channels. As of the end of the Reporting Period, the Company issued two-phase 10-year tier-2 capital bonds, and a total of RMB6 billion were raised. The cumulative issuance of inter-bank certificates of deposits was RMB83.23 billion; the cumulative absorption of interbank deposits was RMB75,741 million.

### **(III) Asset Management Business**

During the Reporting Period, the Company's asset management business developed steadily and the product structure was optimized continuously. The annual circulation of wealth management products amounted to RMB96.94 billion, up by 8.82% year on year. As of the end of the Reporting Period, the scale of existing financial products was RMB35.04 billion.

## **V. Internet Finance Business**

During the Reporting Period, the Company set building a “light bank” as its development goal, and adhered to the inclusive finance development concept. It promoted the building and publicity of the “JX E Finance” Internet financial platform prudently and rapidly. The Company has made huge strides in investment and financing and network loan platform fund custody business areas. The Company carried out a wide range of mutually beneficial cooperation with large-scale Internet enterprises. The platform business scope covered deposits, loans, agents, investment and financing, fund custody and other types. The platform has accumulated a comparatively solid customer base, and its market influence is growing.

### **(I) Internet-based Finance Business**

#### **1. “JX E Finance” Business Scale and Efficiency Witnessing Rapid Improvement**



As of the end of the Reporting Period, “JX E Finance” Internet financial platform had about 10.45 million cumulative registered users. The platform has completed the establishment of fund custody system for 99 Internet loan platforms, providing top-up real time arrival, split account management and other quality services. With good functional experience and rapid response mechanism, the platform has earned a good market reputation. During the Reporting Period, the “JX E Finance” Internet financial platform accumulated turnover of about RMB34.9 billion, and achieved a net profit of about RMB100 million. Through innovative investment and financing online transaction matchmaking business model, the platform’s profitability maintains a leading position in similar domestic platforms.

## **2. Innovation and Optimization of User Experience of “JX E Finance”**

In response to the demand for liquidity from the vast majority of investors, the new product design embodies flexible features. First, the long-term, fixed-term products can support online mortgages to meet the customer’s personalized investment needs. Second, the Company innovated and launched “Tianliying” products, realizing automatic system matching investment, which boasts dual attributes of both liquidity and profitability. Third, the platform provides a number of value-added services, such as the development of online hospital booking and registration function. In response to customer registration needs, the Company introduced online medical registration service channels. The Company also introduced online intelligent customer service to provide customers with 7\*24 hours of communication and exchange services using intelligent identification and response.

## **3. Establishment of the Internet Finance Department**

During the Reporting Period, the Company has established the Internet Finance Department, taking firm strides of reform towards the market-oriented business objectives of the Company. First, surrounding the overall framework of the Department work, the Company implemented the market-oriented operation to enhance the overall competitiveness of the Internet finance services. Second, according to the needs of the Internet finance development, the Company introduced a group of outstanding talents inside and outside the Bank, forging a professional team of great expertise.

## **4. Operating Achievements of Unique Characteristics Repeatedly Received the Industry’s Affirmation**

During the Reporting Period, the “JX E Finance” Internet financial platform was awarded the “Best Bank Custody Experience Award” by the votes of several network loan platforms and tens of thousands of investors. During the Chinese financial brand “Gold Chestnut” award launched by the China Financial Certification Authority, with a wide range of popular and novel online marketing strategies, the platform won the “Most Attractive Platform Award”. It was also awarded the “Best Internet Financial Business Innovation Award of Regional Commercial Banks in 2017” in China Electronic Bank Gold Title Award, sponsored by China Financial Certification Authority.

## **(II) Electronic Channel Business**

As of the end of the Reporting Period, total number of electronic channel customers reached 1.36 million, up by 45% year on year. During the Reporting Period, the substitution rate of electronic channel transactions was about 97%, and the rate of corporate customers’ Internet finance simultaneous contracting was about 84%, and the rate of personal customers’ Internet finance simultaneous contracting rate was about 174%.

1. Online Banking: During the Reporting Period, the Company continuously optimized its system and user experience. It realized intelligent channel of other bank transfers. It added Intelligent Gold, non-tax payment

business, and optimized the electronic invoice, payroll business operation process. In the service of large customers, it provided customized internal account inquiry services, fund settlement and other services for corporate customers. As of the end of the Reporting Period, the total number of online banking customers reached 850,000, up by 42% year on year.

2. Mobile Banking: During the Reporting Period, the Company employed lean management concept and its technical tools to achieve page revision of the mobile banking platform. Rapid iteration of business function is achieved, steadily improving user experience. In improving the function of mobile banking, the Company added Category II and Category III bank account online account opening, Mobile Quick Loan online application, QR code scan payment, education test card payment, and non-tax payment business. In the application of intelligent technology, the Company applied human face recognition biotechnology to realize remote mobile phone number modification, and made use of safe and convenient fingerprint login and other interactive designs. As of the end of the Reporting Period, the total number of mobile banking customers reached 510,000, up by 50% year on year.

3. WeChat Banking: During the Reporting Period, the Company added the QR code marketing activities, greatly facilitating the promotion of the Company's official WeChat account. As of the end of the Reporting Period, the total number of the subscriptions to the Company's official WeChat account reached 630,000, up by 58% year on year.

## **VI. Investment Banking**

**(I) Innovation and Development of Investment and Loan Linkage Business.** During the Reporting Period, the Company explored the investment and loan linkage business model, which laid a solid foundation for obtaining the license of its invested subsidiaries. Relying on its own product innovation, the Company created a "loan + priority equity warrant" model for development of strategic-value customers. As of the end of the Reporting Period, there were 76 new investment and loan linkage customers, and 76 signed a priority equity warrant agreement. 41 new customers were added in the credit extension, with a total of RMB271.8 million.

**(II) Formation of Linkage with the Company's Business.** During the Reporting Period, the Company promoted the traditional corporate finance by providing investment banking business such as enterprise restructuring, mergers and acquisitions, asset securitization and financing. The Company promoted the investment banking-driven business development in the Company, and achieved better comprehensive income in expanding the channels of customer acquisition and increasing intermediary business income.

Through the business linkage, the Company established close government-bank cooperative relations with 11 cities, 23 districts and 76 counties in Jiangxi Province. It signed full-scale cooperation agreements with nearly 20 municipal, district and county governments, as well as nearly 100 industry leading companies, listed companies, large enterprises or group companies. The Company realized investment banking intermediary business income of RMB333 million. Based on the Company's corporate intermediary business income, a total income of approximately RMB563 million was achieved. The Company expanded 15 new strategic customers and 21 new government fiscal accounts.

**(III) Promotion of Key Projects.** During the Reporting Period, through in-depth cooperation with large state-owned enterprises, listed companies, and industry leaders in the province, the Company provided project marketing, intermediary selection, program design, distribution and other comprehensive financial services. It

supported a number of major key projects and industrial upgrading projects, injecting strong support into local real economic development.

## VII. Financial Leasing Company

As of the end of the Reporting Period, Jiangxi Financial Leasing Company, a holding subsidiary of the Company whose main promoter is the Company with a shareholding ratio of 51%, had total assets of RMB11,594 million, and net profit of RMB101 million; its five-grade classification of all financial leasing assets was graded pass, and all regulatory indicators were met. There was no overdue rent, with rent recovery rate of 100%. Since its inception two years ago, Jiangxi Financial Leasing Company has taken the initiative to adapt to the new normal, and provided services to the supply side reform. It constantly strengthened corporate governance and the establishment of internal control system, enhanced risk management level, and actively devoted itself to serving the real economy. It gave a fully play to the unique characteristics of financial leasing, to achieve comprehensive, rapid, and sustainable development.

## VIII. Information Construction

During the Reporting Period, the Company has been committed to improving the overall level of science and technology and has achieved great progress in areas such as “improving R&D, promoting innovation”, “focusing on prevention, reducing risks”, “maintaining stability, enhancing support” and “determining work orientation and paths”; meanwhile, it has also won rewards such as the “Banking IT Risk Management Research Achievement Award Four”.

### (I) Enhancing Technological Support Capabilities

During the Reporting Period, the Company built a total of 48 IT projects, an increase of 55% year on year, and effectively promoted the business transformation and development from the following three aspects.

First, the Company has adhered to innovation. During the Reporting Period, the Company developed the first pure online big data loan product in Jiangxi Province – Mobile Quick Loan; it continued to improve the mobile payment function; and it introduced biometrics technology into mobile phone apps, self-service equipment and outlet counters.

Second, the Company has built a diversion platform. During the Reporting Period, the Company continued to broaden the diversion channels for customers and funds, conducted research and exchanges in areas such as finance, social security, public transportation, highway, tobacco and Internet finance, and completed the construction of projects such as the electronization of financial non-tax business, tobacco fund management platform and exchange fund supervision system.

Third, the Company has built a big data platform. During the Reporting Period, the Company improved its business data application and analysis capabilities as well as risk control level from three aspects of multi-dimensional model, data streamlining and real-time interaction.

### (II) Improving the Management System of Science and Technology

First, the Company has completed the IT planning consultation. Adhering to the principle of “coordinated planning, prioritized use and step-by-step implementation”, the Company formed a target architecture and implementation plan for informatization building in the next 3–5 years, providing ideas for the realization of science and technology leading business development.

Second, it has started the establishment of a software quality management system. The Company plans to establish a set of sound, standardized management systems that are in conformity with the real status of IT building so as to improve the quality of software products in 2–3 years.

Third, the Company completed the building of the operation and maintenance management system. It has improved its ability to monitor, identify, process and record system operation conditions, and has further consolidated the stability and security of each information system operation.

### **(III) Enhancing the Cornerstone of Information Security**

The Company has always regarded information security as one of the cores of sustainable development. During the Reporting Period, it continuously strengthened its security prevention and control capabilities from the following two aspects.

First, it has consolidated the basic security. Through data desensitization, desktop control, vulnerability scanning, reinforcement of mobile applications, national secret algorithm reconstruction, firewall optimization and the improvement of the same-city disaster recovery system, the security of infrastructure has been improved from all aspects.

Second, it has strengthened internal control management. Through measures such as the revision of policies, strengthening of training, improvement of outsourcing management and implementation of safety inspections, the Company has effectively reduced the risk of human operations.

### **IX. Building of Audit Operating System**

During the Reporting Period, the Company focused on the overall goal of building a “powerful, characteristic, concise, practical and industry-leading” system, rationally and effectively integrated audit resources, and made the promotion of system building an important measure for improving management and promoting efficiency. On September 7, 2017, the audit operating system was formally released, achieving the goal of building a system that integrates the data analysis platform, audit operation platform, employee learning platform and the comprehensive management platform.

## **3.3 Undertaking Social Responsibility**

As the only provincial-level city commercial bank in Jiangxi Province, the Company has always been adhering to the market positioning of “serving the local economy, serving small- and micro-sized enterprises, and serving community residents”, comprehensively fulfilling its social responsibilities, carrying out public welfare undertakings, and serving the people’s livelihood with care. It achieved the simultaneous improvement of economic benefits and social benefits, and received widespread recognition from the society.

### **I. Advancing Financial Targeted Poverty Relief**

**(I) Supporting the Development of “Three Rural Issues (Agriculture, Rural Areas and Farmers)”**. Through adopting professional industry-specific approvals, the Company has established dedicated approval positions for agriculture, forestry, animal husbandry and fishery, studied and analyzed the characteristics and development status of agriculture-related industries, optimized credit procedures, and improved financial support for agriculture. Meanwhile, through the strengthening of cooperation with state-owned guarantee companies in agriculture-related fields, and the innovation of products such as Caiyuan Xindaitong, Xiaowei Xindaitong, Huinong Xindaitong and Chuangye Xindaitong, the Company has further improved the product systems to support agriculture. As of the end of the Reporting Period, the agricultural loan outstanding of the Company was RMB19,464 million, an increase of RMB2,526 million over the end of the previous year

with a growth rate of 14.91%.

**(II) Shoring up the Building of Urban People's Livelihood Projects.** Based on the needs of new-type urbanization construction, the Company has tilted its financial capital to projects closely related to the improvement of people's livelihood such as urban construction. As of the end of the Reporting Period, it has granted credit extension of RMB9.6 billion to support infrastructure construction, industrial upgrading and housing renovation projects in run-down areas through industrial funds.

**(III) Establishing a Financial Targeted Poverty Relief Mechanism.** The Company has vigorously explored the means of financial poverty alleviation, and strengthened the precise credit extension to poor areas to promote economic and social development in poverty-stricken areas. During the Reporting Period, the balance of credit extension in poverty-stricken areas was RMB5,793 million. RMB211 million financial targeted poverty relief loans and RMB85.12 million personal targeted poverty relief loans were issued.

## II. Vigorously Developing Green Finance

**(I) Taking the Lead in Implementing the Green Financial Reform.** The Company seized two favorable opportunities of the construction of the national ecological civilization experimental zone in Jiangxi Province and the construction of a green finance reform and innovation experimental zone in Ganjiang New District, continuously deepened the research and exploration of green financial reform and innovation, proactively committed itself to turning "lucid waters and lush mountains" into "invaluable assets", and boosted the economic and social development of Jiangxi Province.

**(II) Vigorously Exploring Green Financial Products.** The Company participated in the transaction of the first forestry carbon emission reduction project in Jiangxi Province and created a precedent for the transaction of voluntary carbon emission reduction in Jiangxi Province. Introducing the "Industrial Energy Conservation Risk Compensation Fund" project of Nanchang Industry Holding Company as a means of credit enhancement, the Company developed and launched the product "Green Energy Saving Loan" to support the development of energy-saving and environmental protection industries. Meanwhile, through the issuance of green financial bonds, as of the end of the Reporting Period, the Company has supported a total of 20 green projects, and the cumulative amount of green financial bonds issued has reached RMB8,181 million. It has truly played a role in promoting the construction of "beautiful Jiangxi" with green credit, and has won the "2017 Financial Innovation Award – Top Ten Financial Product Innovation".

**(III) Building a Comprehensive Green Financial System.** The Company comprehensively implements the national green development concept, fully supports the construction of the green finance reform and innovation experimental zone in the Ganjiang New District, vigorously innovates the green financial development model, and builds Ganjiang New District Sub-branch as a "green professional bank". The Company has preliminarily completed the "green sub-branch" development plan, defined the organizational structure, and formulated the Green Credit Management Measures for Ganjiang New District Sub-Branch of Jiangxi Bank and the Credit Risk Management Measures for Ganjiang New District Sub-Branch of Jiangxi Bank.

## III. Continuously Enhancing Consumer Rights Protection

**(I) Strengthening the Concept of Consumer Protection.** The Company adheres to the concept of "staying true to the intention of service and keeping the customer-oriented mindset" and sticks to the principle of

“convenience for the people and benefits to the people”. It continues to consolidate the basic work of financial consumer rights protection, strongly promotes the sense of identity and acquisition of financial consumers, effectively promotes the financial consumer rights protection work of the Company to make new progress, and has achieved the Level-A Class-One title in the annual assessment of consumer rights protection work by regulatory authorities.

(II) Improving the Working System. During the Reporting Period, the Company further improved the working system for consumer rights protection, organized the formulation of the Strategic Targets of Consumer Rights Protection of Jiangxi Bank and Working Rules for the Consumer Rights Protection Steering Group of Jiangxi Bank, incorporated the protection of consumer rights into the building of corporate culture and the business development strategy, and further defined the duties of the Operation Management team.

(III) Innovating Service Methods. The Company has vigorously implemented the concept of inclusive finance, proactively innovated service methods, adopted the new “Internet +” payment model, and provided consumers with a diversified service experience; 90 sites for illegal fund-raising monitoring were established within the Company to enhance the risk prevention and early-warning capabilities against illegal fund-raising so as to safeguard consumers’ funds. Meanwhile, it vigorously carried out financial knowledge promotion and popularization activities with prominent themes, distinctive features and educative entertainment, and was awarded the “2017 Excellent Promotion Project for the Financial Knowledge Popularization Month in Jiangxi Province” by the People’s Bank of China Nanchang Central Sub-branch and the “2017 Advanced Institution for the ‘Financial Knowledge Delivered to Everyone’ Publicity Service Activity Month” presented by Jiangxi Office of the CBRC.

#### **IV. Assisting the Development of Small- and Micro-sized Enterprises**

(I) Implementing the Renewal Policy. The Company has actively implemented the renewal loan policy and provided the “zero cost” direct renewal loan to the renewal business, avoiding the increase in capital costs of enterprises due to the “bridge”, and strongly supporting the development of local real economy. During the Reporting Period, it actively processed 1,634 renewal loans with the amount of RMB13,252 million.

(II) Innovating the Management Model. The Company adopts the management model of unified scheduling, internal independent accounting, vertical management and professional operation, establishes and improves the professional personnel training mechanism, the efficient loan approval mechanism and clear policies on rewards and disciplines, vigorously supports the development of the real economy, and expands the coverage of inclusive finance. As of the end of the Reporting Period, the Company has built a professional micro loan team of more than 300 people and set up 21 specialized institutions to implement inclusive finance through practical actions.

(III) Enhancing Exclusive Services. Focusing on the operational characteristics of small- and micro-sized enterprises and the needs of investment and financing, the Company continued to build its core product system, deepened the “bank-tax interaction” cooperation, and successfully launched products such as “Tax-Banking Connect” and “Tax E-Finance”, providing financing services for SMEs rated above B at the enterprise taxation information platform “CTAIS”. As of the end of the Reporting Period, through products such as “Tax-Banking Connect” and “Tax E-Finance”, the Company has supported a total of 404 tax-paying enterprises, accumulatively issuing credit extension of RMB2,705 million, which effectively helped the trustworthy



SMEs and micro-sized enterprises and released dividends for paying tax with credibility.

### Honors Received

- > In January 2017, the Company won the “Excellent Member of Chinese Bond Market in 2016—Bond Business Progress Award” by Central Treasury Bond Depository and Clearing Corporation Limited (CCDC);
- > In January 2017, the Company received the “2016 UnionPay Credit Card Business Progress Award” from China UnionPay;
- > In January 2017, the Company was granted the award of “Great News of Chinese Banking Industry in 2016” by the China Banking Association;
- > In January 2017, the Company received the “2016 UnionPay QuickPass Payment Promotion Award” from China UnionPay;
- > In January 2017, the Company participated in the selection activity “2016 Forum of Informationalized Development Trend of Chinese Financial Industry and 2015 Financial Industry Technology and Service Innovation Awards” held by Financial Computerizing subordinate to the People’s Bank of China and won the “Outstanding Contribution Award of Financial Technology Innovation” with the research project Research and Practice on Cloud-based Platform;
- > In January 2017, the Company received the honorary title of “2016 Advanced Unit of Jiangxi Banking Industry in Financial Knowledge Popularization and Service Month” from Jiangxi Office of China Banking Regulatory Commission;
- > In February 2017, the Company received the award of “2016 Best Institution of China Credit Assets Registration & Exchange Business” from the CCRE;
- > In February 2017, the Company won the title of “2016 Promising Company in UnionPay Credit Card Promotion” granted by China UnionPay;
- > In March 2017, the Company was awarded the “2016 Active Trader” by the China Foreign Exchange Trade System;
- > In March 2017, the Company won the title of “2016 Advanced Institution for Legal Risk Management” by the China Banking Association;
- > In March 2017, the Company was awarded the honorary title of “Advanced Institution for Women’s Achievement of Jiangxi Province”;
- > In March 2017, the Company received the title of “2016 Advanced Institution for Information Security Graded Protection of Jiangxi Province” granted by the Jiangxi Provincial Information Security Graded Protection Coordination Group;
- > In March 2017, the “JX E Finance” Internet finance platform of the Company won the “Best Bank Deposit Experience Award” granted by “Net Credit Eye”. In April 2017, in the evaluation of the “Golden Chestnut Award” for China’s financial brands initiated by CFCA (China Financial Certification Authority), the Company’s “JX E Finance” internet finance platform received the “Most Attractive Award” with its popular and novel online marketing strategy; in December 2017, the product won the “2017 Best Internet Finance Business Innovation Award for Regional Commercial Banks” at the China E-banking Gold List Awards hosted by CFCA (China Financial Certification Authority);
- > In June 2017, the green financial bonds issued by the Company were awarded the “2017 Financial Innovation Award – Top Ten Financial Product Innovation” set up by the Banker magazine in China, and jointly

selected by institutions such as the Institute of Finance and Banking of Chinese Academy of Social Sciences, the Wealth Research Center, and the China Center for Internet Economy Research of Central University of Finance and Economics;

> In July 2017, the Company received the awards of the “Best Urban Commercial Bank”, “Best Integrated Financial Management Capacity”, “Best Social Contribution”, “Best Compliance”, “Best Profit” and “Best Innovation” for banking wealth management products in 2016 granted by the China Banking Association;

> In October 2017, the Company’s customer service center received the award of “2016–2017 China Best Customer Contact Center” by the Customer Relations Management Professional Committee of China Informationization Promotion Alliance and the CCCS Customer Contact Center Standards Committee;

> In October 2017, the Company was awarded the “2017 Excellent Promotion Project for the Financial Knowledge Popularization Month in Jiangxi Province” by the People’s Bank of China Nanchang Central Sub-branch;

> In November 2017, the three projects of “Process Optimization for Corporate Settlement Account Opening”, “Process Optimization for Credit Card Issuance” and “Process Optimization for Personal Consumption Loans” proposed by the Company obtained one award of the “Demonstration Level Technical Achievement” (First Prize) and two awards of the “Professional Level Technical Achievement” (Second Prize) in the National Six Sigma Project Launch Competition of the China Association for Quality (non-manufacturing).

### **3.4 Changes in Economic Environment and Macroeconomic Policies and Regulations and Their Impact**

In 2018, against the background of the global economic recovery, China’s economic operation will keep making progress while maintaining stability.

In terms of the external environment, there are many positive factors but also some uncertainties. The developed economies represented by the United States and Europe will maintain the momentum of steady recovery, the growth rate of major emerging economies is expected to further rebound, and technological progress and innovation will bring about the restructuring of the global industrial value chain. In general, the external environment of China is favorable. Meanwhile, however, there is also uncertainties in the international economic and political environment. First, the unsynchronized global economic recovery and the unsynchronized monetary policies will have an impact on capital flows and currency exchange rates in emerging economies. Second, the rise of U.S. trade protectionism may have a negative impact on China’s exports. Third, there still may be potential major fluctuations in the global capital markets and commodity markets.

From the internal environment, Chinese economy will continue to operate smoothly, but the possibility of a slight slowdown in growth cannot be ruled out. First, important adjustments have taken place in the concept of economic administration. Chinese economy will shift from high-speed growth to high-quality development, which will maintain the healthy development in the medium to long term. Second, the effect of supply-side reform has gradually emerged. With the gradual implementation of policies such as “cut overcapacity, reduce inventory, deleverage, lower costs and bolster areas of weakness” in China, strategic emerging industries and high-tech industries are booming, and capacity utilization rate is continuously increasing. The leverage ratio of enterprises has begun to decline, and profitability has improved.

In terms of macroeconomic policy control, first, a proactive and effective fiscal policy will be continuous-



ly implemented. Fiscal policy will focus on tax reform. By maintaining appropriate fiscal expenditure growth, optimizing the structure of expenditures, improving the efficiency of fund use, improving the tax burden system, and lowering the macro tax rate, the supply-side structural reform will be further reinforced with the focus on improving economic quality. Second, a stable and neutral monetary policy will be maintained. The policy objective is to maintain a reasonable and stable liquidity, increase the proportion of direct financing, especially equity financing, and direct more funds to small- and micro-sized enterprises, “three rural (agriculture, rural areas and farmers)” and poor areas to better serve the real economy. Third, the strong regulatory policy guidance in the financial industry will be deepened. The 2017 National Financial Work Conference and the Central Committee Economic Working Conference raised the financial regulation as a national strategy, regarded taking precautions against financial risks as the core of financial work, and remedied the market chaos in the financial industry. Meanwhile, the regulation concept has changed from institutional regulation to functional regulation, and the financial regulation framework has been increasingly perfected. The establishment of important institutions such as the Financial Stability Development Committee under the State Council and the China Banking Regulatory Commission will deepen the reform of the financial regulatory system and establish a modern financial regulatory framework that meets the characteristics of modern finance and coordinates regulation.

## 3.5 Prospects of the Company in 2018

### 3.5.1 Major Opportunities

In 2018, the Company will actively engage with the national strategic arrangement and focus on the following opportunities: First, a clearer direction. The 19th CPC National Congress, the National Financial Work Conference and the Central Committee Economic Working Conference pointed out the direction for the transformation and development of the banking industry in the new era. The Company will define the development orientation, and focus on key areas such as serving local economy, serving the real economy, continuing to enhance its core competitiveness and fully preventing and controlling financial risks so as to achieve stable development. Second, more controllable risks. The Financial Stability Development Committee under the State Council and the China Banking Regulatory Commission have been established, and regulatory authorities have continued to remedy chaos in the financial market, providing a solid guarantee for further reducing systematic risks. Third, more diversified capital replenishment channels. In March 2018, ministries and commissions such as the People’s Bank of China and the CBRC jointly issued the Guidelines on Further Supporting the Innovation of Capital Instruments in Commercial Banks, proposing that the types of capital instruments should be increased, which created favorable conditions for commercial banks to issue capital instruments such as non-fixed term capital bonds, convertible tier-2 capital bonds and capital bonds with regular conversion clauses. Fourth, increasing new social demands. With the transformation of major social conflicts in China, areas such as consumption transformation and upgrading, rural revitalization as well as regional economic synergy have become hot topics of reform. The Company will seize relevant policy opportunities, make use of the advantages of urban commercial banks such as flexible mechanisms and channel distribution, and vigorously deploy in fields such as consumer finance and inclusive finance to provide financial services to strategic emerging in-

dustries including modern agriculture, modern service industry and modern manufacturing. In addition, the construction of ecological civilization and the development of green industries are in the ascendant. Green financial services such as green credit, green bonds and green funds have a promising market; financial technology is booming, and the development and model innovation of new technologies such as virtual reality and intelligent investment will also energize financial services.

Jiangxi Province is located in the central region, close to the Yangtze River Delta Economic Circle and the Pearl River Delta Economic Circle with a unique geographical advantage. As a provincial legal person institution, the Company also benefits from the rapid economic development in Jiangxi Province. First, the rapid development of the local economy will boost the Company's performance. During the Reporting Period, the gross regional product of Jiangxi Province exceeded RMB2 trillion, and the growth rate calculated at comparable prices reached 8.9%, which was 2% higher than the national average. The growth momentum was strong. Second, local efforts to develop green finance will help the Company accelerate its transformation and upgrading. In June 2017, the establishment of the green finance reform and innovation experimental zone in Ganjiang New District of Jiangxi Province was officially approved, becoming one of the five green finance reform and innovation experimental zones in the country and the only green finance reform and innovation experimental zone in the central region. In November 2017, the People's Government of Jiangxi Province issued the Guidelines on the Implementation of Accelerating the Development of Green Finance, explicitly proposing to accelerate the development of green finance, build a green financial system with Jiangxi characteristics, support qualified banking financial institutions to establish such as green finance departments and green sub-branches, and encourage banking financial institutions to vigorously develop green credit business.

### 3.5.2 Major Challenges

The Company, as a member of the urban commercial banks, faces the same challenges in the industry while enjoying the opportunities.

First, it is required to seek a differentiated transformation and development path. The competition brought about by the deepening of financial market-orientation requires urban commercial banks to urgently leave behind the development idea of homogenization in the past, explore the mode of transformation and development, and create distinctive competitive advantages.

Second, it is required to improve its capacity of providing professional and refined services. Compared with large- and medium-sized banks, urban commercial banks have weak talent resources, relatively backward system building and insufficient international perspectives. They need to urgently strengthen management capabilities from aspects such as corporate governance, organizational structure, business processes, information systems and human resources.

Third, it faces the business adjustment brought by strong regulatory policies. The new regulatory policy imposes higher requirements for compliance on commercial banks, especially the cross-regional business development of urban commercial banks. Urban commercial banks need to seriously consider how to actively adapt to the new regulatory environment, find their foothold in the province, serve the real economy, and explore new profit growth points.

### 3.6 Development Strategies of the Company in 2018

In 2018, the Company will take President Xi Jinping's socialist ideology with Chinese characteristics in a new era as a guideline to conscientiously study and implement the spirit of the 19th CPC National Congress, strictly implement regulatory requirements, strengthen the leading role of financial technology, prevent and control risks, and enhance the service level to the real economy, so as to achieve an important breakthrough in the innovation and transformation.

First, it will strengthen financial technology practice. The Company will set up a financial technology steering group, establish a financial technology innovation laboratory, and promote business innovation and service innovation through financial technology innovation. Efforts will be made to build a retail financial technology bank, set up a retail financial technology tier-2 department, reduce the threshold of financial services and improve customer interaction experience. In terms of small and micro financial business, the Company will promote the development of a Micro Loan business mobile system to improve the online, mobile and technological level of Micro Loan business.

Second, it will firmly guard against financial risks. The Company will continue to strengthen the establishment of a compliance culture, maintain the high pressure on the collection of non-performing loans, and vigorously strengthen the collection of non-performing loans. It will deepen comprehensive risk management, strengthen the remediation of key risks, especially liquidity risks, operational risks and credit risks, and ensure that no major credit risk events, major public opinion events, case events and safety accidents occur. It will refine employee behavior management, and strive to build a scientific and complete employee behavior management mechanism.

Third, it will increase the support to entities. The Company will focus on the construction of the national ecological civilization experimental zone and the green finance reform and innovation experimental zone, and strive to provide high-quality financial services. It will practice the concept of green finance, vigorously develop inclusive finance, support the supply-side structural reform and "cut overcapacity, reduce inventory, deleverage, lower costs and bolster areas of weakness", and help companies solve the problems of "expensive financing and difficult financing". It will strengthen financial poverty alleviation, make good use of differentiated credit policies, and thoroughly implement preferential measures.

Fourth, it will accelerate the transformation and development. The Company has integrated the three tasks of serving the real economy, preventing and controlling financial risks as well as deepening financial reforms into the whole business process, and has firmly adhered to the four principles of current financial work. It will deepen the implementation of refined management, and speed up the use of the project results in the Company in all aspects. It will deepen reforms, and continue to implement the transition from "winning from loans" to "winning from customers" and from "emphasis on banks" to "deemphasis on banks".

## Chapter IV Shareholders and Share Capital

### 4.1 Share Capital

#### I. Changes in Shareholders' Equity during the Reporting Period

(Unit: RMB thousand)

Items	Opening Amount	Amount of Changes for the Period	Closing Balance
Share capital	4,678,777	0	4,678,777
Capital surplus	7,631,127	0	7,631,127
Other integrated income	(32,226)	(325,162)	(357,388)
Surplus reserve	1,969,997	283,655	2,253,652
General reserve	3,964,106	736,609	4,700,715
Retained profit	2,429,778	1,377,084	3,806,862
Converted difference in foreign currency statements	—	—	—
Minority shareholders' equity	530,768	27,548	558,316
<b>Total</b>	<b>21,172,327</b>	<b>2,099,734</b>	<b>23,272,061</b>

#### II. Share Capital Structure

(Unit: RMB)

Items	Opening Amount	Changes for the Period	Closing Balance
State capital fund	581,671,920	6,539,500	588,211,420
Corporate capital fund	4,017,629,421	(6,344,500)	4,011,284,921
Individual capital fund	79,475,560	(195,000)	79,280,560
<b>Total</b>	<b>4,678,776,901</b>	<b>0</b>	<b>4,678,776,901</b>

#### III. Particulars of Shareholders

## (I) Total Number of Shareholders

As of the end of the Reporting Period, the total number of shareholders was 9,528, among which there are 31 state shareholders, 285 legal person shareholders and 9,212 natural person shareholders.

## (II) Holdings of the Top Ten Shareholders (at the End of the Reporting Period)

(Unit: Share)

Name of Shareholder	Nature of Shareholder	Opening Amount	Per-centage in Total Share Capital at the Beginning of the Period (%)	Closing Balance	Per-centage in Total Share Capital at the End of the Period (%)	Changes in Share-holding during the Reporting Period	Pledged or Locked-up Shares	
							Shares Status	Quantity
Jiangxi Provincial Expressway Investment Group Co., Ltd.	Shares of state-owned legal person	937,651,339	20.04	937,651,339	20.04	0	Pass	0
Jiangxi Provincial Financial Holding Group Co., Ltd.	Shares of state-owned legal person	280,000,000	5.98	293,259,418	6.27	13,259,418	Pledged	132,150,000
China National Tobacco Corporation Jiangxi Office (including Jiangxi Jinfeng Investment Management Co., Ltd.)	Shares of state-owned legal person	263,000,000	5.62	263,000,000	5.62	0	Pass	0
Nanchang Municipal Bureau of Finance	State shares	253,411,300	5.42	253,411,300	5.42	0	Pass	0
Pingxiang Huixiang Construction & Development Co., Ltd.	Shares of state-owned legal person	195,088,500	4.17	241,088,500	5.15	46,000,000	Pass	0
Jiangxi Provincial Investment Group Corp. <sup>1</sup>	Shares of state-owned legal person	180,000,000	3.85	180,000,000	3.85	0	Pass	0
Jiangxi Businesses Alliance (Jiangxi) Co., Ltd.	Shares of legal person	148,308,400	3.17	148,308,400	3.17	0	Pledged Frozen	74,000,000 3,300,000
Jiangxi Copper Company Limited	Shares of legal person	140,000,000	2.99	140,000,000	2.99	0	Pass	0
Jiangxi Zhongbang Trading Co., Ltd.	Shares of legal person	100,763,200	2.15	100,763,200	2.15	0	Pledged	100,763,200
Jiangxi Provincial Water Conservancy Investment Group Corp.	Shares of state-owned legal person	99,830,800	2.13	99,830,800	2.13	0	Pass	0

<sup>1</sup> On April 3, 2018, the Company received the Notification Letter on the Change of Name and the Legal Representative of Jiangxi Provincial Investment Group Corp., learning that Jiangxi Province Investment Group changed its name into "Jiangxi Province Investment Group Co., Ltd."

### **(III) Information of Substantial Shareholders and Their Controlling Shareholders, De Facto Controllers, Persons Acting in Concert and Ultimate Beneficiaries at the End of the Reporting Period**

Substantial shareholders refer to any shareholder holding or controlling more than 5% of the shares or voting rights of the Company, or holding less than 5% of total capital or total shares but imposing significant influence on the Company's operations and management.

As of the end of the Reporting Period, substantial shareholders and their controlling shareholders, de facto controllers and ultimate beneficiaries are as follows:

(1) The state-owned legal person shareholder Jiangxi Provincial Expressway Investment Group Co., Ltd. whose legal representative is Wang Jiangjun holds 937,651,339 shares in the Company, accounting for 20.04% of total shares in the Company. The controlling shareholder of Jiangxi Provincial Expressway Investment Group Co., Ltd. is the Department of Transportation of Jiangxi Province. Its de facto controller is the Department of Transportation of Jiangxi Province. Its ultimate Beneficial owner is Jiangxi Provincial Expressway Investment Group Co., Ltd.

(2) The state-owned legal person shareholder Jiangxi Provincial Financial Holding Group Co., Ltd. whose legal representative is Wen Zhiming holds 293,259,418 shares in the company, accounting for 6.27% of total shares in the Company. The controlling shareholder of Jiangxi Provincial Financial Holding Group Co., Ltd. is the Asset Management Center of Administrative Institutions of Jiangxi Province. The de facto controller is the Asset Management Center of Administrative Institutions of Jiangxi Province. The ultimate beneficiary is Jiangxi Provincial Financial Holding Group Co., Ltd.

(3) The state-owned legal person shareholder China National Tobacco Corporation Jiangxi Office and its wholly-owned subsidiary Jiangxi Jinfeng Investment Management Co., Ltd. whose legal representative is Zhou Enhai hold together 263,000,000 shares in the Company, accounting for 5.62% of total shares in the Company. The controlling shareholder of China National Tobacco Corporation Jiangxi Office is China National Tobacco Corporation, the ultimate beneficiary is China National Tobacco Corporation Jiangxi Office.

(4) The state shareholder Nanchang Municipal Bureau of Finance whose legal representative is Wan Yuyuan holds 253,411,300 shares of the Company, accounting for 5.42% of total shares in the Company. The ultimate beneficiary is the Nanchang Municipal Bureau of Finance.

(5) The state-owned legal person shareholder Pingxiang Huixiang Construction & Development Co., Ltd. whose legal representative is Luo Haiping holds 241,088,500 shares of the Company, accounting for 5.15% of total shares in the Company. The controlling shareholder of Pingxiang Huixiang Construction & Development Co., Ltd. is Pingxiang Huifeng Investment Co., Ltd., the de facto controller is the Administration Commission of Pingxiang Economic and Technological Development Zone, the ultimate beneficiary is Pingxiang Huixiang Construction & Development Co., Ltd.

(6) The state-owned legal person shareholder Jiangxi Provincial Investment Group Corp. whose legal representative is Liu Gang<sup>2</sup> holds 180,000,000 shares of the Company, accounting for 3.85% of total shares in the Company. The controlling shareholder and the de facto controller of Jiangxi Provincial Investment Group Corp.

<sup>2</sup> On April 3, 2018, the Company received the Notification Letter on the Change of Name and the Legal Representative of Jiangxi Provincial Investment Group Corp., learning that the legal representative of Jiangxi Province Investment Group Corp. is changed to Jie Xiaojian.

is State-owned Assets Supervision and Administration Commission of Jiangxi Province, the ultimate beneficiary is Jiangxi Provincial Investment Group Corp.

(7) The legal person Jiangxi Businesses Alliance (Jiangxi) Co., Ltd. whose legal representative is Zeng Zhibin holds 148,308,400 shares of the Company, accounting for 3.17% of total shares in the Company. The controlling shareholder of Jiangxi Businesses Alliance (Jiangxi) Co., Ltd. is Jiangxi Businesses Alliance Co., Ltd., the de facto controller is Deng Kaiyuan, the ultimate beneficiary is Jiangxi Businesses Alliance (Jiangxi) Co., Ltd.

(8) The legal person shareholder Jiangxi Copper Company Limited whose legal representative is Long Ziping holds 140,000,000 shares of the Company, accounting for 2.99% of total shares in the Company. The controlling shareholder of Jiangxi Copper Company Limited is Jiangxi Copper Corporation Limited, the de facto controller is the State-owned Assets Supervision and Administration Commission of Jiangxi Province, the ultimate beneficiary is Jiangxi Copper Company Limited.

(9) The state shareholder Department of Finance of Jiangxi Province and its subordinate body Jiangxi Financial Investment Management Co., Ltd. whose leader is Hu Qiang holds together 62,969,590 shares of the Company, accounting for 1.35% of total shares in the Company. The ultimate beneficiary is Department of Finance of Jiangxi Province.

As of the end of the Reporting Period, the substantial shareholders above of the Company had no persons acting in concert.

#### (IV) Information of Major Shareholder Related Parties

No.	Name of Substantial Shareholder	Related Parties of Substantial Shareholders
1	Jiangxi Provincial Expressway Investment Group Co., Ltd.	The de facto controller and controlling shareholder of Jiangxi Provincial Expressway Investment Group Co., Ltd.: Department of Transportation of Jiangxi Province; 35 wholly-owned subsidiaries including Jiangxi Highway Development Co., Ltd.; 6 subsidiaries in which it holds more than 50% of shares: Jiangxi Ganyue Expressway Co., Ltd., Jiangxi Changtai Expressway Co., Ltd., Jiangxi Expressway Industrial Development Co., Ltd., Jiangxi Expressway Electricity Infrastructure Renewable Energy Co., Ltd., Jiangxi Ganchong Expressway Co., Ltd., Jiangxi Expressway Petrochemical Co., Ltd.; 1 brother enterprise: Jiangxi Provincial Port&Waterway Construction Investment Co., Ltd.; 2 associated enterprises: Jiangxi Ruixun Expressway Co., Ltd., Jiangxi Jiujiang Yangtze River Highway Bridge Co., Ltd.
2	Jiangxi Provincial Financial Holding Group Co., Ltd.	The de facto controller and controlling shareholder of Jiangxi Provincial Financial Holding Group Co., Ltd.: the Asset Management Center of Administrative Institutions of Jiangxi Province; 2 wholly-owned subsidiaries: Nanchang Dingxiang Real Estate Development Co., Ltd. and Jiangxi Financial Holding Investment Development Co., Ltd.; 2 subsidiaries in which it holds more than 50% of shares: Jiangxi Rich Futures Co., Ltd. and Jiangxi Re-Guarantee Co., Ltd.; 6 joint ventures: Jiangxi Financial Asset Management Co., Ltd., Jiangxi Financial Holding Trade Co., Ltd., Jiangxi Lianhe Equity Exchange Center Co., Ltd., Jiangxi Financial Holding Financial Leasing Co., Ltd., Jiangxi Financial Holding Investment Management Center Co., Ltd. and Huitong HuiFu Co., Ltd.; 1 associated enterprise: Jiangxi Financial Holding Capital Management Co., Ltd.



No.	Name of Substantial Shareholder	Related Parties of Substantial Shareholders
3	China National Tobacco Corporation Jiangxi Office	The de facto controller and controlling shareholder of China National Tobacco Corporation Jiangxi Office: China National Tobacco Corporation; 16 wholly – owned subsidiaries including China National Tobacco Corporation Jiangxi Nanchang Office Co., Ltd.; 3 sub–subsidiaries: Jiangxi Jinfeng Car Service Co., Ltd., Jiangxi Jinfeng Property Management Co., Ltd. and Jiangxi Jinfeng Software Co., Ltd.
4	Nanchang Municipal Bureau of Finance	None
5	Pingxiang Huixiang Construction & Development Co., Ltd.	The controlling shareholder of Pingxiang Huixiang Construction & Development Co., Ltd.: Pingxiang Huifeng Investment Co., Ltd.; its subsidiary: Pingxiang Huiyi Construction Development Co., Ltd.; its joint venture: Pingxiang Jianyu Real Estate Co., Ltd. The other company controlled by the same parent company with Pingxiang Huixiang Construction & Development Co., Ltd.: Pingxiang Huisheng Industrial Investment Management Co., Ltd.
6	Jiangxi Provincial Investment Group Corp.	The de facto controller and controlling shareholder of Jiangxi Provincial Investment Group Corp.: State –owned Assets Supervision and Administration Commission of Jiangxi Province; 5 wholly –owned subsidiaries: Jiangxi Natural Gas (Gantou–qitong) Co., Ltd., Jiangxi Investment Real Estate Development Co., Ltd., Jiangxi Poyanghu Financial Leasing Co., Ltd., Jiangxi Investment Management Co., Ltd., Jiangxi International Advertisement Co., Ltd.; 12 subsidiaries in total in which it holds more than 50% of shares including Jiangxi Provincial Jiangtuo Road&Bridge Investment Co., Ltd.; 2 comparatively – controlling subsidiaries in which it holds less than 50% of shares: Jiangxi Ganneng Co., Ltd. and Jiangxi Advanced Technology Industry Investment Co., Ltd. Companies controlled by a subsidiary of Jiangxi Provincial Investment Group Corp. include: Jiangxi Jiuxian Hotspring Development Co., Ltd.
7	Jiangxi Businesses Alliance (Jiangxi) Co., Ltd.	The de facto controller of Jiangxi Businesses Alliance (Jiangxi) Co., Ltd.: Deng Kaiyuan; the controlling shareholder: Jiangxi Businesses Alliance Co., Ltd.; 7 brother companies: Gongqingcheng Yihong No. 2 Investment Center (Limited Partnership), Shanghai Huasong Hospital Investment Management Co., Ltd., Heihe Zhongxing Animal Husbandry Co., Ltd., Jiangxi Businesses Alliance (Xinyu) Co., Ltd., Shanghai Fortune Link Investment Management Company (Limited Partnership), Shanghai Chentong Real Estate Development Co., Ltd. and Jiangxi Province Electronic Group Co., Ltd. The partially –owned subsidiaries of Jiangxi Province Electronic Group Co., Ltd.: Jiangxi Lainchuang Optoelectronic Technology Co., Ltd. and Jiangxi Weixin Metal Materials Co., Ltd. The wholly –owned subsidiary of Jiangxi Lainchuang Optoelectronic Technology Co., Ltd.: Jiangxi Lianchuang Zhiguang Technology Co., Ltd.; the partially –owned subsidiary: Jiangxi Lianrong Collaborative Innovation of New Light Source Co., Ltd.



No.	Name of Substantial Shareholder	Related Parties of Substantial Shareholders
8	Jiangxi Copper Company Limited	The de facto controller of Jiangxi Copper Company Limited: State-owned Assets Supervision and Administration Commission of Jiangxi Province; the controlling shareholder: Jiangxi Copper Corporation Limited; 32 directly wholly-owned subsidiaries including Jiangxi Copper Industry Hotel Management Co., Ltd.; 10 indirectly wholly-owned subsidiaries in total; 12 subsidiaries in which it holds more than 50% of shares directly including Thermonamic Electronics (Jiangxi) Corp.; 1 subsidiary in which it holds more than 50% of shares indirectly: Jiangxi Copper Corporation (Dongxiang) Foundry Co., Ltd.; 3 joint ventures: Jiangtong Baitai Environmental Protection Technology Co., Ltd., Nesko Metal Sanayi ve Ticaret Anonim Şirketi, Jiashi Normal Partnership Co., Ltd.; 7 associated enterprises including China Minmetal Corporation Jiangtong Mining Investment Co., Ltd.; brother company: Jiangxi Copper Corporation Copper Plates and Stripes Co., Ltd.; the other company controlled by its controlling shareholder: Jiangxi Copper Corporation Qibaoshan Mining Co., Ltd.
9	Department of Finance of Jiangxi Province	3 wholly-owned subsidiaries of Department of Finance of Jiangxi Province in total: Jiangxi Provincial Agricultural Credit Guarantee Co., Ltd., Jiangxi Financial Investment Corporation Co., Ltd.; 1 subordinate unit: Jiangxi Financial Investment Management Co., Ltd.

**(V) Connected Transactions among Substantial Shareholders and Its Controlling Shareholders, De Facto Controllers, Related Parties, Persons Acting in Concert and Ultimate Beneficiaries of the Company during the Reporting Period**

(Unit: RMB thousand, thousand shares)

No.	Name of Shareholder	Shares Held	Credit Balance	Controlling Shareholder of a Company	Credit Balance	De facto Controller	Credit Balance	Person Acting in Concert	Credit Balance	Ultimate Beneficiary	Credit Balance	Related Party	Credit Balance	Total
1	Jiangxi Provincial Expressway Investment Group Co., Ltd.	937,651	169,050	Transport Department of Jiangxi Province	-	Transport Department of Jiangxi Province	-	None	-	Jiangxi Provincial Expressway Investment Group Co., Ltd.	169,050	Jiangxi Provincial Expressway Investment Group Construction Materials Co., Ltd.	324,663	493,713
2	Jiangxi Provincial Financial Holding Group Co., Ltd.	293,259	600,000	Asset Management Center of Administrative Institutions of Jiangxi Province	-	Asset Management Center of Administrative Institutions of Jiangxi Province	-	None	-	Jiangxi Provincial Financial Holding Group Co., Ltd.	600,000	Jiangxi Financial Asset Management Co., Ltd.	500,000	1,160,090
3	China National Tobacco Corporation Jiangxi Office (including Jiangxi Jinfeng Investment Management Co., Ltd.)	263,000	-	China National Tobacco Corporation	-	China National Tobacco Corporation	-	None	-	China National Tobacco Corporation Jiangxi Office	-	-	-	-
4	Nanchang Municipal Bureau of Finance	253,411	-	None	-	None	-	None	-	Nanchang Municipal Bureau of Finance	-	-	-	-
5	Pingxiang Huixiang Construction & Development Co., Ltd.	241,089	280,000	Pingxiang Huifeng Investment Co., Ltd.	-	Administration Commission of Pingxiang Economic and Technological Development Zone	-	None	-	Pingxiang Huixiang Construction & Development Co., Ltd.	280,000	Pingxiang Huisheng Industrial Investment Management Co., Ltd.	800,000	1,080,000
6	Jiangxi Provincial Investment Group Corp.	180,000	-	State-owned Assets Supervision and Administration Commission of Jiangxi Province	-	State-owned Assets Supervision and Administration Commission of Jiangxi Province	-	None	-	Jiangxi Provincial Investment Group Corp.	-	Jiangxi Juxian Hot Spring Development Co., Ltd.	420,000	420,000
7	Jiangxi Businesses Alliance (Jiangxi) Co., Ltd.	148,308	-	Jiangxi Businesses Alliance Co., Ltd.	-	Deng Kaiyuan	-	None	-	Jiangxi Businesses Alliance (Jiangxi) Co., Ltd.	-	Jiangxi Province Electronic Group Co., Ltd.	1,014,230	1,359,896
												Jiangxi Lanchuang Optoelectronic Technology Co., Ltd.	300,000	
												Jiangxi Lianmeng Collaborative Innovation of New Light Source Co., Ltd.	2,744	
												Jiangxi Lianchuang Zhiguang Technology Co., Ltd.	2,922	
8	Jiangxi Copper Company Limited	140,000	-	Jiangxi Copper Company Limited	-	State-owned Assets Supervision and Administration Commission of Jiangxi Province	-	None	-	Jiangxi Copper Company Limited	-	Jiangxi Weixin Metal Materials Co., Ltd.	40,000	200,000
												Jiangxi Copper Lead&Zinc Metals Co., Ltd.	200,000	
9	Department of Finance of Jiangxi Province (including Jiangxi Financial Investment Management Co., Ltd.)	62,970	-	None	-	None	-	None	-	Department of Finance of Jiangxi Province	-	-	-	-
<b>Total</b>		<b>2,519,688</b>	<b>1,049,050</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,049,050</b>	<b>-</b>	<b>3,664,649</b>	<b>4,713,699</b>

## (VI) Substantial Shareholders' Pledge of the Bank's Equity

As of the end of the Reporting Period, pledge of equities conducted by substantial shareholders of the Company is as follows:

1. Jiangxi Provincial Financial Holding Group Co., Ltd. holds 293,259,418 shares of the Company, among which 132,150,000 shares are pledged with a pledge rate of 45.06%.
2. Jiangxi Businesses Alliance (Jiangxi) Co., Ltd. holds 148,308,400 shares of the Company, among which 74,000,000 shares are pledged with a pledge rate of 49.9%.

## (VII) Nomination of Directors and Supervisors by Shareholders

1. Jiangxi Provincial Expressway Investment Group Co., Ltd. nominated Que Yong and Li Zhanrong as candidates for directors of the Company;
2. Jiangxi Provincial Financial Holding Group Co., Ltd. nominated Liu Sanglin as a candidate for director of the Company;
3. China National Tobacco Corporation Jiangxi Office nominated Chen Yu as a candidate for director of the Company;
4. Nanchang Municipal Bureau of Finance nominated Deng Jianxin as a candidate for director of the Company;
5. Jiangxi Provincial Investment Group Corp. nominated Tang Xianqing as a candidate for director of the Company;
6. Jiangxi Businesses Alliance (Jiangxi) Co., Ltd. nominated Zeng Zhibin as a candidate for director of the Company;
7. Pingxiang Huixiang Construction & Development Co., Ltd. nominated Huang Zhenping as a candidate for supervisor of the Company;
8. Jiangxi Copper Company Limited nominated Zhou Minhui as a candidate for supervisor of the Company;
9. Department of Finance of Jiangxi Province nominated Chen Chuxin as a candidate for supervisors of the Company;

## (VII) Pledged Equity of the Bank Reaching or Exceeding 20% of the Total Shares

None

## (IX) Equity of the Bank Pledged by a Substantial Shareholder Reaching or Exceeding 50% of Its Holding Shares

None

## (X) Pledged Equity of the Bank Involved in Freezing, Judicial Auctions Legal Voting Right Restriction or Other Right Restriction

1. As of the end of the Reporting Period, the Company has 4,678,776,901 shares and 9,528 shareholders. 847,552,919 shares held by 34 shareholders are pledged, 54,809,180 shares held by 11 shareholders are frozen and attached by the People's Court.
2. As is stated in the Articles of Association of the Company, when the pledged equity of a shareholder accounts for 50% or over 50% of his or her or its shares, the shareholder is required to issue a letter of commitment stating that he or she or it shall waive the right to vote at the general meeting of shareholders. As of the end of the Reporting Period, 30 shareholders in total have pledged 50% or over 50% of their shares, with 596,510,919 shares are restricted to be turned into votes, accounting for 12.75% of total share capital.

## Chapter V Directors, Supervisors, Senior Executives and Employees

### 5.1 Information of Directors, Supervisors and Senior Executives

#### I. Directors during the Reporting Period

Name	Gender	Date of Birth	Tenure	Post in the Company	Paid or Not (✓)
Chen Xiaoming	Male	November 1966	August 2, 2012 — end of tenure	Chairman of the Board of Directors, Executive Director, Secretary of the Party Committee	✓
Wu Hongtao	Male	December 1971	From August 26, 2013 to January 26, 2018	Vice Chairman of the Board of Directors, Executive Director, Vice Secretary of the Party Committee, President	✓
Tong Yuming	Male	January 1958	From March 28, 2016 to March 26, 2018	Executive Director, Member of the Party Committee, Vice President	✓
Que Yong	Male	July 1976	March 28, 2016 — end of tenure	Shareholder Director	
Li Zhanrong	Male	November 1970	March 28, 2016 — end of tenure	Shareholder Director	
Liu Sanglin	Male	October 1965	March 28, 2016 — end of tenure	Shareholder Director	
Cheng Yu	Female	November, 1969	March 28, 2016 — end of tenure	Shareholder Director	
Deng Jianxin	Male	August, 1963	November 24, 2016 — end of tenure	Shareholder Director	
Tang Xianqing	Male	November, 1963	July 12, 2017 — end of tenure	Shareholder Director	
Zeng Zhibin	Male	October, 1974	July 22, 2013 — end of tenure	Shareholder Director	
Zhang Rui	Female	June, 1962	March 28, 2016 — end of tenure	Independent Director	✓
Guo Tianyong	Male	August 1968	March 28, 2016 — end of tenure	Independent Director	✓
Zhang Wangxia	Female	August 1977	July 12, 2017 — end of tenure	Independent Director	✓
Wang Yun	Female	May 1966	December 20, 2017 — end of tenure	Independent Director	

Note: please see "Change of Directors – Retirement and Appointment of Directors"

## II. Supervisors during the Reporting Period

Name	Gender	Date of Birth	Tenure	Post in the Company	Paid or Not (√)
Liu Fulin	Male	November, 1963	December 28, 2015 — end of tenure	Chairman of the Board of Supervisors, Employee Supervisor, Member of the Party Committee	√
Shi Zhongliang	Male	January 1944	December 29, 2015 — end of tenure	External Supervisor	√
Li Danlin	Female	August 1964	December 29, 2015 — end of tenure	External Supervisor	√
Shi Jing	Male	February 1968	December 29, 2015 — end of tenure	External Supervisor	√
Huang Zhenping	Male	July 1971	October 28, 2016 — end of tenure	Shareholder supervisor	
Zhou Minhui	Male	June 1964	September 15, 2017 — end of tenure	Shareholder supervisor	
Chen Chuxin	Male	November, 1963	December 29, 2015 — end of tenure	Shareholder supervisor	
Tao Yulan	Female	November 1970	March 25, 2009 — end of tenure	Employee supervisor	√
Chen Xinxiang	Male	February 1968	December 28, 2015 — end of tenure	Employee supervisor	√

Note: please see "Change of Supervisors – Retirement and Appointment of Supervisors"

## III. Senior Executives during the Reporting Period

Name	Position	Gender	Date of Birth	Work in Charge
Wu Hongtao	Vice Secretary of the Party Committee, Vice Chairman and President	Male	December 1971	Comprehensive work of the operational arm
Tong Yuming	Member of the Party Committee, Vice President	Male	January 1958	In charge of the Human Resources Department (the Party Committee Organization Department) and the Institute for Strategic Studies
Chen Yong	Vice President	Male	February 1962	In charge of the Office (Office of the Party Committee), Compliance Department, Credit Approval Department and Logistic Service Center
Xu Jihong	Secretary to the Board of Directors, Vice President	Male	May 1965	In charge of Office of the Board of Directors, Planning and Finance Department, Risk Management Department and Asset Protection Department
Cheng Zongli	Vice President	Male	September 1966	In charge of Corporate Banking Department, Financial Market Department, International Business Department and Investment Banking Department
Cai Xiaojun	Vice President	Male	November 1966	In charge of Personal Banking Department, Credit Card Department, Institution Management Department and Small Business Credit Center

Note: please see "Change of Senior Executives – Retirement and Appointment of Senior Executives"

## 5.2 Changes of Directors, Supervisors and Senior Executives

### I. Retirement and Appointment of Directors

As of the end of the Reporting Period, the Board of Directors of the Company had 14 directors, including 3 executive directors, 7 shareholder directors and 4 independent directors. Changes of directors are as follows:

(I) During the Reporting Period, Jiangxi Provincial Investment Group Corp., the shareholder of the Bank, recommended that Mr. Tang Xianqing serve as the shareholder director of the Company in place of Mr. Chen Yu. Tang Xianqing was elected to be the shareholder director in the 2016 Annual General Meeting of Shareholders convened on April 20, 2017. On July 12, 2017, the appointment of Tang Xianqin as director was approved of by Jiangxi Office of the CBRC.

(II) In the Annual General Meeting of Shareholders of 2016 convened on April 20, 2017, Zhang Wangxia was elected to be the independent director of the Group. On July 12, 2017, the appointment of Zhang Wangxia as director was approved of by Jiangxi Office of the CBRC.

(III) The first 2017 Extraordinary General Meeting of Shareholders of the Group held on September 15 approved of the appointment of Wang Yun and Huang Xianrong as the non-executive independent directors of the first Board. The appointment of Wang Yun as director was approved of by Jiangxi Office of the CBRC on December 20, 2017. As of the end of the Reporting Period, the appointment of Huang Xianrong as director was still in review by regulatory departments. The appointment of Huang Xianrong as director was approved of by Jiangxi Office of the CBRC on February 12, 2018.

(IV) The Board of Directors received the written resignation of Wu Hongtao in January 2018, who decided to step down for personal reasons from the following positions: Vice Chairman of the Group, director of the Board and member of Strategy Committee and Remuneration and Nomination Committee. In accordance with the Articles of Incorporation and internal rules and regulations of the Group, the resignation of Wu Hongtao from director and director-related positions would take effect since the day when his resignation was sent to the Board. The Report on Resignation of Wu Hongtao as President and Director of the Bank was deliberated and passed on the first extraordinary meeting in 2018 of the first Board of Directors of Jiangxi Bank on February 6, 2018.

(V) According to the policies on the retirement of cadres, Tong Yuming, director of the Group, reached the age of retirement on January 2018. The Proposal concerning Removal of Tong Yuming from Director-related Positions of the Bank was deliberated and passed on the first extraordinary meeting in 2018 of the first Board of Directors of Jiangxi Bank held on February 6, 2018. Then the 2017 annual General Meeting of Shareholders of Jiangxi Bank held on March 26, 2018 deliberated and passed the above-mentioned proposal, which would take effect since the day of its approval by the General Meeting of Shareholders.

(VI) The proposal of electing Luo Yan and Xu Jihong as directors of the Group was deliberated and passed on the 2017 annual General Meeting of Shareholders of Jiangxi Bank held on March 26, 2018. As of the date of report disclosure, their appointment was still in review by regulatory departments.

### II. Retirement and Appointment of Supervisors

Zhou Minhui was elected to be shareholder supervisor of the first Board of Supervisors of the Group on the first 2017 Extraordinary General Meeting of Shareholders held on September 15, 2017. Jiang Liehui would no longer be shareholder supervisor of the first Board of Supervisors of the Group.

### III. Retirement and Appointment of Senior Executives

(I) On January 12, 2018, Department of Finance of Jiangxi Province removed Tong Yuming, who has reached the age of retirement, from the Party Committee and proposed his removal from the position as Vice President of the Bank. The Proposal concerning Removal of Tong Yuming from the Position as Vice President of the Bank was deliberated and passed on the first extraordinary meeting in 2018 of the first Board of Directors of Jiangxi Bank on February 6, 2018. Such removal would take effect since the date of its deliberation and approval by the Board.

(II) The Board of the Group received the written resignation of Wu Hongtao in January 2018, who decided to step down for personal reasons from the positions of President of the Bank and Vice Secretary of the Party Committee. Due to the resignation of Wu Hongtao, Department of Finance of Jiangxi Province removed him from position as Vice Secretary of the Party Committee and proposed his removal from the positions of President and Vice Chairman of the Bank on January 26, 2018. The Report on Resignation of Wu Hongtao as President and Director of the Bank was deliberated and passed on the first extraordinary meeting in 2018 of the first Board of Directors of Jiangxi Bank on February 6, 2018.

(III) Department of Finance of Jiangxi Province nominated Luo Yan as the Vice Chairman and President of the Group on January 27, 2018. The Proposal concerning Appointment of President of the Bank was deliberated and passed on the first extraordinary meeting in 2018 of the first Board of Directors of Jiangxi Bank on February 6, 2018. In compliance with necessary review procedures, Luo Yan has been appointed as the President of the Bank since the date of the deliberation and approval by the Board.

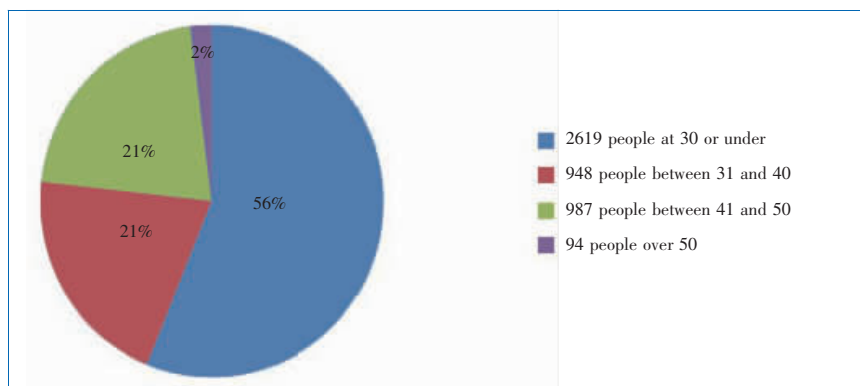
## 5.3 Remuneration of and Shares Held by Directors, Supervisors and Members of the Senior Management

During the Reporting Period, a totality of 16 persons, including directors, supervisors and the senior management members of the Group, were on the payroll of the Group. The total annual amount of remuneration topped RMB23,075,100 and the totality of shares held reached 49,901.

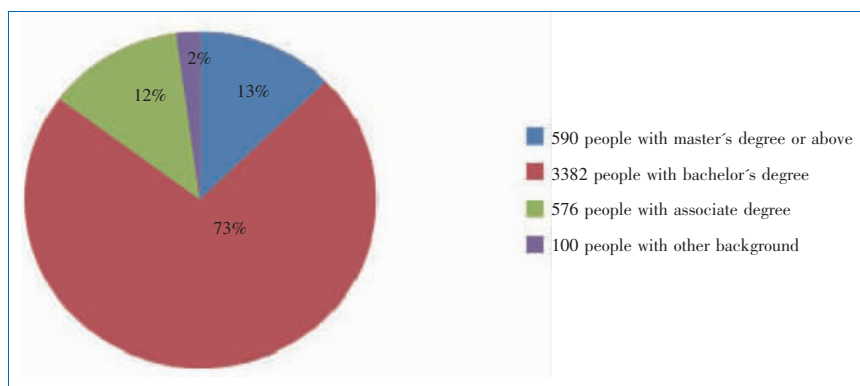
## 5.4 Particulars of Employees

As of the end of the Reporting Period, the Group had 4648 in-service employees and 236 persons had retired before the age of retirement. Among the in-service staff, the following charts show the distributions of their educational levels and ages:

### Distribution of Staff's Age



### Staff's Education Background



## 5.5 Particulars of Training

During the Reporting Period, the Group combined internal training with study out of the Group. Following the training plan, the Bank carried out targeted differentiated training to foster an innovative study-oriented team. First, “brainstorm” lectures given by high-level economists and industry experts were held regularly to upgrade operational and managerial ideas and to broaden horizon. Second, the Group materialized the idea of “going out for learning” by sending its employees to learn in leading financial institutions and attend forums and short-term training classes so that they can be more qualified for product innovation and risk control. Third, the Group cooperated with prestigious universities from home and abroad. Both sides implemented plans of joint education by designating a three-year curriculum featuring progressive learning. In doing so medium and senior executives as well as members of the “251 talent pool” can constantly improve their qualification for operation and management. Fourth, the Group capitalized on “Jiangxi Bank Online Institute”, an online learning platform, to give compulsory classes and hold online exams for employees so that they could study online in their spare time for their qualification improvement.



# Chapter VI Corporate Governance Structure and Mechanism

## 6.1 Corporate Governance

During the Reporting Period, the Company is committed to further improving the corporate governance system and improving the corporate governance structure. In accordance with relevant laws and regulations and the regulatory documents of regulatory agencies, the Company amended its corporate governance rules, including the Company's articles of association, rules of procedure of the General Meeting of Shareholders, rules of procedure of the Board of Directors, and working rules of the special committees of the Board of Directors based on the actual situation of the Company. After the above-mentioned policies were revised, the corporate governance policy system is more perfect.

During the Reporting Period, the Company further optimized the structure of directors from the aspects of professionalism, independence and diversification, enhanced scientific decision-making of the Board of Directors, and improved the corporate governance and coordination mechanism composed of General Meeting of Shareholders, Board of Directors, Board of Supervisors and the Senior Management that "requires departments with clear responsibilities to perform their own functions and coordinate with each other so as to achieve effective checks and balances". During the Reporting Period, the Company strove to improve the quality of information disclosure, strengthen the management of investor relations, promote the implementation and landing of strategic plans, and further standardize corporate governance operations.

### I. Shareholders and General Meetings of Shareholders

During the Reporting Period, the Company further regulated the convening, holding, deliberation and voting procedures of the General Meeting of Shareholders as required by related laws and regulations, Articles of Association of the Company and rules of procedure of the General Meeting of Shareholders, to ensure shareholders' rights to know, participate in and vote for significant matters of the Company, and safeguard their equal status and full exercise of their rights.

During the Reporting Period, the Company convened the 2016 Annual General Meeting of Shareholders and the 2017 First Extraordinary General Meeting of Shareholders. The meeting strictly complied with relevant regulations and fulfilled the relevant legal procedures, ensuring the participation of shareholders to exercise their rights.

### II. Shareholders and the Company

The Company has no absolutely controlling shareholder due to its relatively separated equities. The Company is completely independent of its major shareholders in terms of businesses, personnel, assets, structure and finance and has fully independent businesses and operations. The Company's Board of Directors, Board

of Supervisors and internal structures can function independently.

### **III. Directors and Board of Directors**

As of the end of the Reporting Period, the Board of Directors of the Company had 14 directors, including 3 executive directors, 7 shareholder directors and 4 independent directors. Under the Board of Directors there are seven special committees, namely: The Strategy Committee, the Risk Management Committee, the Audit Committee, the Remuneration and Nomination Committee, the Connected Transaction Control Committee, the Information Technology Management Committee and the Consumer Protection Committee.

During the Reporting Period, the Board of Directors strictly followed related requirements of laws and regulations and the Articles of Association of the Company in its procedures of decision-making, authority delegation and voting. All directors reviewed and deliberated the proposals cautiously, carried out rights and performed duties diligently.

### **IV. Supervisors and Board of Supervisors**

During the Reporting Period, the Board of Supervisors of the Company had 9 supervisors, including 3 employee supervisors, 3 external supervisors and 3 shareholder supervisors. The number and composition of the Board of Supervisors met the requirements of laws and regulations and the Articles of Association of the Company.

The Company's Board of Supervisors had a Supervision Committee and a Nomination Committee.

### **V. The Senior Management**

As of the end of the Reporting Period, the Senior Management of the Company had 1 president, 5 vice presidents, and 1 secretary of the Board of Directors (concurrently). Under the leadership of the Board of Directors and supervision of the Board of Supervisors, the senior management conducted various works and performed their duties prudently and robustly according to targets and plans approved by the Board of Directors. They undertook the daily administration and management of the Company, positively built a superb brand reputation and social image and well accomplished operational targets given by the Board of Directors, within the delegation granted by the Board of Directors.

### **VI. Information Disclosure and Investor Relationship Management**

During the Reporting Period, the Company prepared the 2016 Annual Report in accordance with the relevant regulations of CBRC concerning information disclosure and the Company's information disclosure management measures, and published the summary of the annual report in the Financial Times, and the full text of the annual report on [www.chinabond.com.cn](http://www.chinabond.com.cn), [www.chinamoney.com.cn](http://www.chinamoney.com.cn). and the official website of the Company. Meanwhile, the 2016 Annual Report was prepared for the investors and stakeholders in the Office of the Board of Directors of the Company, achieving accuracy, truthfulness and completeness of information disclosure. The Company provided reasonable answers to any correspondence, telephone call, visit and enquiry of its shareholders and stakeholders according to requirements of related policies and protected the interests of shareholders, especially medium and small investors.

## 6.2 Performance of Duties of Independent Directors and External Supervisors

The Company appointed independent directors and external supervisors, and formulated corresponding working rules for independent directors and established external supervision system, as required by the Guidelines for Corporate Governance of Commercial Banks and the Guidelines for Independent Director and External Supervisor System of Joint Stock Commercial Banks. As of the end of the Reporting Period, the Company had 4 independent directors and 3 external supervisors.

During the Reporting Period, the independent directors of the Company acted in a responsible manner to all shareholders, adhered to the principle of safeguarding the overall interests and the legitimate rights and interests of small and medium shareholders of the Company, diligently performed their duties, attended the meeting earnestly, and reviewed various proposals to effectively exercise decision-making functions; if they fail to attend in person, they should entrust other members to attend and vote on their behalf. Apart from earnestly participating in the Board of Directors and actively expressing independent professional opinions, independent directors also played their respective professional specialties, fulfilled the responsibilities of the members of the special committees, presided over the work of the special committees, and fulfilled the regulatory requirements for working hours at the Company. The independent directors conducted research on the branches and sub-branches of the Company through various methods such as field investigations and special forums. They provided independent professional opinions and suggestions for the Board of Directors in the areas of internal control, risk control, capital planning, and strategic transformation of the Company, and played a positive role in the scientific decision-making of the Board of Directors.

During the Reporting Period, the Company's external supervisors further strengthened their duties and fulfilled their roles by participating in a series of activities such as supervision and inspection projects, branch institution research, visits to peers, and special investigations. First, proposals were reviewed in accordance with laws and regulations. The external supervisors actively participated in meetings of the Board of Supervisors and their special committees in accordance with the laws, regulations, and the articles of association of the Company, attended the meetings of the Board of Directors, and expressed independent opinions on the matters discussed. Second, they actively participated in supervision and inspection. The external supervisors have participated in the special supervision and inspection of the Company's internal control management, risk management, and financial management, and put forward specific comments and suggestions. Third, they conducted research at the grassroots level. The external supervisors went to Baiyi Sub-branch and High-tech Sub-branch of the Company for investigation and research. Through in-depth branch institution research, they learned about the operation and management of the grassroots front line. Fourth, they continuously improved the ability to fulfill duties. The external supervisors participated in the "National Board of Supervisors Work Practice" training, actively participated in study and exchange with peers, strengthened their sense of duty fulfillment, broadened their work ideas, and improved their practical operation skills and performance capabilities. Fifth, they gave full play to expert expertise. The external supervisors, combining their expertise, conducted investigations and studies on reputational risks and corporate governance structures, and formulated a Research Report on Reputational Risk Management and a Cross-National Comparison of Corporate Governance Structures and Its Enlightenment on the Corporate Governance System for China's Banking Industry, effectively exerting the expertise of external supervisors.

## 6.3 The Company's Operation Decision-making System

The organization with the highest authority in the Company is the General Meeting of Shareholders whose power of decision-making and management is exercised through the Board of Directors and power of supervision through the Board of Supervisors. The President of the Company should be appointed by the Board of Directors and comprehensively responsible for the daily operation and administration.

## 6.4 The Assessment, Incentive and Restraint System of Senior Executives

The Company's Remuneration and Nomination Committee of Board of Directors is responsible for the duty performance appraisal and incentives for senior officers. The Board of Director carries out awards and penalties to senior executives strictly according to the appraisal procedures and determines their appointment and annual remuneration according to the results of appraisal.

## 6.5 The Establishment and Improvement of the Company's Internal Control System

During the Reporting Period, in order to further establish and improve the internal control policy system, the Company first continued to improve its internal control management system, and formulated the Internal Control Policy of Jiangxi Bank, Management Measures for New Product and New Business Risk Assessment of Jiangxi Bank, and Management Measures for Large-value Reports and Suspicious Transaction Reports of Jiangxi Bank, and revised the basic policies of internal control such as Management Measures for Internal Control Evaluation of Jiangxi Bank, Management Measures for Anti-money Laundering of Jiangxi Bank and Customer Identity Recognition Guidelines of Jiangxi Bank, further clarifying the internal control powers and responsibilities. Second, it carried out activities of "learning regulations, knowing regulations, and observing regulations", strengthened the implementation of rules and regulations, focused on investigation and punishment of "repeatedly inspected and repeatedly violating" behaviors, and promoted the effective improvement of the Company's internal control management. Third, it carried out the internal control evaluation work, actively used the evaluation results to strengthen the internal control management and improved the internal control management initiative.

## 6.6 Organizational Structure

1. Organizational Structure (See Appendix I)
2. List of Branch Institutions (See Appendix II)

## Chapter VII General Meetings of Shareholders

I. On April 20, 2017, the Company held the 2016 Annual General Meeting of Shareholders. The total number of shares of the Company was 467,877.69 million. According to the Notice of CBRC on Strengthening the Management of Commercial Banks' Equity Pledge, when a shareholder's pledged equity of the Bank amounts to or exceed 50% of the equity it holds in the Bank, his voting rights on the General Meeting of Shareholders, or the voting rights of the director he dispatched on the Board of Directors, shall be limited. As of March 31, 2017, 1,085,792,200 shares of the shareholders of the Company in a total of 38 accounts have been limited due to a pledge ratio exceeding 50% (inclusive). Hence, the total number of shares of the Company with voting rights was 3,592,984,700. At the meeting, the shares of shareholders who had voting rights were 3,360.78 million, which accounted for 93.54% of the total voting shares of the Company.

The meeting reviewed and approved proposals including 2016 Annual Final Accounts Report, 2017 Annual Financial Budget Plan, 2017 Investment Plan, 2016 Profit Distribution Plan, 2016 Work Report of the Board of Directors, 2016 Work Report of the Board of Supervisors, and Directors Election.

II. On September 15, 2017, the Company held its First Extraordinary General Meeting of Shareholders in 2017. The total number of shares of the Company was 4,678,776,900. According to the Notice of CBRC on Strengthening the Management of Commercial Banks' Equity Pledge, when a shareholder's pledged equity of the Bank amounts to or exceed 50% of its equity in the Bank, his voting rights on the General Meeting of Shareholders, or the voting rights of the director he dispatched on the Board of Directors, shall be limited. As of September 14, 2017, 804,864,000 shares of the shareholders of the Company in a total of 39 accounts have been limited due to a pledge ratio exceeding 50% (inclusive). Hence, the total number of shares of the Company with voting rights was 3,873,912,900. At the meeting, the shares of shareholders who had voting rights were 3,558,474,300, which accounted for 91.86% of the total voting shares of the Company.

The meeting reviewed and approved the revision to the Rules of Procedure of the General Meeting of Shareholders of Jiangxi Bank Co., Ltd., the Rules of Procedure of the Board of Directors of Jiangxi Bank Co., Ltd., the Rules of Procedure of the Board of Supervisors of Jiangxi Bank Co., Ltd., and the Rules for the Work of Independent Directors of Jiangxi Bank Co., Ltd., and proposals for electing independent directors and change of supervisors.

Yuzhang Law Firm issued legal opinions on the two general meetings of shareholders, certifying that the various procedures and results of the meetings, from convening, attending and voting, were in compliance with the relevant provisions of the Company Law of the People's Republic of China and the Articles of Association of the Company, and were legal and effective.

## Chapter VIII Report of Board of Directors

**8.1 For the major work in 2017, please refer to Chapter III Discussion and Analysis of the Management.**

**8.2 For the major work plan of the Board of Directors in 2018, please refer to the development strategies of the Company in 2018.**

**8.3 Overall Situation of the Meetings of the Board of Directors and Its Special Committees in 2017**

### 8.3.1 Meetings of the Board of Directors

During the Reporting Period, the Company held a total of 7 meetings of the Board of Directors and reviewed and approved 90 proposals, covering business management plans, regular reports, financial budget and final accounts, profit distribution, revisions to the corporate governance policy, selection of directors and senior executives, equity transfer and change, including:

1. Proposal concerning Business Management Status in 2016 and Work Plan in 2017
2. Proposal concerning 2016 Annual Financial Accounts Report and 2017 Annual Financial Budget Plan
3. Proposal concerning 2016 Profit Distribution Plan
4. Proposal concerning 2017 Investment Plan
5. Proposal concerning Adjusting the Number of Directors of the Board of Directors
6. Proposal concerning Directors Election
7. Proposal concerning Engaging Head of Planning and Finance Department of Jiangxi Bank
8. Proposal concerning Authorizing the Establishment of Investment Subsidiary of Jiangxi Bank
9. Proposal concerning Capital Increase to Jiangxi Financial Leasing Company
10. Proposal concerning Issuance of Asset-backed Securities
11. Proposal concerning Issuance of Financial Bonds
12. Proposal concerning the 2016 Work Report of the Board of Directors
13. Proposal concerning the 2016 Annual Report
14. Proposal concerning the 2016 Report of Board of Directors on the Duty Performance Assessment of Directors and Due Diligence Appraisal of the Senior Management
15. Proposal concerning the 2016 Corporate Social Responsibility Report

16. Proposal concerning the 2016 Internal Control Assessment Report
17. Proposal concerning the 2016 Consumer Rights Protection Work Report
18. Proposal concerning the 2016 Green Credit Implementation Report
19. Proposal concerning the 2016 Comprehensive Risk Management Report
20. Proposal concerning the 2016 Liquidity Risk Management Report
21. Proposal concerning the 2016 ICAAP Report
22. Proposal concerning the 2017 ICAAP Stress Test Report
23. Proposal concerning the 2016 New Capital Approach Implementation Report
24. Proposal concerning the 2016 Capital Planning Implementation Assessment Report
25. Proposal concerning the 2016 Consolidated Management Report
26. Proposal concerning the 2016 Report on Corporate Governance and Operations Management of Major Affiliated Institutions
27. Proposal concerning the Holding of the 2016 Annual General Meeting of Shareholders
28. Proposal concerning the Work Plan of the Special Committees of the Board of Directors in 2017
29. Proposal concerning the Internal Audit Project Plan in 2017
30. Proposal concerning the Case Prevention Work Plan in 2017
31. Proposal concerning the Risk Appetite Statement in 2017
32. Proposal concerning the Guidelines for Comprehensive Risk Management of Jiangxi Bank (Revised)
33. Proposal concerning the Statistics Management Measures of Jiangxi Bank (Revised)
34. Proposal concerning the Articles of Association of Jiangxi Bank Co., Ltd. (Revised)
35. Proposal concerning Capital Management Plan of Jiangxi Bank for 2017–2019
36. Proposal concerning Operation and Management in the First Half of the Year and Work Plan for the Second Half of the Year
37. Proposal concerning Establishing A Financial Service Center in Ganjiang New District
38. Proposal concerning Nominating Candidates for Independent Directors. It was agreed that Huang Xianrong was nominated as the independent director candidate for the first Board of Directors and it was submitted to the General Meeting of Shareholders for voting.
39. Proposal concerning Comrades Tang Xianqing and Zhang Wangxia's Taking Offices at Special Committees of the First Board of Directors
40. Proposal concerning Consumer Protection Strategic Target of Jiangxi Bank
41. Proposal concerning Work Regulations for the Preparation of Capital Adequacy Ratio Report of Jiangxi Bank
42. Proposal concerning Independent Director Guo Tianyong's Research Report on the Development of Jiangxi Bank Anyi Sub-branch



43. Proposal concerning Holding the First Extraordinary General Meeting of Shareholders in 2017
44. Proposal concerning the Liquidity Stress Test Report of Jiangxi Bank in the Third Quarter of 2017
45. Proposal concerning Amending the Rules of Procedure of the General Meeting of Shareholders of Jiangxi Bank Co., Ltd.
46. Proposal concerning Amending the Rules of Procedure of the Board of Directors of Jiangxi Bank Co., Ltd.
47. Proposal concerning Amending the Working Rules of the Special Committees of the Board of Directors of Jiangxi Bank Co., Ltd.
48. Proposal concerning Amending the Management Measures for Information Disclosure of Jiangxi Bank Co., Ltd.
49. Proposal concerning Amending the Working Rules for the Secretary of the Board of Directors of Jiangxi Bank Co., Ltd.
50. Proposal concerning Amending the Working Rules for Independent Directors of Jiangxi Bank Co., Ltd.
51. Proposal concerning Formulating the Internal Control Policy of Jiangxi Bank
52. Proposal concerning the Operation Management for the Third Quarter and Work Plan for the Fourth Quarter
53. Proposal concerning Adjusting Part of the Budget Targets for the Management in 2017
54. Proposal concerning Engaging the Audit Agency for the 2017 Annual Audit. It is agreed that the Company would renew the engagement of KPMG Huazhen LLP as the financial auditor in 2017 for one year.
55. Proposal concerning Formulating the Interim Measures for the Management of Jiangxi Bank's Subsidiaries
56. Proposal concerning Formulating Management Measures for External Equity Investment of Jiangxi Bank
57. Proposal concerning Amending the Management Measures for Operational Risk Management of Jiangxi Bank
58. Proposal concerning Nominating Candidates for Independent Directors. It was agreed that Wang Yun was nominated as the independent director candidate for the first Board of Directors and it was submitted to the General Meeting of Shareholders for voting.
59. Proposal concerning the Planning on Institutions of Jiangxi Bank for 2018
60. Proposal concerning Collateral Management of Jiangxi Bank (Revised)

### 8.3.2 Meetings of Special Committees of Board of Directors

During the Reporting Period, the Company held 41 meetings for special committees under the Board of Directors, including 3 meetings for the Strategy Committee of the Board of Directors, 8 meetings of the Risk Management Committee of the Board of Directors, 3 meetings for the Information Technology Management Committee of the Board of Directors, 4 meetings for the Audit Committee of the Board of Directors, 4 meetings for the Remuneration and Nomination Committee of the Board of Directors, 17 meetings for the Connected Transaction Control Committee of the Board of Directors and 2 meetings for the Consumer Protection Committee of the Board of Directors.



## **I. The Strategy Committee of the Board of Directors**

During the Reporting Period, the Strategy Committee of the Board of Directors held 3 meetings and approved 56 proposals such as the Proposal concerning Work Plan of the Strategy Committee of the Board of Directors in 2017, the Proposal concerning 2016 Annual Financial Accounts Report and 2017 Annual Financial Budget Plan, the Proposal concerning Annual Investment Plan in 2017, and the Proposal concerning 2016 Profit Distribution Plan, etc.

## **II. The Risk Management Committee of the Board of Directors**

During the Reporting Period, the Risk Management Committee of the Board of Directors held 8 meetings and approved 65 proposals such as the Proposal concerning Work Plan of the Risk Management Committee of the Board of Directors in 2017, the Proposal concerning the 2016 Comprehensive Risk Management Report of Jiangxi Bank, the Proposal concerning Annual Regulatory Self-assessment Report of Jiangxi Bank in 2016, the Proposal concerning Credit Risk Management Report of Jiangxi Bank in 2016, the Proposal concerning Market Risk Management Report of Jiangxi Bank in 2016, and the Proposal concerning Business Continuity Management Report of Jiangxi Bank in 2016, etc.

## **III. The Information Technology Management Committee of the Board of Directors**

During the Reporting Period, the Information Technology Management Committee of the Board of Directors held 3 meetings and approved 14 proposals such as the Proposal concerning Work Plan of the Information Technology Management Committee of the Board of Directors in 2017, the Proposal concerning Report on Completion of Annual Information Technology Projects and Expense Implementation in 2016, the Proposal concerning Information Technology Investment Plan and Budget Report in 2017, the Proposal concerning the Report of Annual Information Security Management in 2016, the Proposal concerning Information Technology Development Strategic Planning of Jiangxi Bank during the “13th Five-year Plan” Period, and the Proposal concerning Report on IT Risk Management of Jiangxi Bank in 2016, etc.

## **IV. The Audit Committee of the Board of Directors**

During the Reporting Period, the Audit Committee of the Board of Directors held 4 meetings and approved 18 proposals such as the Proposal concerning Work Plan of the Audit Committee of the Board of Directors in 2017, the Proposal concerning Internal Control Assessment Report in 2016, the Proposal concerning Report on Annual Policy Building and Implementation in 2016, the Proposal concerning Special Audit Report on Annual IT Risk Management in 2016, the Proposal concerning Internal Audit Work Report in 2016, and the Proposal concerning Annual Audit Work Assessment Report in 2016, etc.

## **V. The Remuneration and Nomination Committee of the Board of Directors**

During the Reporting Period, the Remuneration and Nomination Committee of the Board of Directors held 4 meetings and approved 10 proposals such as the Proposal concerning Work Plan of the Remuneration and Nomination Committee of the Board of Directors in 2017, the Proposal concerning Issuance of Remuneration of the Senior Executive of Jiangxi Bank in 2016, the Proposal concerning the Report on Assessment of Fulfillment of Duties of Directors and the Due Diligence Appraisal of the Senior Executive by the Board of Directors in 2016, the Proposal concerning Recruiting the Head of Financial Department of Jiangxi Bank, and the Proposal concerning Work Plan of the Remuneration and Nomination Committee of the Board of Directors of Jiangxi Bank in 2017, etc.

## **VI. The Connected Transaction Control Committee of the Board of Directors**

During the Reporting Period, the Connected Transaction Control Committee of the Board of Directors held 17 meetings and approved 31 proposals such as the Proposal concerning Work Plan of the Connected Transaction Control Committee of the Board of Directors in 2017, the Proposal concerning Reporting the Related Transactions of Pingxiang Huifeng Investment Co., Ltd. for Approval, the Proposal concerning Reporting the Related Party Transactions of Nanchang Shibide Industrial Development Co., Ltd. for Filing, the Proposal concerning Reporting the Related Party Transactions of Jiangxi Financial Leasing Co., Ltd. for Approval, the Proposal concerning Reporting the Related Party Business of Jiangxi Businesses Alliance Co., Ltd. for Approval, and the Proposal concerning Reporting the Related Party Business of Jiangxi Province Electronic Group Co., Ltd. for Approval, etc.

### **VII. The Consumer Protection Committee of the Board of Directors**

During the Reporting Period, the Consumer Protection Committee of the Board of Directors held 2 meetings and approved 6 proposals such as the Proposal concerning Work Plan of the Consumer Protection Committee of Board of Directors in 2017, the Proposal concerning the Financial Consumer Rights Protection Work Report of Jiangxi Bank in 2016, the Proposal concerning Annual Work Plan of the Consumer Protection Committee in 2017, the Proposal concerning Consumer Protection Strategic Target of Jiangxi Bank, and the Proposal concerning the Report of Annual Information Security Management in 2016, etc.

## **8.4 Acceptance of Punishment by the Company, the Board of Directors, the Board of Supervisors and the Senior Executives**

During the Reporting Period, no punishment had been imposed on the Company's Board of Directors and directors, Board of Supervisors and supervisors, and senior executives.

## **8.5 Profit Distribution Plan of the Company**

### **I. Order of Profit Distribution in 2017**

In accordance with the relevant provisions of the Financial Rules for Financial Enterprises (Ministry of Finance Decree No. 42) and the Articles of Association of Jiangxi Bank, the profits of the Company in 2017 shall be distributed in the following order:

1. Withdrawal of statutory surplus reserves;
2. Withdrawal of general risk reserves;
3. Distribution of dividends.

### **II. Dividend Distribution Plan**

Approved at the 2017 Annual General Meeting of Shareholders on March 26, 2018, the annual profit distribution plan of the Company in 2017 is as follows:

1. In 2017, the net profit of the Company was RMB2,836.55 million, statutory surplus reserves were withdrawn as 10% of annual realized net profit and the withdrawn amount was RMB283.66 million;
2. General risk reserves were withdrawn as 1.5% of the closing balance of the assumed risks and loss as-

sets and the withdrawn amount was RMB713.66 million;

3. In 2017, the total share capital for the distribution of ordinary shares in 2017 was 4,678,776,901 shares, dividend was distributed at the price of RMB 0.1 (including tax) and payable ordinary share dividend was RMB467.88 million.

## Chapter IX Report of the Board of Supervisors

During the Reporting Period, pursuant to the laws, regulations and provisions of the Articles of Association, the Company's Board of Supervisors concentrated on the Company's central tasks, fulfilled its duties according to law, devised new working methods, emphasized the key points of supervision, successfully completed all tasks and effectively promoted the standardized operation of corporate governance.

During the Reporting Period, the Company held 4 meetings for the Board of Supervisors and approved 14 proposals that are listed as follows:

- |                                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Proposal concerning Work Report of the Board of Supervisors in 2016                                                                                    |
| 2. Proposal concerning Performance Assessment Report of the Board of Directors, the Board of Supervisors, the Senior Management and Their Members in 2016 |
| 3. Proposal concerning Written Review Comments of the Board of Supervisors on 2016 Annual Report                                                          |
| 4. Proposal concerning Written Review Comments of the Board of Supervisors on the 2016 Profit Distribution Plan                                           |
| 5. Proposal concerning Revision of Rules of Procedure of the Board of Supervisors                                                                         |
| 6. Proposal concerning Comrade Jiang Liehui's Resignation of Supervisors                                                                                  |
| 7. Proposal concerning Recommended Candidates for Supervisors of Jiangxi Copper Company Limited                                                           |
| 8. Proposal concerning Supervisory and Assessment Comments of the Board of Supervisors on the Internal Control of Jiangxi Bank                            |
| 9. Proposal concerning Work Summary of the Board of Supervisors in the First Half of 2017                                                                 |
| 10. Proposal concerning Supervisory and Assessment Comments of the Board of Supervisors on the Remuneration Management of Jiangxi Bank                    |
| 11. Proposal concerning Supervisory and Assessment Comments of the Board of Supervisors on the Financial Activities of Jiangxi Bank                       |
| 12. Proposal concerning Supervisory and Assessment Comments of the Board of Supervisors on the Related Party Transaction of Jiangxi Bank                  |
| 13. Proposal concerning Comrade Zhou Minhui's Service as the First Supervision Committee of the Board of Supervisors                                      |
| 14. Proposal concerning the Board of Supervisors' Investigation Report on Branch Institutions.                                                            |

## 9.1 Description of Meetings of the Special Committees of the Board of Supervisors

During the Reporting Period, the Company held 6 meetings for all special committees of the Board of Supervisors, including 3 meetings for the Supervision Committee and the Nomination Committee.

### 1. The Supervision Committee

During the Reporting Period, the Supervision Committee held 3 meetings and approved 8 proposals such as the Proposal concerning Supervision and Inspection Scheme of Internal Management by the Supervision Committee of the Board of Supervisors, the Written Approval Comments of the Supervision Committee of the Board of Supervisors on 2016 Annual Report, and the Written Approval Comments of the Supervision Committee of the Board of Supervisors on 2016 Profit Distribution Plan, etc.

### 2. The Nomination Committee

During the Reporting Period, the Nomination Committee held 3 meetings and approved 5 proposals such as the Proposal concerning Performance Assessment Report of the Board of Directors, the Board of Supervisors, the Senior Management and Their Members in 2016, the Proposal concerning the Supervision and Inspection of the Nomination Committee of the Board of Supervisors on Remuneration Management of Jiangxi Bank in 2017, Comrade Jiang Liehui's Resignation of Supervisors, Recommended Candidates for Supervisors of Jiangxi Copper Company Limited, Supervision and Assessment Report of the Nomination Committee of the Board of Supervisors on Remuneration Management of Jiangxi Bank, etc.

## 9.2 Performance of Duties of the Board of Supervisors

### (I) Focused on supervision-related responsibilities to continuously consolidate the foundation of supervision

During the Reporting Period, the Board of Supervisors grasped the eternal theme "providing service for development", centering on the core task of "effectively performing supervision-related responsibilities", continuously clarified supervision ideas, improved supervision approaches, optimized supervision procedures, focused on consolidating the foundation of supervision and strengthened effectiveness of performance of duties of the Board of Supervisors so as to better protect the legitimate rights and interests of the Company, shareholders and other interested parties. First, the concept of scientific supervision was established. Through constant study, research and practical explorations, in combination with actual situations of the Company, the Board of Supervisors gradually established the supervision concept of "legal supervision, service supervision and special supervision". Second, supervision approaches were continuously improved. The Board of Supervisors gradually improved major supervision approaches such as meeting supervision, routine supervision, supervision inspection and inspection visit in work practices and sent risk warning letters and management proposals to the Board of Directors and the Senior Management from time to time on specific fields and problems in accor-

dance with regulatory requirements and actual conditions of all tasks of the Company. Third, decision-making and supervision-related responsibilities were earnestly performed. In 2017, 4 meetings of the Board of Supervisors and 3 meetings of the Nomination Committee and 3 meetings of the Supervision Committee were held to review a total of 27 proposals. The Board of Supervisors attended all Shareholders' General Meetings and were present at all meetings of the Board of Directors to hear various reports and proposals and legally supervised meeting procedures, proposal contents and voting procedures. Fourth, supervision procedures were meticulously optimized. The Board of Supervisors adopted the lean management approach of Six Sigma to implement integration and optimization of supervision and inspection procedures of the Board of Supervisors, which better improved timeliness and quality of supervision and inspection.

## **(II) Focused on key fields to continuously improve achievements of supervision.**

During the Reporting Period, based on actual conditions of the Company, focused on overall situation, the Board of Supervisors put their emphasis on strengthening supervision on key fields and focused most effort on implementation of supervision and inspection. In 2017, centering on key fields such as internal control, case prevention, risk management, financial management and capital management, the Board of Supervisors implemented 9 supervisory inspection and supervisory assessments, formed 1 management proposal, 6 assessment opinions and 2 review opinions and proposed 28 targeted opinions and suggestions to the Board of Directors and the Senior Management, playing an active role in stopping up loopholes, preventing risks and compliant operation of the Company.

## **(III) Focused on its own building to continuously improve supervision mechanism**

At the same time of earnestly performing supervision-related responsibilities, the Board of Supervisors attaches high importance to strengthening its own building, so it worked hard to improve normalized working mechanism. First, the mechanism of inspection visit was continuously improved. During the Reporting Period, the Board of Supervisors successively went to 26 branch institutions to conduct detailed on-site survey to understand operation and management conditions at the ground level and formed the Board of Supervisors' Investigation Report on Branch Institutions. Second, the mechanism of improving capability was continuously improved. During the Reporting Period, through organization of investigation and exchange and learning and training of "Going Global and Bringing in", the Board of Supervisors further broadened the horizon, promoted thinking and improved capability of members of the Board of Supervisors. Third, the mechanism of urging remediation was continuously improved. Through holding the Scheduling Meeting of Relevant Conditions of Supervision and Inspection, the Board of Supervisors further refined communication results, clarified remediation requirements and raised responsible departments' awareness of importance of remediation, so that the Board of Supervisors better promoted reasonable application of achievements of supervision and inspection items. Fourth, the mechanism of offering opinions and suggestions was continuously improved. The Board of Supervisors organized supervisors to choose at least one proposal related to reform and development of the Company according to their own strengths and the actual situation of the Company to conduct in-depth study, especially on major forward looking, strategic and institutional proposals, so as to fulfill the responsibilities of external supervisors in offering opinions and suggestions.

## 9.3 Independent Opinions of Board of Supervisors on Relevant Matters

### 9.3.1 Legal Operation of the Company

During the Reporting Period, the Company adhered to legal and compliant operation and its procedures of decision-making were in conformity with related requirements of laws and regulations and the Articles of Association of the Company. Members of the Board of Directors and the Senior Management earnestly fulfilled their duties without any behaviors in violation of the laws and regulations or impairing the interests of the Company.

### 9.3.2 Information on Financial Report

During the Reporting Period, KPMG Huazhen LLP has conducted an audit of the Company's financial report. The financial report fairly presents the Company's financial standing and business performance.

### 9.3.3 Information on Merger and Acquisition and Sales of Assets

During the Reporting Period, there was no acquisition or sales of major assets.

### 9.3.4 Information on Connected Transactions

During the Reporting Period, the Company's procedures such as deliberation, voting, disclosure and fulfillment of connected transactions were in conformity related requirements of laws and regulations and the Articles of Association of the Company without behaviors impairing shareholders' equity and the Company's interests.

### 9.3.5 Information on the Implementation of Proposals Passed at the General Meetings

During the Reporting Period, the Board of Supervisors had no objection to contents of all reports and proposals submitted by the Board of Directors to the General Meeting of Shareholders for deliberation. The Board of Supervisors conducted supervision on implementation of Proposals of the General Meeting of Shareholders and deemed that the Board of Directors of the Company could earnestly perform relevant Proposals of the General Meeting of Shareholders'.

### 9.3.6 Information on Internal Control

During the Reporting Period, the Company further improved its internal control system, optimized internal control environment and strengthened the executive force of internal control, so that the Company's internal control system was relatively sound and effective.

### 9.3.7 Performance Appraisal Directors, Supervisors and Senior Executives

During the Reporting Period, the Board of Supervisors conducted effective supervision on duty performance of directors, supervisors and members of the Senior Management of the Company and implemented appraisal of duty performance of directors, supervisors and members of the Senior Management in 2017 from perspectives of meeting attendance, fulfillment of duties and behaviors. According to the Board of Supervisors' of performance appraisal of directors, supervisors and members of the Senior Management of the Company, they were all competent.

## **9.4 Assessment of the Corporate Governance of the Company by the Board of Supervisors**

During the Reporting Period, the Company further enhanced management of equity matters, strengthened process management of information disclosure and continued to regulate policy establishment of corporate governance to form a more scientific governance system and thus the Company's governance capability was further enhanced.



## Chapter X Important Matters

### 10.1 Material Litigation and Arbitration Matters

During the Reporting Period, there were no litigation and arbitration matters that would produce a significant negative impact on the Company. As of the end of the Reporting Period, there were 69 cases in which the Company was the plaintiff of pending litigation or claimant of pending arbitration, the principal of each of which was over RMB30 million, involving approximately RMB3,427 million (including written-offs); there were 3 cases in which the Company was the defendant of pending litigation, the principal of each of which was over RMB10 million, involving approximately RMB1,507 million.

### 10.2 Major Guarantees

During the Reporting Period, the Company had 4 major guarantees:

1. The Company issued performance L/G of RMB340 million to customer A, with an effective term: from January 15, 2016 to December 30, 2019;
2. The Company issued loan L/G of RMB130 million to customer B, with an effective term: from October 25, 2017 to June 27, 2022;
3. The Company issued loan L/G of RMB300 million to customer C, with an effective term: from November 30, 2017 to November 28, 2022;
3. The Company issued loan L/G of RMB145 million to customer D, with an effective term: from December 8, 2017 to December 7, 2022;

### 10.3 Major Undertakings

During the Reporting Period, the Company had 1 major undertaking.

The Company issued credit certificate of RMB267 million to customer E, with an effective term: from September 18, 2017 to December 31, 2019.

### 10.4 Information on Connected Transactions

During the Reporting Period, the Company's procedures such as management, review and approval of connected transactions were in conformity with related requirements of the Management Measures for Connected Transactions between Commercial Banks and Insiders or Shareholders issued by China Banking Regulatory Commission and the Management Measures for Connected Transactions of Jiangxi Bank without behaviors impairing shareholders' equity and the Company's interests.

## **10.5 Appointment and Dismissal of the Accounting Firm**

In order to maintain continuity and stability of audit of the Company's annual report, the eighth meeting of the first Board of Directors deliberated and approved that the Company would renew the engagement of KPMG Huazhen LLP as the financial audit firm for 2017.

## **10.6 Matters of Increase or Decrease in Registered Capital and Mergers and Division**

During the Reporting Period, the Company did not increase or decrease its registered capital and had no merger and division.

## Chapter XI Financial Report and Documents Available for Inspection

### I. Financial Report

(I) KPMG Huazhen LLP conducted an audit of the Company's 2017 annual financial report and issued a standard unqualified auditor's report.

(II) Financial statement.

(III) Notes to financial statements.

### II. Documents Available for Inspection

(I) Main part of the annual report containing the signatures of directors of the Company.

(II) Financial statements containing the seal of legal representative, chief person in Charge of financial affairs and person in charge of financial institution.

(III) The original copy of auditor's report containing the seal of the Certified Public Accountants LLP and signature and seal of the certified public accountant.

Board of Directors of Jiangxi Bank Co., Ltd.

April 28, 2018

## Written Review Comments of the Board of Supervisors of Jiangxi Bank Co., Ltd. on 2017 Annual Report

In accordance with the relevant provisions of the Company Law of the People's Republic of China and the Measures for Information Disclosure of Commercial Banks, the Board of Supervisor has perform diligent review on the 2017 Annual Report of Jiangxi Bank Co., Ltd. (hereinafter referred to as the "Bank") and its summary, and presents the following comments:

I. The 2017 Annual Financial Report of the Bank has been audited by KPMG Huazhen LLP, with a standard unqualified auditors' report being issued.

II. The procedures of preparation and review of the 2017 Annual Report of the Bank and its summary comply with laws, regulations and the relevant provisions of the internal management policy of the Bank.

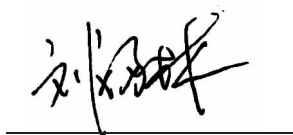
III. The 2017 Annual Report of the Bank and its summary fairly reflect the financial position and business performance of the Bank. The information disclosed is true, accurate and complete, and contains no false representations, misleading statements, or material omissions.

Board of Supervisors of Jiangxi Bank Co., Ltd.

April 25, 2018

## Signatures of Supervisors:

Liu Fulin



Shi Zhongliang



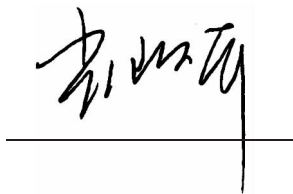
Li Danlin



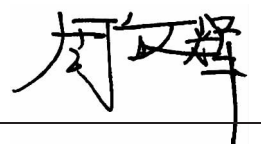
SHI Jing



Huang Zhenping



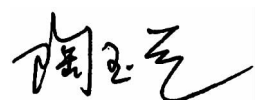
Zhou Mihui



Chen Chuxin



Tao Yulan

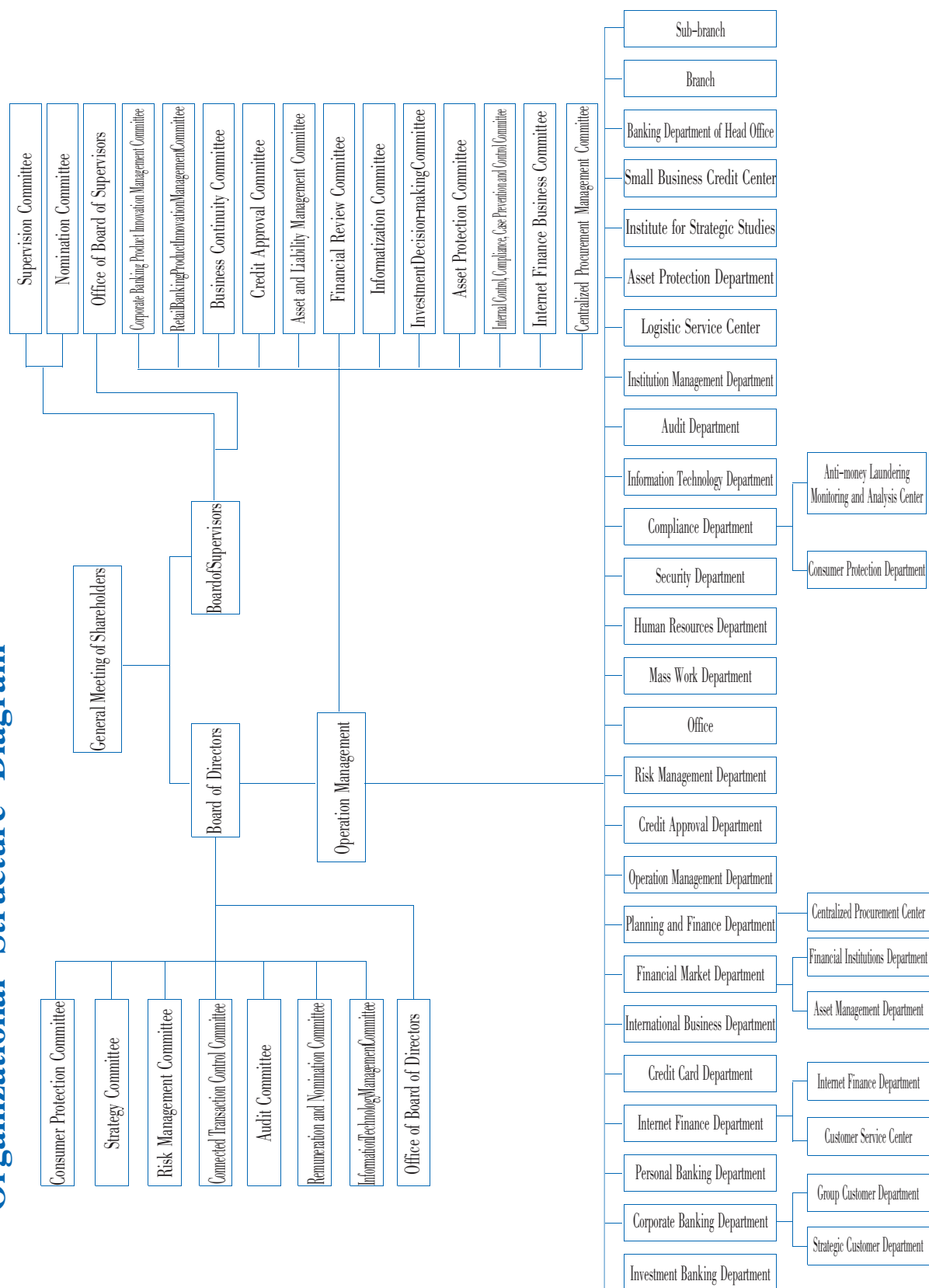


Chen Xinxiang



## Appendix I: Organizational Structure Diagram

### Organizational Structure Diagram



## Appendix II: List of the Branch Institutions

### List of Licensed Branch Institutions of Jiangxi Bank Co., Ltd. in 2017

No.	Affiliated to	Institution	Address
1	<b>Nanchang Bayi Sub-branch</b>	Nanchang Bayi Sub-branch	12 West Nanjing Road, Nanchang, Jiangxi Province
2		Nanchang Radio, Film and Television Sub-branch	207 Middle Hongdu Avenue, Nanchang, Jiangxi Province
3		Nanchang Railway, Times Square Sub-branch	2157 Diezihu Avenue, Honggutan New District, Nanchang, Jiangxi Province
4		Nanchang Fuzhou Road Sub-branch	115 Fuzhou Road, Donghu District, Nanchang, Jiangxi Province
5		Nanchang Qingshan Road Sub-branch	118 South Qingshan Road, Nanchang, Jiangxi Province
6	<b>Nanchang Donghu Sub-branch</b>	Nanchang Donghu Sub-branch	422 Dieshan Road, Donghu District, Nanchang, Jiangxi Province
7		Nanchang Xiangbei Sub-branch	226 North Xiangshan Road, Donghu District, Nanchang, Jiangxi Province
8		Nanchang Rongmen Road Sub-branch	108 Rongmen Road, Donghu District, Nanchang, Jiangxi Province
9		Nanchang Minde Sub-branch	156 Minde Road, Donghu District, Nanchang, Jiangxi Province
10	<b>Nanchang Zhongshan Road Sub-branch</b>	Nanchang Zhongshan Road Sub-branch	159 Zhongshan Road, Donghu District, Nanchang, Jiangxi Province
11		Nanchang Zigu Road Sub-branch	495 Minde Road, Donghu District, Nanchang, Jiangxi Province
12		Nanchang Sima Temple Sub-branch	2 Hongcheng Road, Nanchang, Jiangxi Province
13		Nanchang Fusheng Road Sub-branch	109 Commercial and Residential Building of Aoli Villas, Fusheng Road, Nanchang, Jiangxi Province
14		Nanchang Fuhe Sub-branch	470 Zhongshan Road, Xihu District, Nanchang, Jiangxi Province
15	<b>Nanchang Xiangnan Sub-branch</b>	Nanchang Xiangnan Sub-branch	303 Ruzi Road, Xihu District, Nanchang, Jiangxi Province
16		Nanchang Ganjia Former Lane Sub-branch	256 Ximazhuang, Xihu District, Nanchang, Jiangxi Province
17		Nanchang Chuanshan Road Sub-branch	375 Chuanshan Road, Xihu District, Nanchang, Jiangxi Province
18		Nanchang Wanshou Sub-branch	Middle Hall, 1/F, District 3, Nanchang Wanshougong Mall, 98-128 Daizi Street, Xihu District, Nanchang, Jiangxi Province
19		Nanchang Chaoyang Sub-branch	168 Fusheng Road, Xihu District, Nanchang, Jiangxi Province

No.	Affiliated to	Institution	Address
20	<b>Nanchang Binjiang Sub-branch</b>	Nanchang Binjiang Sub-branch	Room 101 and 201, Unit 1, Building B, Zijin City Commercial Area, Donghu District, Nanchang, Jiangxi Province
21		Nanchang Ximazhuang Sub-branch	249 Ximazhuang, Xihu District, Nanchang, Jiangxi Province
22		Nanchang Yangming Road Sub-branch	1-3 Xiazheng Street, Donghu District, Nanchang, Jiangxi Province
23		Nanchang Dieshan Sub-branch	196 Dieshan Road, Donghu District, Nanchang, Jiangxi Province
24		Nanchang Jingwei Sub-branch	177 Yangming Road, Donghu District, Nanchang, Jiangxi Province
25		Nanchang Baishuihu Sub-branch	Room 001, 002, 003, 005, Building B1, 3th Industrial Road (Changbei Steel Market), Baishuihu Industrial Park, Economic and Technological Development Area, Nanchang, Jiangxi Province
26		Nanchang Donghu Administrative Center Sub-branch	1/F, Donghu Administrative Service Center, Sixth Guihua Intersection, Donghu District, Nanchang, Jiangxi Province
27		Nanchang Railway Sub-branch	96 Zhanqian Road, Xihu District, Nanchang, Jiangxi Province
28	<b>Nanchang Railway Sub-branch</b>	Nanchang Changyun Sub-branch	131 Bayi Avenue, Nanchang, Jiangxi Province
29		Nanchang Xinhua Sub-branch	105 Dinggong Road, Xihu District, Nanchang, Jiangxi Province
30		Nanchang Yongshu Road Sub-branch	34 South Xiangshan Road, Xihu District, Nanchang, Jiangxi Province
31		Nanchang Provincial Building Material Market Sub-branch	Building 13, Provincial Building Material Market, Qingyunpu District, Nanchang, Jiangxi Province
32		Nanchang West Beijing Road Sub-branch	104 West Beijing Road, Xihu District, Nanchang, Jiangxi Province
33		Nanchang North Shengfu 2nd Road Sub-branch	53 North Shengfu Dayuan 2nd Road, Nanchang, Jiangxi Province
34		Nanchang Yingbin Avenue Sub-branch	333 North Yingbin Avenue, Nanchang, Jiangxi Province
35	<b>Nanchang Yingbin Avenue Sub-branch</b>	Nanchang Laofushan Sub-branch	1366 Jinggangshan Avenue, Xihu District, Nanchang, Jiangxi Province
36		Nanchang Xufang Sub-branch	63 Jianshe Road, Qingyunpu District, Nanchang, Jiangxi Province
37		Nanchang Xinxiao Sub-branch	346 Jinggangshan Avenue, Qingyunpu District, Nanchang, Jiangxi Province
38		Nanchang Nanfei Sub-branch	261 New Xiqiao Road, Qingyunpu District, Nanchang, Jiangxi Province
39		Nanchang Taoyuan Main Street Sub-branch	19 Taoyuan Main Street, Nanchang, Jiangxi Province
40		Nanchang Guangzhou Road Sub-branch	1/F, Qingyunpu District Administrative Service Center, Guangzhou Road, Qingyunpu District, Nanchang, Jiangxi Province
41		Nanchang Nongmao Sub-branch	Shop 119, 32C Hengmao Yinglun International, 168 East Zhuqiao Road, Qingyunpu District, Nanchang, Jiangxi Province



No.	Affiliated to	Institution	Address
42	<b>Nanchang Hongcheng Sub-branch</b>	Nanchang Hongcheng Sub-branch	1013 West Jianshe Road, Xihu District, Nanchang, Jiangxi Province
43		Nanchang Hongcheng Second Sub-branch	Building 12, District D, Hongcheng Market, Jiangxi Province
44		Nanchang Hongcheng Third Sub-branch	1, Building 16, Hongcheng Home Appliance Market, Xihu District, Nanchang, Jiangxi Province
45		Nanchang Hongda Sub-branch	588 Hongcheng Road, Xihu District, Nanchang, Jiangxi Province
46	<b>Nanchang High-tech Sub-branch</b>	Nanchang High-tech Sub-branch	Fengyuan Zhineng Building, 188 Huoju Main Street, High-tech Development Zone, Nanchang, Jiangxi Province
47		Nanchang Yudaihe Sub-branch	277 Shunwai Road, Qingshanhu District, Nanchang, Jiangxi Province
48		Nanchang East Jiefang Road Sub-branch	Building 8 (8-1 to 8-5, 8-A to 8-G), Jincheng Guoji, 179 East Jiefang Road, Qingshanhu District, Nanchang, Jiangxi Province
49		Nanchang East Beijing Road Sub-branch	Building 7, Tianzeyuan, 1198 East Beijing Road, Qingshanhu District, Nanchang, Jiangxi Province
50		Nanchang Jingdong Avenue Sub-branch	Daguan Guoji Plaza, 1819 East Beijing Road, Qingshanhu District, Nanchang, Jiangxi Province
51		Nanchang East Nanjing Road Sub-branch	165 East Nanjing Road, Qingshanhu District, Nanchang, Jiangxi Province
52		Nanchang Aixihu Sub-branch	Building 39, Lvdi Xinduhui, 2977 Ziyang Avenue, High-tech Development Zone, Nanchang, Jiangxi Province
53		Nanchang Maqiu Sub-branch	Building S2, East Side of Dongfeng Road, Maqiu Town, Nanchang, Jiangxi Province
54	<b>Nanchang Honggutan Sub-branch</b>	Nanchang Honggutan Sub-branch	302 Middle Honggu Avenue, Honggutan New District, Nanchang, Jiangxi Province
55		Nanchang Lvyin Road Sub-branch	Block B, Honggu Shiji Garden, Lvyin Road, Honggutan New District, Nanchang, Jiangxi Province
56		Nanchang Fenghe Sub-branch	1318 Fenghe Avenue, Honggutan New District, Nanchang, Jiangxi Province
57		Nanchang Honggu Building Sub-branch	Building 1, Tower B, Honggu Building, Honggutan New District, Nanchang, Jiangxi Province
58		Nanchang Huanan Sub-branch	Room E-4-098, Trading Square, Logistics 2, Phase 1, 1 Huanan Avenue, Honggutan New District, Nanchang, Jiangxi Province
59		Nanchang Fenghuangzhou Sub-branch	Area 3, 1/F, Property Service Center Building, 199 Xiangjiang Road, Honggutan New District, Nanchang, Jiangxi Province
60		Nanchang Administrative Center Sub-branch	Administrative Center, 999 Wolong Road, Honggutan New District, Nanchang, Jiangxi Province
61		Nanchang Jiulonghu Sub-branch	Room 109-112, Building 22, Lvdi Yuecheng, 168 Xizhan Street, Honggutan New District, Nanchang, Jiangxi Province

No.	Affiliated to	Institution	Address
62	<b>Ganjiang New District Branch</b>	Ganjiang New District Branch	Building 15, Yinglun Lianbang Community District, 135 Guiyuan Avenue, Economic Development Zone, Nanchang, Jiangxi Province
63		Ganjiang New Area Sub-branch	397 Rulehu Street, Economic Development Zone, Nanchang, Jiangxi Province
64		Nanchang Jingkai Sub-branch	135 Guiyuan Avenue, Economic Development Zone, Nanchang, Jiangxi Province
65		Nanchang Fenglu Sub-branch	13-15 Building 9, Fenglu Xintiandi, South Lushan Avenue, Economic Development Zone, Nanchang, Jiangxi Province
66	<b>Nanchang Xinxian Sub-branch</b>	Nanchang Xinxian Sub-branch	687 Jiefang Road, Xinxian District, Nanchang, Jiangxi Province
67		Nanchang Changleng Sub-branch	494-496 Xinxian Avenue, Xinxian District, Nanchang, Jiangxi Province
68		Nanchang Wangcheng Sub-branch	49 West Xinxing Avenue, Wangcheng New District, Nanchang, Jiangxi Province
69		Nanchang Wanli Sub-branch	381 Zhaoxian Road, Wanli District, Nanchang, Jiangxi Province
70	<b>Nanchang County Sub-branch</b>	Nanchang County Sub-branch	1088 West Chenghu Road, Liantang Town, Nanchang, Jiangxi Province
71		Nanchang Xiaolan Sub-branch	1128 Fushan Avenue, Nanchang, Jiangxi Province
72		Nanchang County Liantang Sub-branch	53 East Fuqian Road, Liantang Town, Nanchang County, Jiangxi Province
73		Nanchang County International Automobile Plaza Sub-branch	168 Fifth Fushan Road, Nanchang County, Jiangxi Province
74		Nanchang County Xianghu New City Sub-branch	2699 Jinsha Avenue, Nanchang, Jiangxi Province
75		Nanchang County Lianfu Sub-branch	Room 3, 2/F, Office, Building 2, Yincheng Garden, Nanchang, Jiangxi Province
76	<b>Nanchang Anyi Sub-branch</b>	Nanchang Anyi Sub-branch	445 Wenfeng Road, Longjin Town, Anyi County, Nanchang, Jiangxi Province
77		Nanchang Anyi Square Sub-branch	Building 48, Hengmao Yangguang Jiazhou Community, 89 Yingbin Avenue, Anyi County, Nanchang, Jiangxi Province
78	<b>Nanchang Jinxian Sub-branch</b>	Nanchang Jinxian Sub-branch	109 Shengli Road, Minhe Town, Jinxian County, Nanchang, Jiangxi Province
79		Nanchang Jinxian Xobao Sub-branch	1/F, Human Resources and Social Security Bureau Building, New Governmental District, Jinxian Town, Nanchang, Jiangxi Province
80		Nanchang Jinxian Tianhong Sub-branch	1028, 1/F, Jinxian Tianhong Supermarket, Intersection of Jinxian Avenue and Shengli Road, Nanchang, Jiangxi Province

No.	Affiliated to	Institution	Address
81	Pingxiang Branch	Pingxiang Branch	198 Middle Jianshe Road, Pingxiang, Jiangxi Province
82		Pingxiang Anyuan Sub-branch	1 East Zhaoping Road, Anyuan District, Pingxiang, Jiangxi Province
83		Pingxiang Jinrui Sub-branch	168 South Gongyuan Road, Pingxiang, Jiangxi Province
84		Pingxiang Shangli Sub-branch	16 North Heping Road, Shangli Town, Shangli County, Pingxiang, Jiangxi Province
85		Pingxiang Luxi Sub-branch	233 West Renming Road, Luxi County, Pingxiang, Jiangxi Province
86		Pingxiang Lianhua Sub-branch	Entrance of Walking Street, West Kangda Road, Lianhua County, Pingxiang, Jiangxi Province
87		Pingxiang Xiangdong Sub-branch	163 South Quanhu Road, Xiangdong District, Pingxiang, Jiangxi
88	Jiujiang Branch	Jiujiang Branch	248 Changhong Avenue, Lushan District, Jiujiang, Jiangxi Province
89		Jiujiang Ruichang Sub-branch	Building 3, Jinming Fudi Commercial Building, East Shifu Road, Ruichang, Jiangxi Province
90		Jiujiang Xiushui Sub-branch	No. 37, Building 2, Binjiang Garden, South Ninghong Road, Xiushui County, Jiujiang, Jiangxi Province
91		Jiujiang Yongxiu Sub-branch	46 Xincheng Avenue, Yongxiu County, Yongxiu Town, Jiangxi Province
92		Jiujiang Hukou Sub-branch	1/F, Chulishan World Trade Center, Interchange of Taishan Avenue and Xueyuan Road, Hukou County, Jiujiang, Jiangxi Province
93		Jiujiang Wuning Sub-branch	Building 5, Phase II, Nanmen Community, 301 Zhangling Road, Wuning County, Jiujiang, Jiangxi Province
94		Jiujiang Chaisang Sub-branch	West Lushan Road (Xiangzhang Garden), Jiujiang County, Jiujiang, Jiangxi Province
95		Jiujiang Duchang Sub-branch	South Side of Dongfeng Avenue (near Xinhua Bookstore), Duchang County, Jiujiang, Jiangxi Province
96		Jiujiang Development Zone Sub-branch	Room 101, Block 1, Xiangang Residential and Commercial Building, 78 Jiurui Avenue, Development Zone, Jiujiang, Jiangxi Province
97		Jiujiang Lushan Sub-branch	222 Xiufeng Avenue, Xingzi County, Jiujiang, Jiangxi Province
98		Jiujiang Gongqingcheng Sub-branch	234 Gongqingcheng Avenue, Jiujiang Gongqingcheng, Jiangxi Province
99		Jiujiang Pengze Sub-branch	709 Longcheng Town Avenue, Pengze County, Jiujiang, Jiangxi Province
100		Jiujiang Xunyang District Sub-branch	Two Storefront Shops 101-102, Shuyin Dushi (Lufeng Guixuan), 100 Xunyang Road, Jiujiang, Jiangxi Province
101		Jiujiang De'an Sub-branch	2 Fuyou Road, De'an County, Jiujiang, Jiangxi Province

No.	Affiliated to	Institution	Address
102	<b>Ganzhou Branch</b>	Ganzhou Branch	48 Zhangjiawei Road, Zhanggong District, Ganzhou, Jiangxi Province
103		Ganzhou Nankang Sub-branch	A-2, Ruifeng Garden, Tianmashan Avenue, Nankang District, Ganzhou, Jiangxi Province
104		Ganzhou Development Zone Sub-branch	(Di'er Shuichang, Ganzhou) North Wenfeng Road, Ganzhou Economic and Technological Development Zone, Jiangxi Province
105		Ganzhou Yudu Sub-branch	1/F, Building 14, Area B of Lishui Mingzhu, Middle Gutian Road, Yudu County, Ganzhou, Jiangxi Province
106		Ganzhou Xinfeng Sub-branch	Building 1, Gushan Xincheng, West Side of South Section of Yingbin Avenue, Jiading Town, Xinfeng County, Ganzhou, Jiangxi Province
107		Ganzhou Ruijin Sub-branch	282 Hongdu Avenue, Xianghu Town, Ruijin, Jiangxi Province
108		Ganzhou Ningdu Sub-branch	No. 1 Longxiwan, South Longxi Road, Ningdu County, Ganzhou, Jiangxi Province
109		Ganzhou Longnan Sub-branch	District G, Fortune Plaza, Longxiang Avenue, Longnan County, Ganzhou
110		Ganzhou Gan County Sub-branch	51 Meilin Street, Gan County, Ganzhou
111		Ganzhou Xingguo Sub-branch	286 Xingguo Avenue (the former Jiaotouh Avenue), Xingguo County, Ganzhou, Jiangxi Province
112		Ganzhou Mixc Sub-branch	7-8, Building 5, Shenghe Park, New Ganzhou Avenue, Ganzhou, Jiangxi Province
113		Ganzhou Huichang Sub-branch	Building 3, Yueliang Zhongyang Xingcheng, Huichang County, Ganzhou, Jiangxi Province
114		Ganzhou Shangyou Sub-branch	Business Shop, Building 15-16, Tourism Culture City Project, Shangyou County, Ganzhou, Jiangxi Province
115		Ganzhou Chongyi Sub-branch	Building 6, New Century Shopping Park, Yangling Avenue, Hengshui Town, Chongyi County, Ganzhou, Jiangxi Province
116		Ganzhou Quannan Sub-branch	18-20 Diwang Times Square, Quannan Town, Ganzhou, Jiangxi Province
117	<b>Yichun Branch</b>	Yichun Branch	636 North Yichun Road, Yichun, Jiangxi Province
118		Yichun Fengcheng Sub-branch	188 Middle Longguang Avenue, Hezhou Street, Fengcheng
119		Yichun Gao'an Sub-branch	117 Qiaobei Road, Gao'an, Jiangxi Province
120		Yichun Fengxin Sub-branch	188 Yingbin Road, Fengchuan Town, Fengxin County, Yichun, Jiangxi Province
121		Yichun Zhangshu Sub-branch	12 Loumenqian, Zhangshu, Jiangxi Province
122		Yichun Wanzai Sub-branch	209 Yangle Avenue, Wanzai County, Yichun, Jiangxi Province
123		Yichun Yifeng Sub-branch	333 Middle Xinchang Avenue, Yifeng County, Yichun, Jiangxi Province
124		Yichun Tonggu Sub-branch	18 North Huancheng, Tonggu County, Yichun
125		Yichun Fengcheng Jinzhonghuan Sub-branch	339 Mengxiang Road, Xincheng Community, Xincheng District, Fengcheng
126		Yichun Shanggao Sub-branch	23 Heping Road, Shanggao County, Yichun
127		Yichun Jing'an Sub-branch	66 Middle Dongfang Road, Jing'an County
128		Yichun Fengcheng South Jiefang Road Sub-branch	28 South Jiefang Road, Fengcheng, Jiangxi Province

No.	Affiliated to	Institution	Address
129	<b>Xinyu Branch</b>	Xinyu Branch	69 Zhongshan Road, Yushui District, Xinyu, Jiangxi Province
130		Xinyu Yushui Sub-branch	28 North Gongyuan Road, Yushui District, Xinyu, Jiangxi Province
131		Xinyu Fenyi Sub-branch	226 Tiangong Avenue, Fenyi County, Xinyu, Jiangxin Province
132		Xinyu Fenyi Jinhao Sub-branch	(1/F, Jinhao Caifu Plaza) Intersection of Qianshan Road and Changshan Road, Fenyi County, Xinyu, Jiangxi Province
133	<b>Shangrao Branch</b>	Shangrao Branch	46 Daihu Road, Shangrao, Jiangxi Province
134		Shangrao Boyang Sub-branch	Building 5 & 6, Xianfeng Trade City, Poyanghu Avenue, Poyang County, Shangrao, Jiangxi Province
135		Shangrao Wuyuan Sub-branch	2 East Chaxiang Road, Wuyuan County, Shangrao, Jiangxi Province
136		Shangrao Guangfeng Sub-branch	26 Yongfeng Avenue, Guangfeng District, Shangrao, Jiangxi Province
137		Shangrao Xuri Sub-branch	5 Chunjiang Road, Shangrao County, Shangrao, Jiangxi Province
138		Shangrao Dexing Sub-branch	88 South Yincheng Road, Dexing, Jiangxi Province
139		Shangrao Yushan Sub-branch	Shops 101-110, 1/F and Shops 204-210, 2/F, Building 1, HSBC Commercial Center, Sanqing Avenue, Yushan County, Shangrao, Jiangxi Province
140		Shangrao Wannian Sub-branch	(Runfeng Plaza) Middle Section of Liuling Avenue, Wannian County, Shangrao, Jiangxi Province
141		Shangrao Yugan Sub-branch	(Building 1, Central Capital) West of Yingbin Avenue, North of Changwan Road, Yuting Town, Yugan County, Shangrao, Jiangxi Province
142		Shangrao Yiyang Sub-branch	Financial Building, Shengli Road, Yiyang County, Shangrao, Jiangxi Province
1,430		Shangrao Qianshan Sub-branch	Starting Section of Shijiang Avenue, Hekou Town, Qianshan County, Shangrao, Jiangxi Province
144		Shangrao Hengfeng Sub-branch	Building 2, 169 Xing'an Road, Hengfeng County, Shangrao, Jiangxi Province

No.	Affiliated to	Institution	Address
145	<b>Ji'an Branch</b>	Ji'an Branch	1/F, Beicaihong Department Store, South Guangchang Road, West Jinggangshan Avenue, Jizhou District, Ji'an, Jiangxi Province
146		Ji'an Luling Sub-branch	Crossroad of Luling Avenue and Fuchuan Road (1/F of Joint Building of Luling Cultural Plaza Ji'an International Hotel), Ji'an County, Jiangxi Province
147		Ji'an Qingyuan Sub-branch	No. 111, Building B, Haode Xincheng, Qingyuan Avenue, Qingyuan District, Ji'an, Jiangxi Province
148		Ji'an Shifu Sub-branch	1/F, Cultural Palace, Dongqing Road, Chengnan New District, Ji'an, Jiangxi Province
149		Ji'an Xiajiang Sub-branch	26 Qunyu Road, Shuibian Town, Xiajiang County, Ji'an, Jiangxi Province
150		Ji'an Suichuan Sub-branch	No. 1, East side of South Ciyun Road, Suichuan County, Ji'an, Jiangxi Province
151		Ji'an Jishui Sub-branch	Binjiang Nanyuan, Yanjiang Road, Wenfeng Town, Jishui County, Ji'an, Jiangxi Province
152		Ji'an Xingan Sub-branch	Shops on 1/F and 2/F, Building 1, Dongfang Yujing Community, South Jinchuan Avenue, Xingan County, Ji'an, Jiangxi Province
153		Ji'an Taihe Sub-branch	A1 New Caifu Garden, Gongjiabin Avenue, Taihe County, Ji'an, Jiangxi Province
154		Ji'an Yongxin Sub-branch	64 Xianggan Avenue, Hechuan Town, Yongxing County, Ji'an, Jiangxi Province
155	<b>Fuzhou Branch</b>	Fuzhou Branch	618 Gandong Avenue, Linchuan District, Fuzhou, Jiangxi Province
156		Fuzhou Dongxiang Sub-branch	No. 1, Tower B, Building 1, Dongxin Caifu Plaza, Cultural Plaza, Administrative Center, Xincheng District, Dongxiang County, Fuzhou, Jiangxi Province
157		Fuzhou Chongren Sub-branch	14 West Xianfu Road, Chongren County, Fuzhou, Jiangxi Province
158		Fuzhou Le'an Sub-branch	38 Le'an Avenue, Le'an District, Fuzhou, Jiangxi Province
159		Fuzhou Jinxi Sub-branch	132 Middle Xiugu Avenue, Jinxi District, Fuzhou, Jiangxi Province
160		Fuzhou Nancheng Sub-branch	419 West Shengli Road, Jianchang Town, Nancheng County, Fuzhou, Jiangxi Province
161		Fuzhou Yihuang Sub-branch	77 West Xueqian Street, Yihuang County, Fuzhou, Jiangxi Province
162	<b>Yingtian Branch</b>	Yingtian Branch	12 Zhanjiang Road, Yuehu District, Yingtian, Jiangxi Province
163		Yingtian Guixi Sub-branch	16 Jiaotong Road, Guixi, Jiangxi Province
164		Yingtian Yujiang Sub-branch	10 Guangchang Road, Yujiang County, Yingtian, Jiangxi Province
165	<b>Jingdezhen Branch</b>	Jingdezhen Branch	Building 1, 1st Area, Huangguan Shopping Plaza, South Guangchang Road, Jingdezhen, Jiangxi Province
166		Jingdezhen Guangbei Sub-branch	1/F, Guangbei Apartment, North Guangchang Road, Jingdezhen, Jiangxi Province
167		Jingdezhen Xinchang Sub-branch	268 Taoyang Road, Jingdezhen, Jiangxi Province
168		Jingdezhen Changhe Sub-branch	3-6 Building 420, Changhe Living Quarter, Jingdezhen, Jiangxi Province

No.	Affiliated to	Institution	Address
169	Jingdezhen Branch	Jingdezhen Changnan Sub-branch	Shop 3, Building 1, Changnan Guoji, Changnan Avenue, Changjiang District, Jingdezhen, Jiangxi Province
170		Jingdezhen Licun Sub-branch	103 – 106 South side of Chaoyang Road, Jingdezhen, Jiangxi Province
171		Jingdezhen Longzhuge Sub-branch	496 Cidu Avenue, Jingdezhen, Jiangxi Province
172		Jingdezhen Qunying Sub-branch	Shop 3, 1/F, Huayuan Building, 18 Middle Zhushan Road, Zhushan District, Jingdezhen, Jiangxi
173		Jingdezhen Yanjiang Sub-branch	212–218 Middle Zhushan Road, Jingdezhen, Jiangxi Province
174		Jingdezhen Lianhuatang Sub-branch	7 North Lianshe Road, Jingdezhen, Jiangxi Province
175		Jingdezhen High-tech Sub-branch	708 Cidu Avenue, Jingdezhen, Jiangxi Province
176		Jingdezhen Cidu Sub-branch	597 Cidu Avenue, Jingdezhen, Jiangxi Province
177		Jingdezhen Beihuan Sub-branch	11 North Huancheng Road, Zhushan District, Jingdezhen, Jiangxi Province
178		Jingdezhen Changguang Sub-branch	8–9 1/F, Ruijing Garden, Chaoyang Road, Jingdezhen, Jiangxi Province
179		Jingdezhen Changjiang Sub-branch	101–108 Building 2, Yicuiyuan, Daijianong, Jingdezhen, Jiangxi Province
180		Jingdezhen Yingbin Sub-branch	1/F, West Side of Department of Transportation Comprehensive Building, Yingbin Avenue, Changjiang District, Jingdezhen, Jiangxi Province
181		Jingdezhen Fuliang Nanyuan Sub-branch	Shop 1–4, 5#, Shiji Xingcheng, North Xinchang Road, Fuliang County, Jingdezhen, Jiangxi Province
182		Jingdezhen Fuliang Sub-branch	No. 106–110, Building A5A6, Fuhong Xinyuan, East Side of North Xinchang Road, Fuliang County, Jingdezhen, Jiangxi Province
183		Jingdezhen Leping Sub-branch	16 Leping Avenue, Leping, Jiangxi Province
184		Jingdezhen Leping Zhushan Sub-branch	182 West Zhushan Road, Leping, Jiangxi Province
185		Jingdezhen Leping Chengzhong Sub-branch	50–52 East Zhuhai Road, Leping, Jiangxi Province
186		Jingdezhen Leping Zhongbu Sub-branch	Shangjie, Zhongbu County, Leping, Jiangxi Province
187	Guangzhou Branch	Guangzhou Branch	Custom No.201–202, Building 3, 2/F, Custom No.102, Building 3, 1/F, 986 North Jiefang Road, Yuexiu District, Guangzhou City
188		Guangzhou Zhujiang New Town Sub-branch	Room 103 and 202, Yuanyang building, No. 20 Huacheng Avenue, Tianhe District, Guangzhou City
1,890		Guangzhou Development Zone Sub-branch	1/F, 2/F, 3/F, Building A5, Headquarters Economic Zone, 243 Science Avenue, Guangzhou Development Zone
190		Guangzhou Haizhu Sub-branch	Custom Unit A118–A121, Room 101, Custom Unit B211–B213, Room 201,456 Xingang Middle Road, Haizhu District, Guangzhou City
191		Guangzhou Yuexiu Sub-branch	Room 101, 33 Nonglinxia Road, Yuexiu District, Guangzhou City (Section II of Custom home, 103, 104, 105, and 106 units)
192		Guangzhou Huangpu Avenue Sub-branch	Unit 101, 1/F and Unit 201, 2/F, 120 Whampoa Avenue West, Tianhe District, Guangzhou City



No.	Affiliated to	Institution	Address
193	<b>Suzhou Branch</b>	Suzhou Branch	Area B, Building 24, Yuanrong Shidai Plaza, Wangdun Road, Suzhou Industrial Park, Suzhou, Jiangsu Province
194		Suzhou High-tech Industrial Development Zone Sub-branch	1276 Binhe Road, High-tech Zone, Suzhou city
195		Taicang Sub-branch	1-3/F, Nengyuan Building, 128 South Minjiang Road, Taicang City
196		Zhangjiagang Sub-branch	Room 103, 203, Guotai Dongfang Squire, 9 Renmin East Road, Yangshe Town, Zhangjiagang City
197		Suzhou Wuzhong Sub-branch	Nanxiang Road Business Center, 88 Xijiang Road, South Yuexi, Wuzhong District, Suzhou City
198	<b>Small Business Credit Center</b>	Small Business Credit Center	96 Zhanqian Road, Xihu District, Nanchang, Jiangxi Province
199	<b>Banking Department of Head Office</b>	Nanchang Fandun Gongguan Community Sub-branch	Room 101, 27 Xinli Fandun Gongguan, Honggutan New District, Nanchang, Jiangxi Province
200	<b>Nanchang Bayi Sub-branch</b>	Nanchang Weima Fengshang Community Sub-branch	No. 107 of Building 34 & No. 108 of Building 36, Botai Weima Fengshang, Guangzhou Road, Qingyunpu District, Nanchang, Jiangxi Province
201		Nanchang Qingshan Road Community Sub-branch	629 South Qingshan Road, Donghu District, Nanchang, Jiangxi Province
202		Nanchang Haipo Lanting Community Sub-branch	Room 108, Commercial Apartment 1, Zone B of Zhongyang Plaza, Honggutan New District, Nanchang, Jiangxi Province
203	<b>Nanchang Donghu Sub-branch</b>	Nanchang Lvhu Haocheng Community Sub-branch	Building 5-4, Lvhu Haocheng, 2888 South Fenghe Avenue, Honggutan New District, Nanchang, Jiangxi Province
204		Nanchang Jiahai Industrial Park Xiaowei Sub-Branch	No. 2799 Tianxiang Avenue, Gaoxin District, Nanchang, Jiangxi Province
205	<b>Nanchang Zhongshan Road Sub-branch</b>	Nanchang Hengmao Dream World Community Sub-branch	Room 107, Building 4, Hengmao Dream World, East Beijing Road, Qingshanhu District, Nanchang, Jiangxi Province
206	<b>Nanchang Xiangnan Sub-branch</b>	Nanchang Ruzi Road Sub-branch	110 Ruzi Road, Xihu District, Nanchang, Jiangxi Province
207		Nanchang Zhanqian Road Residential Area Community Sub-branch	No. 1-2, 1/F, Building 34, Residential Area, 163 West Zhanqian Road, Xihu District, Nanchang, Jiangxi Province
208	<b>Nanchang Binjiang Sub-branch</b>	Nanchang Jingwei Fudi Community Sub-branch	286 Wuwei Road, Donghu District, Nanchang, Jiangxi Province
209		Nanchang Jinyuan Chuntian Community Sub-branch	East of Unit 1, Building 2, 317 Qifeng Road, Donghu District, Nanchang, Jiangxi Province
210		Nanchang Jiangfang Community Sub-branch	Jiangfang Yuannei 1st Road, Tangshan Street, Qingshanhu District, Nanchang, Jiangxi Province
211		Nanchang Shuian Guandi Community Sub-branch	Building 5, Shuian Guangdi, 233 North Qingshan Road, Donghu District, Nanchang, Jiangxi Province
212	<b>Nanchang Railway Sub-branch</b>	Nanchang Fenghe New Town Community Sub-branch	Shop 05, Building D4, D5, D6, Fenghe New Town, 193 South Lushan Avenue, Honggutan New District, Nanchang, Jiangxi Province
213		Nanchang Xihu Chuntian Community Sub-branch	10 Xihu Chuntian Commercial Room, 222 South Aixihu Road, Nanchang High-tech Industrial Development Zone, Jiangxi Province
214		Nanchang Qingyun Mingzhu Community Sub-branch	Room 110, Building 3 of Qingyun Mingzhu Commercial and Residential Building, Qingyunpu District, Nanchang, Jiangxi Province
215		Nanchang Yuhe Mingzhu Community Sub-branch	Shop 20, Building 1, Fengshou Road of Yuhe Mingzhu Residential Community, 683 Jinggangshan Avenue, Qingyunpu District, Nanchang, Jiangxi Province



No.	Affiliated to	Institution	Address
216	<b>Nanchang Yingbin Avenue Sub-branch</b>	Nanchang Xiyuan Community Sub-branch	Room 101, Building 20, Xiyue City Residential Area, 1111 East Chenghu Road, Liantang Town, Nanchang, Jiangxi Province
217		Nanchang Shuguang Community Sub-branch	20 Building 1, 381 South Hongdu Avenue, Nanchang, Jiangxi Province
218		Nanchang Shuixiewan Community Sub-branch	Room 107, 2nd Commercial Building, Tianshi Shuixiewan Residential Area, 669 Shirao Road, Qingyunpu District, Nanchang, Jiangxi Province
219	<b>Nanchang Hongcheng Sub-branch</b>	Nanchang Jiangshangyuan Community Sub-branch	Room 101, 102, Building 8, Chaoyangjiang Shangyuan, 118 Yunfei Road, Chaoyang New City, Xihu District, Nanchang, Jiangxi Province
220		Nanchang Xiyangmen Community Sub-branch	1155 Fusheng Road, Xihu District, Nanchang, Jiangxi Province
221	<b>Nanchang High-tech Sub-branch</b>	Nanchang Evergrande Mingdu Community Sub-branch	No. 10 & 11, Evergrande Cinemas, Evergrande Mingdu Commercial Street, 88 North Aixihu Road, Nanchang High-tech Industrial Development Zone, Jiangxi Province
222		Nanchang Vanke Wonder Land Community Sub-branch	B102, Lanan West Street, North District, Vanke Wonder Land, 999 Gaoxin 7th Road, Gaoxin District, Nanchang, Jiangxi Province
223		Nanchang Heyuan Community Sub-branch	Building 1, Heyuan Community, 923 East Nanjing Road, Qingshanhu District, Nanchang, Jiangxi Province
224	<b>Nanchang Honggutan Sub-branch</b>	Nanchang Lujing Mingju Community Sub-branch	V101 Lujing Mingju, 81 Cuilin Road, Honggutan New District, Nanchang, Jiangxi Province
225		Nanchang Fenghuang Jianyuan Community Sub-branch	No. 5, Area B, 888 North Fenghe Avenue, Honggutan New District, Nanchang, Jiangxi Province
226		Nanchang Liantai Qiaojun Community Sub-branch	Room 102, Business Building 17, Binjiang Qiaojun, Liantai Xiangyu, South Honggu Road, Honggutan New District, Nanchang, Jiangxi Province
227	<b>Ganjiang New District Branch</b>	Nanchang Honggu Shi'erting Sub-branch	3 Jiefang Road, Changleng Town, Xinjian District, Nanchang, Jiangxi Province
228		Xingguo Road Community Sub-branch	Building 1, Area C1, 988 Xingguo Road, Economic Development Zone, Nanchang, Jiangxi Province
229	<b>Nanchang Xinjian Sub-branch</b>	Nanchang Yanhai Lishui Jiayuan Sub-branch	2 Building 12, Yanhai Lishui Jiayuan Commercial Street, 388 Changfu Avenue, Xinjian District, Nanchang, Jiangxi Province
230		Nanchang Hengmao Honggu New Town Community Sub-branch	A587 Changleng Avenue, Area C, Chengkai Guoji Xueyuan, Xinjian District, Nanchang, Jiangxi Province
231		Nanchang Libuhu Park Community Sub-branch	68 Jiefang Road, Changleng Town, Xinjian District, Nanchang, Jiangxi Province
232	<b>Nanchang County Sub-branch</b>	Nanchang County Mengli Shuixing Community Sub-branch	Shop 6, Building 1, Guiyuan, 588 North Chenghu Road, Liantang Town, Nanchang County, Nanchang, Jiangxi Province
233		Nanchang County Yongtong Commercial Street Community Sub-branch	1299 West Chenghu Road, Nanchang County, Nanchang, Jiangxi Province
234	<b>Nanchang Anyi Sub-branch</b>	Nanchang Anyi County Shanghaiwan Gongguan Community Sub-branch	Shop 1104, Building 3, Shanghaiwan Gongguan, Dongmen Road, Anyi County, Nanchang, Jiangxi Province
235	<b>Nanchang Jinxian Sub-branch</b>	Nanchang Jinxian Qinglan Community Sub-branch	34 Zhongshan Avenue, Qinglan Community, Jinxian County, Nanchang, Jiangxi Province
236		Nanchang Jinxian Junhu Road Community Sub-branch	188 Junhu Road, Minhe Town, Jinxian County, Nanchang, Jiangxi Province

No.	Affiliated to	Institution	Address
237	Pingxiang Branch	Pingxiang Saina Mingcheng Community Sub-branch	177 West Zhaoping Road, Anyuan District, Pingxiang, Jiangxi Province
238		Pingxiang Kaixuan Xianggeli Community Sub-branch	Shop 106 & Shop 107, No. 5, Kaixuan Xianggeli, East Shaoshan Road, Anyuan District, Pingxiang, Jiangxi Province
239		Pingxiang Fenghuang Shanzhuang Community Sub-branch	9 Middle Gongyuan Road, Shangwan Residents' Committee, Pingxiang Development Zone, Jiangxi Province
240		Pingxiang Luxi Zhanqian Community Sub-branch	No. 45, Yangtian Community, Second Zhanqian Road, Luxi County, Pingxiang, Jiangxi Province
241		Pingxiang Shangli Pingli North Road Community Sub-Branch	78 Pingli Road, Shangli Town, Shangli County, Pingxiang, Jiangxi Province
242	Jiujiang Branch	Jiujiang East Lufeng Road Community Sub-branch	Shop 102, Building 9, Phase II of Xinhua Chengshi Garden, 57 East Lufeng Road, Xunyang District, Jiujiang, Jiangxi Province
243		Jiujiang Longhui Garden Community Sub-branch	57 Shili Avenue, Xunyang District, Jiujiang, Jiangxi Province
244		Jiujiang Meiri Yangguang Community Sub-branch	Shop 3-C1, Meiri Yangguan Garden, 98 Lushan Avenue, Lushan District, Jiujiang, Jiangxi Province
245		Jiujiang Yongxiu Shuxiang Mendi Community Sub-branch	Room 1001, Building 2, Shuxiang Mendi Residential Community, North side of Jianchang Avenue, Yongxiu Town, Jiangxi Province
246		Jiujiang Ruichang Middle Chiwu Road Community Sub-branch	No.112, Building A6, East of Bingma Ridge Road (Ruichang Liansheng Zone A), North of Chiwu Middle Road, Ruichang, Jiangxi Province
247		Jiujiang Hukou South Guangchang Road Community Sub-branch	South Guangchang Road (Entrance of Tuguan Community and South Side of Poyang Lake Market), Hukou County, Jiujiang, Jiangxi Province
248		Jiujiang Xiushui Fenghuang Guangchang Community Sub-branch	Building 2#, Fenghuang Guangchang Community, 88 Industrial Avenue, Ningzhou Town, Xiushui County, Jiujiang, Jiangxi Province
249	Ganzhou Branch	Ganzhou Wenqing Road Community Sub-branch	No. 77-13 of Wenqing Road (Shop 4-5, Huanmei Jiayuan), Zhanggong District, Ganzhou
250		Ganzhou Jianyuan Community Sub-branch	Shop 20, 5/F, Jianyuan Community, Xingguo Road, Zhanggong District, Ganzhou, Jiangxi Province
251		Ganzhou AVIC City Community Sub-branch	1-72, Building 8, Ganzhou Zhonghangcheng, 1 Cuiwei Road, Zhanggong District, Ganzhou, Jiangxi Province
252		Ganzhou Nankang Jieguanting Community Sub-branch	Jieguanting, East Gate of Rongjiang Town, Nankang District, Ganzhou, Jiangxi Province
253		Ganzhou Guoji Shidai Community Sub-branch	94 Hongqi Avenue, Zhanggong District, Ganzhou, Jiangxi Province
254		Ganzhou Xinfeng Taojiang Yujing Community Sub-branch	8-A-14 of Building 8#, Taojiang Yujing, Shengli Road, Xinfeng County, Ganzhou, Jiangxi Province
255		Ganzhou Yudu Yangguang Shui'an Community Sub-branch	Shop 2, Building B, Lot 9, Dujiang Avenue (Yangguang Shui'an), Gongjiang Town, Yudu County, Ganzhou, Jiangxi Province
256		Ganzhou Ruijin Jinjiang Mingcheng Community Sub-branch	Jinxiuyuan, Jinjiang Mingcheng, Xianghu Town, Ruijin, Jiangxi Province

No.	Affiliated to	Institution	Address
257	Yichun Branch	Yichun Yiren Huafu Community Sub-branch	1-9, 1/F, Building 40, Joint Building 9, 68 Yiyang Avenue, Yichun, Jiangxi Province
258		Yichun Feicuicheng Community Sub-branch	No. 1-4, 1/F, Building 19, Feicuicheng, 513 Yiyang Avenue, Yichun, Jiangxi Province
259		Yichun Yuhucheng Community Sub-branch	Shop 2-1-20, Yuhucheng, 299 Yiyang Avenue, Yichun, Jiangxi Province
260		Yichun Middle Xiujiang Road Community Sub-branch	101, Building D, Xiujiang Middle Road (Public Security School Resettlement Building), Yichun City
261		Yichun Chaoyang Road Community Sub-branch	No.C7, No.8, 6 District, Chaoyang Road, Yichun City
262	Xinyu Branch	Xinyu Xiandaicheng Community Sub-branch	Shop 10, Building 17, Phase II of Xiandaicheng, Extended Section of West Zhanqian Road, Yushui District, Xinyu, Jiangxi Province
263		Xinyu Beihu Xingcheng Community Sub-branch	1245 West Ganxi Avenue, Yushui District, Xinyu, Jiangxi Province
264	Shangrao Branch	Shangrao Wolongcheng Community Sub-Branch	F2, F3, Area F, Wolongcheng, 200 South Yongfeng Avenue, Guangfeng County, Shangrao, Jiangxi Province
265		Shangrao International Gongguan Community Sub-branch	Shop 1-9, Building 3, Guoji Gongguan, 36 Extended Section of Wusan Avenue, Xinzhou District, Shangrao, Jiangxi Province
266		Shangrao Xindongjie Community Sub-branch	C23-C24, Xindongjie Guojicheng, Guangfeng District, Shangrao, Jiangxi Province
267		Shangrao Ziyang Mingdi Community Sub-branch	No. 1-7, Building 2, Ziyang Mingdi, 3 Ziyang Avenue, Xinzhou District, Shangrao, Jiangxi Province
268		Shangrao Wuyuan Renjia Community Sub-branch	36-42 North Wengong Road, Wuyuan County, Shangrao, Jiangxi Province
269	Ji'an Branch	Ji'an Luohu Community Sub-branch	Room 1, Block 14, Dijingwan Luohu Garden, 258 North Yanjiang Road, Jizhou District, Ji'an, Jiangxi Province
270		Ji'an Jifu Road Community Sub-branch	1-02, Block 7, Taoyuan Shengjing Community, 56 Jizhou Avenue, Ji'an, Jiangxi Province
271	Fuzhou Branch	Fuzhou Nanda Community Sub-branch	No. 9 & 10, 1/F, Tower A, Commercial Comprehensive Building, Fuzhou Medical College of Nanchang University, Fuzhou High-tech Industrial Development Zone, Jiangxi Province
272	Guangzhou Branch	Guangzhou Huajing Road Community Sub-branch	No.15, Huajing Street, Huajing Road, Zhongshan Avenue, Tianhe District, Guangzhou City (Custom Home No. 101)
273		Guangzhou Book Center Community Sub-branch	B3,1st Floor, 123 Tianhe Road, Tianhe District, Guangzhou City
274		Guangzhou Shengyue Plaza Community Sub-branch	Room 198, 151 Fengyuan Road, Liwan District, Guangzhou City
275		Guangzhou Nanguo Huayuan Community Sub-branch	Shop No. 124A, 1st Floor, No.1-7 Nanguoyi Street, Pingyue Road, Zhujiang New Town, Tianhe District, Guangzhou City
276		Guangzhou Meibocheng Community Sub-branch	No. 01, Tower A, Meibocheng, 121 Guangyuan West Road, Yuexiu District, Guangzhou City

Note: As of the end of the Reporting Period, 276 branch institutions have obtained financial licenses and business licenses; Xinqizhou Sub-branch of Jiangxi Bank Co., Ltd. has obtained the financial license but not the business license.

## Table of 2017 Offsite Self-service Banking

No.	Branch/Sub-branch	Institution	Address
1	<b>Guangzhou Branch</b>	Tianhecheng Self-service Banking	1/F, Tianhecheng Shopping Mall, 205 Tianhe Road, Guangzhou
2		Guangzhou Zhengjia Self-service Banking	4/F, Zhengjia Plaza Shopping Mall, 228 Tianhe Road, Guangzhou
3		Taiyang Xintiandi Self-service Banking	2 Northwest Gate of Taiyang Xintiandi Shopping Center, Machang Road, Tianhe District, Guangzhou
4	<b>Suzhou Branch</b>	Suzhou Industrial Park Dongxing Road Self-service Banking	199 Xinghong Road, Industrial Park Zone, Suzhou
5	<b>Pingxiang Branch</b>	Pingxiang Xiangya Hospital Self-service Banking	XiangYa Hospital, 226 West Ring Road, Pingxiang
6		Pingxiang Telecommunication Building Self-service Banking	Telecommunication Building, 218 South Yuejin Road, Anyuan District, Pingxiang
7		Pingxiang Nanchang Department Store Self-service Banking	Nanchang Department Store, 1 Cultural Road, Walking Street, Pingxiang
8		Pingxiang Health School Self-service Banking	1/F, Shixun Building, Pingxiang Health School
9		Pingxiang High-speed Railway Station Self-service Banking	Waiting Room, 1/F & 2/F, Pingxiangbei Railway Station, Gaozhan Road, Pingxiang Development Zone, Jiangxi Province
10	<b>Jiujiang Branch</b>	Xunyang Road Self-service Banking	Shop 202, Xunyang Road, Jiujiang
11	<b>Ganzhou Branch</b>	Nankang Middle Rongjiang Road Self-service Banking	15 Nankang Middle Rongjiang Road
12		Ganzhou Zhanggong District Government Self-service Banking	Entrance of the East Gate, Government Compound, 26 Yangming Road, Zhanggong District, Ganzhou
13		Ganzhou Railway Station Self-service Banking	Entrance of Ticket Lobby of Railway Station, 31 Wuzhou Avenue, Zhanggong District, Ganzhou
14	<b>Shangrao Branch</b>	Shangmaocheng Self-service Banking	Building C, Jiangnan Shangmaocheng, 108 Ziyang Avenue, Shangrao
15		Yisheng Plaza Self-service Banking	Zhengda Shopping Mall, 86 Wusan Avenue, Shangrao
16	<b>Xinyu Branch</b>	Xinyu Jiefang Road Self-service Banking	Building 1, Gangcheng Shangmao Building, 208 North Shengli Road, Xinyu
17		Xinyu North Changqing Road Self-service Banking	304 North Changqing Road, Xinyu
18		Xinyu South Wuyi Road Self-service Banking	1 South Wuyi Road, Xinyu (near the Second Hospital)
19		Xinyu Qingnian Road Self-service Banking	52 Qingnian Road, Xinyu
20		Xinyu Baoshi Avenue Self-service Banking	287 Baoshi Avenue, Xinyu
21		Fenyi County Qianyang Road Self-service Banking	39 South Sishui Road, Fenyi County, Xinyu
22		Xinyubei Railway Station Self-service Banking	197 Middle Beihu Road, Xinyu
23		Xinyu Middle Beihu Road Self-service Banking	1/F & 2/F, Waiting Room, High-speed Railway Station, Xinyu

No.	Branch/Sub-branch	Institution	Address
24	Yichun Branch	Hengfeng Shidai Plaza Self-service Banking	Hengfeng Shidai Plaza, 133 Construction Road, Fengcheng
25		Gao'an Qiaonan Self-service Banking	Building 10, Chaoyang Jiajucheng, 188 South Qiaonan Road, Gao'an
26		Lianhua Dushi Jiayuan Self-service Banking	Entrance of Lianhua Dushi Jiayuan, 368 North Biluo Road, Gao'an
27		Yichun High-speed Railway Station Self-service Banking	Yichun High-speed Railway Station, Yuanzhou Avenue, Yuanzhou New Town, Yichun
28	Ji'an Branch	Haode Xincheng Weiyena Self-service Banking	1/F, Haode Xincheng Weiyena Cafe, 48 Tianyushan Road, Ji'an
29	Jingdezhen Branch	Jingdezhen Cidu Avenue Self-service Banking	926 Cidu Avenue, Jingdezhen, Jiangxi Province
30		Jinghan Taoci Guangchang Self-service Banking	1/F, Jinghan Taoci Plaza, South Guangchang Road, Jingdezhen
31		Leping Middle Renming Road Self-service Banking	Opposite of Leping Hospital, Middle Renming Road, Leping
32	Nanchang Anyi Sub-branch	Anyi Weilan Jiayuan Self-service Banking	35 First Waixi Road Weilan Jiayuan, Anyi County, Nanchang
33		Anyi People's Hospital Self-service Banking	55 Wenfeng Road, Anyi County, Nanchang
34	Nanchang Jinxian Sub-branch	Jinxian County People's Government Self-service Banking	58 Middle Avenue, Jinxian County, Nanchang
35		Jinxiannan High-speed Railway Station Self-service Banking	Waiting Room, Jinxiannan High-speed Railway Station, Nanchang
36	Nanchang Xiangnan Sub-branch	Nanbin International Hotel Self-service Banking	2 Bayi Avenue, Nanchang
37		Nanchang Jialaite Hotel Self-service Banking	10 South Guangchang Road, Xihu District, Nanchang
38		Qixing Shangye Hotel Self-service Banking	225 West Nanjing Road, Nanchang
39		Railway Station Self-service Banking	Zhanqian Lukou, South Erqi Road, Nanchang
40	Nanchang Railway Sub-branch	College of Science & Technology Self-service Banking	115 (Student Center) Ziyang Avenue, Nanchang
41		Shengjin Tower Self-service Banking	Room 03, Building 7, Shengjin Tower, Xihu District, Nanchang
42		Yudai Mingzhu Self-service Banking	Room 113, East Entrance of Yudai Mingzhu Community, 20 North Jingshan Road, Qingyunpu District, Nanchang
43		Jiangxi Mapping Agency Self-service Banking	Jiangxi Mapping Agency Self-service Banking, 2166 Fanghu Road, Changnan New Town, Nanchang County, Nanchang
44		Lan Gongguan Self-service Banking in South of Jiangxi Normal University Road	Building 1, Lan Gongguan, 15 South of Jiangxi Normal University Road, Qingshanhu District, Nanchang, Jiangxi Province
45		Jiangxi Science and Technology Normal University Self-service Banking	589 Xufu Avenue, Hongjiaozhou, Nanchang
46		Nanchang Xihu Chuntian Self-service Banking	102 Xihu Chuntian Commercial Room, 222 South Aixihu Road, Nanchang High-tech Industrial Development Zone, Jiangxi Province

No.	Branch/Sub-branch	Institution	Address
47	<b>Nanchang Hongcheng Sub-branch</b>	Science and Technology College of Jiangxi University of Traditional Chinese Medicine Self-service Banking	819 Xingwan Avenue, Nanchang
48		Nanchang Green Agricultural Products Market Self-service Banking	No. 123, Building 2, Nanchang Green Agricultural Products Market
49	<b>Nanchang Honggutan Sub-branch</b>	Honggutan City Hall Self-service Banking	2/F, City Hall, 99 Honggutan Xinfu Road, Nanchang
50		Fenghe New Town Self-service Banking	215 South Lushan Avenue, Honggutan New District, Nanchang
51		Honggu Center Tianhong Self-service Banking	129 Lvyin Road, Honggutan New District, Nanchang
52		Qianhu Hotel Self-service Banking	Qianhu Hotel, Xuefu Avenue, Honggutan District, Nanchang
53	<b>Nanchang Binjiang Sub-branch</b>	Guanglan Avenue Southern Sun Self-service Bank	54 Guanglan Avenue, Economic Development Zone, Nanchang
54		Huadong Jiaoda Self-service Banking	111 East Huangjiahu Road, Economic Development Zone, Nanchang
55	<b>Nanchang Bayi Sub-branch</b>	Jiangxi MCH Self-service Banking	318 Bayi Avenue, Nanchang
56		Jiangxi Normal University Yaohu Self-service Banking	1/F, Building 3, Students Apartment of Jiangxi Normal University, 99 Ziyang Avenue, Nanchang
57		Airport Economic Zone Self-service Banking	A1/F, Industrial Supporting Service Center, 389 Rulehu Street, Nanchang Airport Economic Zone
58	<b>Nanchang Yingbin Avenue Sub-branch</b>	Engineering Institute Self-service Banking	998 South Chuangye Road, Changleng Industrial Park, Xinjian District, Nanchang
59	<b>Banking Department of Head Office</b>	Xikezhan Self-service Banking	2/F, Xizhan Avenue, Jiulonghu Area, Honggutan New District, Nanchang
60	<b>Nanchang Xinjian Sub-branch</b>	Xinjian Changmai Road Self-service Banking	149 Changmai Road, Xinjian District, Nanchang
61	<b>Nanchang County Sub-branch</b>	Liantang Xiangyang Road Self-service Banking	408 Xiangyang Road, Liantang County, Nanchang
62		Xianghu New Town Self-service Banking	2008 Jinsha Avenue, Nanchang
63		Jialaite Garden Hotel Self-service Banking in Nanchang County	69 North Chenghu Avenue, Nanchang County, Nanchang City
64		Caihong Shiji Cheng Self-service Banking	788 East Chenghu Road, Liantang Town, Nanchang, Jiangxi Province
65		The Nanchang Country People's Government	Hall of The Nanchang Country People's Government, 99 North Chenghu Road Avenue, Nanchang County
66		Olympic Garden Self-service Bank	2088 Jinsha Avenue, Nanchang
67	<b>Nanchang Donghu Sub-branch</b>	Shengli Road Walking Street Self-service Banking	204 Shengli Road, Nanchang
68	<b>Nanchang Zhongshan Road Sub-branch</b>	Jiangxi Office of the CBRC Self-service Banking	213 Zhongshan Road, Donghu District, Nanchang



### Appendix III: Notes to Financial and Accounting Statements

Jiangxi Bank Co., Ltd.

Financial Statements from January 1, 2017 to December 31, 2017





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## Audit Report



**B.M.W.H.ZH.SH.Z. No. 1801206**

All shareholders of Jiangxi Bank Co., Ltd.:

### I. Audit Opinion

We have audited Page 1 to Page 152 of the attached financial statements of Jiangxi Bank Co., Ltd. (hereinafter referred to as “Jiangxi Bank”), including the parent company’s and the consolidated Balance Sheet dated December 31, 2017, the parent company’s and the consolidated income statement in 2017, the parent company’s and the consolidated cash flow statement and the parent company’s and the consolidated statement of changes in shareholders’ equity, as well as the notes to financial statements.

We assert that the attached financial statements were prepared in accordance with the stipulations of the Enterprise Accounting Standards issued by the Ministry of Finance of the People’s Republic of China (hereinafter referred to as “Enterprise Accounting Standards”), and fairly reflect the finance of Jiangxi Bank on December 31, 2017, operational results and cash flow of 2017 in all major aspects.

### II. Basis for Opinion

We implemented audit in accordance with stipulations of the Auditing Standards for Chinese Certified Public Accountants (hereinafter referred to as “Auditing Standards”). Our responsibilities under those standards are further described in the CPA’s Responsibilities for the Audit of the Financial Statements section of the audit report. We are independent of the Jiangxi Bank in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence which we have acquired is sufficient and appropriate, offering basis for provision of audit opinions.

### III. Other Information

The management of Jiangxi Bank is responsible for the other information. The other information comprises the data disclosed in the 2017 Annual Report of Jiangxi Bank, other than the financial statements and our auditor’s report thereon.

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



## Audit Report (Continued)

B.M.W.H.ZH.SH.Z. No. 1801206

### III. Other Information (Continued)

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

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

### IV. Responsibilities of the Management and Those Charged with Governance for the Financial Statement

The management is responsible for preparing financial statements in accordance with stipulations of the Enterprise Accounting Standards and fairly reflecting such statements, and designs, implements and maintains internal control regarding the preparation of consolidated financial statements so as to avoid major mistakes as a result of fraud or error.

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

Those charged with governance are responsible for supervising the process of the financial statement of Jiangxi Bank.

### V. CPA's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes the audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with audit standards will always detect a material misstatement when it exists. The misstatement might be caused by fraud or errors. If each or all of the misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements, it is generally deemed as material misstatement.

As part of an audit in accordance with the Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Meanwhile, we also accomplish the following tasks:

(1) 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 the audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Audit Report (Continued)

B.M.W.H.ZH.SH.Z. No. 1801206

### V. CPA's Responsibilities for the Audit of the Financial Statements (Continued)

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

(4) Draw a conclusion of the appropriateness of the going concern basis used by the management. Meanwhile, draw a conclusion of the matters that might produce major doubts about the ability of Jiangxi Bank to continue as a going concern, and judge whether there are major uncertainties, according to the audit evidence obtained. If we conclude that a material uncertainty exists, we are required by the Auditing Standards to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the information available up to the date of our auditor's report. However, future events or conditions may cause Jiangxi Bank to cease to continue as a going concern.

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

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Jiangxi Bank to express an audit opinion on the financial statements. We are responsible for guiding, supervising and implementing the Group audit, and remain solely responsible for our audit opinion.

We have communicated with those charged with governance on such matters as the scope of audit as planned, the schedule and material audit findings, including the defects in the internal control that are worth paying attention to found in this audit.

KPMG Huazhen LLP (Special General Partnership)

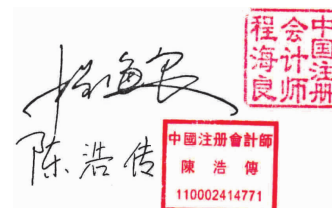


Beijing, China

Chinese Certified Public Accountant

Cheng Hailiang

Chen Haochuan



March 26, 2018

## Jiangxi Bank Co., Ltd. Consolidated Balance Sheet

December 31, 2017

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)

	Note	<u>2017</u>	<u>2016</u>
<b>Assets</b>			
Cash and deposits with PBC	7	40,039,192	34,820,475
Deposits with banks and other financial institutions	8	1,818,235	4,624,951
Lending to banks and other financial institutions	9	500,000	—
Financial assets at fair value through profit or loss for the current period	10	587,817	71,314
Financial assets held under reverse repo	11	6,180,084	5,658,039
Interest receivable	12	1,498,904	1,316,539
Loans and advances	13	124,769,378	104,153,645
Available-for-sale financial assets	14	59,606,148	74,615,104
Held-to-maturity Investments	15	25,620,386	20,063,182
Receivables Investment	16	102,615,409	62,582,366
Long-term Equity Investments	17	129,266	117,240
Investment real estate	18	13,807	13,923
Fixed assets	19	2,642,897	2,520,727
Intangible Assets	20	196,920	184,090
Deferred Income Tax Assets	21	1,522,569	1,146,627
Other assets	22	2,264,286	1,852,570
<b>Total assets</b>		<u>370,005,298</u>	<u>313,740,792</u>

The notes to financial statement posted from Page 118 to Page 226 are a part of this financial statement.

## Jiangxi Bank Co., Ltd.

### Consolidated Balance Sheet (Continued)

December 31, 2017

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)

	Note	<u>2017</u>	<u>2016</u>
<b>Liabilities</b>			
Borrowings from PBC		4,022,343	6,000,000
Due to banks and other financial institutions	23	29,820,013	30,829,329
Placements from banks and other financial institutions	24	1,350,000	77,748
Borrowings from other financial institutions	25	8,450,000	6,480,000
Proceeds from financial assets sold under repo	26	6,689,051	8,432,594
Deposits from customers	27	243,837,351	191,137,769
Notes payable		655,000	800,000
Employee remuneration payable	28	488,862	445,993
Tax and fees payable	29	538,109	687,347
Interests payable	30	3,283,853	2,069,344
Accrued liabilities	31	16,566	2,559
Bonds payable	32	43,473,768	43,786,584
Other liabilities	33	4,108,321	1,819,198
<b>Total liabilities</b>		346,733,237	292,568,465

The notes to financial statement posted from Page 118 to Page 226 are a part of this financial statement.

## Jiangxi Bank Co., Ltd. Consolidated Balance Sheet (Continued)

December 31, 2017

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)

	Note	<u>2017</u>	<u>2016</u>
<b>Shareholder's equity</b>			
Share capital	34	4,678,777	4,678,777
Capital surplus	35	7,631,127	7,631,127
Other integrated income	36	(357,388)	(32,226)
Surplus reserve	37	2,253,652	1,969,997
General risk reserve	38	4,700,715	3,964,106
Retained profit	39	<u>3,806,862</u>	<u>2,429,778</u>
Total equity attributable to the shareholders of the Bank		<u>22,713,745</u>	<u>20,641,559</u>
Minority shareholders' equity		<u>558,316</u>	<u>530,768</u>
Total equity		<u>23,272,061</u>	<u>21,172,327</u>
<b>Total Liabilities and Shareholders' Equity</b>		<u><b>370,005,298</b></u>	<u><b>313,740,792</b></u>

This financial statement has gained approval from the Bank's General Meeting of Shareholders on March 26, 2018.



Chen Xiaoming  
Legal representative

Xu Jihong  
Chief person in charge  
of financial affairs



Zhao Wanxian  
Person in charge of  
financial institution



The notes to financial statement posted from Page 118 to Page 226 are a part of this financial statement.

## Jiangxi Bank Co., Ltd.

### Balance Sheet of Parent Company

December 31, 2017

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)

	Note	<u>2017</u>	<u>2016</u>
<b>Assets</b>			
Cash and deposits with PBC	7	40,039,192	34,820,475
Deposits with banks and other financial institutions	8	1,818,211	4,624,951
Lending to banks and other financial institutions	9	920,000	–
Financial assets at fair value through profit or loss for the current period	10	587,817	71,314
Financial assets held under reverse repo	11	6,180,084	5,658,039
Interest receivable	12	1,417,895	1,251,823
Loans and advances	13	115,231,846	97,291,720
Available-for-sale financial assets	14	59,606,148	74,615,104
Held-to-maturity investments	15	25,620,386	20,063,182
Receivables investment	16	101,476,373	61,601,132
Long-term equity investments	17	639,266	627,240
Investment real estate	18	13,807	13,923
Fixed assets	19	2,639,178	2,518,104
Intangible assets	20	196,556	183,472
Deferred income tax assets	21	1,499,641	1,138,009
Other assets	22	1,936,409	1,107,019
<b>Total assets</b>		<u><u>359,822,809</u></u>	<u><u>305,585,507</u></u>

The notes to financial statement posted from Page 118 to Page 226 are a part of this financial statement.

## Jiangxi Bank Co., Ltd. Balance Sheet of Parent Company (Continued)

December 31, 2017

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)

	Note	<u>2017</u>	<u>2016</u>
<b>Liabilities</b>			
Borrowings from PBC		4,022,343	6,000,000
Due to banks and other financial institutions	23	30,301,342	31,211,289
Placements from banks and other financial institutions	24	1,350,000	77,748
Proceeds from financial assets sold under repo	26	6,689,051	8,432,594
Deposits from customers	27	243,837,358	191,137,769
Employee remuneration payable	28	455,695	421,683
Tax and fees payable	29	512,293	668,162
Interests payable	30	3,188,059	2,030,500
Accrued liabilities	31	16,566	2,559
Bonds payable	32	43,473,768	43,786,584
Other liabilities	33	<u>3,333,693</u>	<u>1,217,491</u>
<b>Total liabilities</b>		<u><b>337,180,168</b></u>	<u><b>284,986,379</b></u>

The notes to financial statement posted from Page 118 to Page 226 are a part of this financial statement.

## Jiangxi Bank Co., Ltd.

### Balance Sheet of Parent Company (Continued)

December 31, 2017

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)

	Note	<u>2017</u>	<u>2016</u>
<b>Shareholder's equity</b>			
Share capital	34	4,678,777	4,678,777
Capital surplus	35	7,631,127	7,631,127
Other integrated income	36	(357,388)	(32,226)
Surplus reserve	37	2,253,652	1,969,997
General risk reserve	38	4,663,995	3,950,336
Retained profit	39	3,772,478	2,401,117
<b>Total equity</b>		<u><b>22,642,641</b></u>	<u><b>20,599,128</b></u>
<b>Total liabilities and shareholders' equity</b>		<u><b>359,822,809</b></u>	<u><b>305,585,507</b></u>

This financial statement has gained approval from the Bank's General Meeting of Shareholders on March 26, 2018.



Chen Xiaoming  
Legal representative

Xu Jihong  
Chief person in charge  
of financial affairs



Zhao Wanxian  
Person in charge of  
financial institution



Jiangxi Bank Co., Ltd.

The notes to financial statement posted from Page 118 to Page 226 are a part of this financial statement.



## Jiangxi Bank Co., Ltd. Consolidated Income Statement

For the Year Ended December 31, 2017

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)

	Note	<u>2017</u>	<u>2016</u>
<b>Operating income</b>			
Interest income	40	15,393,748	12,785,988
Interest expense	40	<u>(7,912,645)</u>	<u>(4,959,812)</u>
Net interest income		7,481,103	7,826,176
Transaction fees and commission income	41	1,643,764	1,017,735
Transaction fees and commission expenditure	41	<u>(153,145)</u>	<u>(55,975)</u>
Net income from transaction fees and net commission income		1,490,619	961,760
Return on investment	42	482,864	209,791
(Including: Investment Income from Associated Enterprises)		12,026	1,122
Loss from changes of fair value	43	(7,930)	(35,359)
(Loss on)/Income from asset disposal	44	(26)	326
Other income	45	19,617	–
Exchange (loss)/gain		(27,025)	8,634
Other business income		<u>23,753</u>	<u>7,274</u>
<b>Total operating income</b>		<u>9,462,975</u>	<u>8,978,602</u>

The notes to financial statement posted from Page 118 to Page 226 are a part of this financial statement.

## Jiangxi Bank Co., Ltd.

### Consolidated Income Statement (Continued)

For the Year Ended December 31, 2017

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)

	Note	<u>2017</u>	<u>2016</u>
<b>Operating expense</b>			
Tax and surcharges	46	(105,178)	(284,879)
Business and administrative expense	47	(3,038,877)	(2,669,604)
Asset impairment loss	48	(2,575,802)	(3,614,493)
Other operating cost		<u>(3,329)</u>	<u>(3,143)</u>
<b>Total operating expense</b>		<u><u>(5,723,186)</u></u>	<u><u>(6,572,119)</u></u>
Operating profit		3,739,789	2,406,483
Add: Non-operating revenue	49	25,027	29,854
Less: Non-operating expense	50	<u>(23,707)</u>	<u>(22,897)</u>
Total profit		3,741,109	2,413,440
Less: Income tax expense	51	<u>(826,285)</u>	<u>(735,569)</u>
Net profit		<u><u>2,914,824</u></u>	<u><u>1,677,871</u></u>
(I) By classification of operation continuity:			
1.Continuous operating net profit		2,914,824	1,677,871
2.Discontinued operation net profit		—	—
(II) By classification of proprietorship			
1.Net profit attributable to shareholders of the Bank		2,865,226	1,637,349
2.Minority profit and loss		49,598	40,522

The notes to financial statement posted from Page 118 to Page 226 are a part of this financial statement.

## Jiangxi Bank Co., Ltd. Consolidated Income Statement (Continued)

For the Year Ended December 31, 2017

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)

	Note	2017	2016
<b>Net profit</b>		2,914,824	1,677,871
Other comprehensive after-tax net income	52	(325,162)	(74,845)
Other comprehensive income to be reclassified into the profit and loss subsequently			
Loss from changes of fair value of available-for-sale financial assets		(325,162)	(74,845)
Total comprehensive income		2,589,662	1,603,026
Total integrated income attributable to shareholders of the Bank		2,540,064	1,562,504
Total integrated income attributable to minority shareholders		49,598	40,522

This financial statement has gained approval from the Bank's General Meeting of Shareholders on March 26, 2018.



Chen Xiaoming  
Legal representative

Xu Jihong  
Chief person in charge of financial affairs



Zhao Wanxian  
Person in charge of financial institution



The notes to financial statement posted from Page 118 to Page 226 are a part of this financial statement.

## Jiangxi Bank Co., Ltd.

### Income Statement of Parent Company

For the Year Ended December 31, 2017

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)

	Note	<u>2017</u>	<u>2016</u>
<b>Operating income</b>			
Interest income	40	14,859,658	12,474,049
Interest expense	40	<u>(7,583,654)</u>	<u>(4,799,535)</u>
Net interest income		-----7,276,004-----	-----7,674,514-----
Transaction fees and commission income	41	1,533,212	893,991
Transaction fees and commission expenditure	41	<u>(146,795)</u>	<u>(50,448)</u>
Net income from transaction fees and net commission income		-----1,386,417-----	-----843,543-----
Return on investment	42	505,814	209,791
(Including: Investment Income from Associated Enterprises)		12,026	1,122
Loss from changes of fair value	43	(7,930)	(35,359)
(Loss on)/Income from asset disposal	44	(26)	326
Other income	45	12,018	-
Exchange (loss)/gain		(27,025)	8,634
Other business income		-----10,529-----	-----2,048-----
Total operating income		-----9,155,801-----	-----8,703,497-----

The notes to financial statement posted from Page 118 to Page 226 are a part of this financial statement.

## Jiangxi Bank Co., Ltd. Income Statement of Parent Company (Continued)

For the Year Ended December 31, 2017

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)

	Note	<u>2017</u>	<u>2016</u>
<b>Operating expense</b>			
Tax and surcharges	46	(104,070)	(282,264)
Business and administrative expense	47	(2,934,836)	(2,590,829)
Asset impairment loss	48	(2,490,491)	(3,529,087)
Other operating cost		(351)	(431)
<b>Total operating expense</b>		<u>(5,529,748)</u>	<u>(6,402,611)</u>
Operating profit		3,626,053	2,300,886
Add: Non-operating revenue	49	25,027	24,855
Less: Non-operating expense	50	(22,707)	(22,897)
Total profit		3,628,373	2,302,844
Less: Income tax expense	51	(791,820)	(707,670)
Net profit		<u>2,836,553</u>	<u>1,595,174</u>
Continuous operating net profit		2,836,553	1,595,174
Discontinued operation net profit		—	—

The notes to financial statement posted from Page 118 to Page 226 are a part of this financial statement.

## Jiangxi Bank Co., Ltd.

### Income Statement of Parent Company (Continued)

For the Year Ended December 31, 2017

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)

	Note	<u>2017</u>	<u>2016</u>
<b>Net profit</b>		2,836,553	1,595,174
Other comprehensive after-tax net income	52	(325,162)	(74,845)
Other comprehensive income to be reclassified into the profit and loss subsequently			
Loss from changes of fair value of available-for-sale financial assets		<u>(325,162)</u>	<u>(74,845)</u>
<b>Total comprehensive income</b>		<u>2,511,391</u>	<u>1,520,329</u>

This financial statement has gained approval from the Bank's General Meeting of Shareholders on March 26, 2018.



Chen Xiaoming  
Legal representative

Xu Jihong  
Chief person in charge of financial affairs



Zhao Wanxian  
Person in charge of financial institution



Jiangxi Bank Co., Ltd.

The notes to financial statement posted from Page 118 to Page 226 are a part of this financial statement.

## Jiangxi Bank Co., Ltd. Consolidated Cash Flow Statement

For the Year Ended December 31, 2017

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)

	Note	<u>2017</u>	<u>2016</u>
<b>Cash flow from operating activities</b>			
Net increase in deposits from customers		52,631,632	47,182,012
Net increase in deposits with peer banks and other financial institutions		—	17,726,074
Net increase in borrowing from PBC		—	5,400,000
Net increase in borrowings from other financial institutions		1,970,000	6,380,000
Net increase in placements from banks and other financial institutions		1,271,446	—
Net decrease in deposits with peer banks and other financial institutions		1,984,305	1,903,497
Net decrease in financial assets held under reverse repo		—	2,110,811
Cash obtained from interest, net fee and commission		9,992,551	8,151,324
Other cash received related to operating activities		2,394,680	1,060,298
Sub-total of cash inflow from operating activities		70,244,614	89,914,016
Net increase in loans granted and advance		(22,701,915)	(24,314,102)
Net increase in deposits with PBC		(7,985,131)	(5,698,748)
Net decrease in deposits with peer banks and other financial institutions		(1,033,189)	—
Net decrease in borrowings from PBC		(1,977,657)	—
Net decrease in placements from banks and other financial institutions		—	(64,008)
Net decrease in financial assets sold under repurchase agreements		(1,743,543)	(4,273,024)
Cash paid for interest, net fee and commission		(4,732,401)	(3,550,825)
Cash paid to and on behalf of employees		(1,446,695)	(1,249,612)
Tax payments		(1,340,961)	(1,354,795)
Other payments related to operating activities		(1,896,204)	(1,010,962)
Sub-total of cash outflow from operating activities		(44,857,696)	(41,516,076)
<b>Net amount of cash flows from operating activities</b>	53(1)	25,386,918	48,397,940

The notes to financial statement posted from Page 118 to Page 226 are a part of this financial statement.

## Jiangxi Bank Co., Ltd.

### Consolidated Cash Flow Statement (Continued)

For the Year Ended December 31, 2017

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)

	Note	<u>2017</u>	<u>2016</u>
<b>Cash flow in investing activities</b>			
Cash from realization of investment		620,373,450	643,582,485
Cash received from return of investments		609,599	1,833
Cash received from investment interest income		3,591,502	1,829,595
Net cash received from the disposal of fixed assets and other investments		<u>36,843</u>	<u>5,364</u>
Sub-total of cash inflow from investment activities		624,611,394	645,419,277
Cash paid for investments		(648,829,236)	(719,498,744)
Cash paid for the acquisition and construction of fixed assets, intangible assets, and other assets			
Sub-total of cash outflow from investment activities		<u>(866,782)</u>	<u>(1,130,941)</u>
Net cash flow for investment activities		<u>(649,696,018)</u>	<u>(720,629,685)</u>
<b>Cash flows from financing activities</b>		(25,084,624)	(75,210,408)
<b>Proceeds from issuance of bonds</b>			
Sub-total of cash inflow from financing activities		<u>87,725,553</u>	<u>63,200,516</u>
Cash paid for dividends or profits		<u>87,725,553</u>	<u>63,200,516</u>
Cash paid for the redemption of payable bonds		(490,027)	(213,065)
Interest paid for issuing payable bonds		(89,710,000)	(37,330,000)
Other cash payments related to financing activities		(447,496)	(336,159)
Sub-total of cash outflow from financing activities		<u>(9,198)</u>	<u>—</u>
Net amount of cash flows used/incurred in financing activities		<u>(90,656,721)</u>	<u>(37,879,224)</u>
		(2,931,168)	25,321,292

The notes to financial statement posted from Page 118 to Page 226 are a part of this financial statement.



## Jiangxi Bank Co., Ltd. Consolidated Cash Flow Statement (Continued)

For the Year Ended December 31, 2017

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)

	Note	2017	2016
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<u>62,079</u>	<u>(49,092)</u>
Net decrease in cash and cash equivalents	53(3)	(2,566,795)	(1,540,268)
Add: Opening balance of cash and cash equivalents		<u>16,513,677</u>	<u>18,053,945</u>
<b>Closing balance of cash and cash equivalents</b>	53(2)	<u>13,946,882</u>	<u>16,513,677</u>

This financial statement has gained approval from the Bank's General Meeting of Shareholders on March 26, 2018.



Chen Xiaoming  
Legal representative

Xu Jihong  
Chief person in charge  
of financial affairs



Zhao Wanxian  
Person in charge of  
financial institution



Jiangxi Bank Co., Ltd.

The notes to financial statement posted from Page 118 to Page 226 are a part of this financial statement.

## Jiangxi Bank Co., Ltd.

### Cash Flow Statement of Parent Company

For the Year Ended December 31, 2017

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)

	Note	<u>2017</u>	<u>2016</u>
<b>Cash flow from operating activities</b>			
Net increase in deposits from customers		52,631,639	47,182,012
Net increase in deposits with peer banks and other financial institutions		–	17,920,927
Net increase in borrowing from PBC		–	5,400,000
Net increase in placements from banks and other financial institutions		1,271,446	–
Net decrease in deposits with peer banks and other financial institutions		1,984,305	1,901,970
Net decrease in financial assets held under reverse repo		–	2,110,811
Cash obtained from interest, net fee and commission		9,064,501	7,652,817
Other cash received related to operating activities		<u>2,239,289</u>	<u>15,752</u>
Sub-total of cash inflow from operating activities		----- <u>67,191,180</u>	----- <u>82,184,289</u>
Net increase in loans granted and advance		(19,948,735)	(19,015,278)
Net increase in deposits with PBC		(7,985,131)	(5,699,220)
Net decrease in deposits with peer banks and other financial institutions		(933,820)	–
Net decrease in borrowings from PBC		(1,977,657)	–
Net decrease in placements from banks and other financial institutions		–	(69,639)
Net decrease in financial assets sold under repurchase agreements		(1,743,543)	(3,483,024)
Cash paid for interest, net fee and commission		(4,454,010)	(3,423,303)
Cash paid to and on behalf of employees		(1,379,204)	(1,210,303)
Tax payments		(1,297,709)	(1,333,174)
Other payments related to operating activities		<u>(1,811,033)</u>	<u>(853,991)</u>
Sub-total of cash outflow from operating activities		<u>-----<u>(41,530,842)</u></u>	<u>-----<u>(35,087,932)</u></u>
<b>Net amount of cash flows from operating activities</b>	53(1)	----- <u>25,660,338</u>	----- <u>47,096,357</u>

The notes to financial statement posted from Page 118 to Page 226 are a part of this financial statement.

## Jiangxi Bank Co., Ltd.

### Cash Flow Statement of Parent Company (Continued)

For the Year Ended December 31, 2017

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)

	<u>2017</u>	<u>2016</u>
<b>Cash flow in investing activities</b>		
Cash from realization of investment	619,869,650	641,978,936
Cash received from return of investments	632,549	1,833
Cash received from investment interest income	3,524,533	1,795,876
Net cash received from the disposal of fixed assets and other investments	<u>36,781</u>	<u>5,264</u>
Sub-total of cash inflow from investment activities	----- 624,063,513	----- 643,781,909
Cash paid for investments	(648,159,896)	(717,306,666)
Cash paid for the acquisition and construction of fixed assets, intangible assets, and other assets	<u>(863,735)</u>	<u>(494,068)</u>
Sub-total of cash outflow from investment activities	<u>----- (649,023,631)</u>	<u>----- (717,800,734)</u>
Net cash flow for investment activities	----- (24,960,118)	----- (74,018,825)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of bonds	<u>87,725,553</u>	<u>63,200,516</u>
Sub-total of cash inflow from financing activities	----- 87,725,553	----- 63,200,516
Cash paid for dividends or profits	(467,977)	(213,065)
Cash paid for the redemption of payable bonds	(89,710,000)	(37,330,000)
Interest paid for issuing payable bonds	(447,496)	(336,159)
Other cash payments related to financing activities	<u>(9,198)</u>	<u>-----</u>
Sub-total of cash outflow from financing activities	<u>----- (90,634,671)</u>	----- (37,879,224)
Net amount of cash flows used/incurred in financing activities	----- (2,909,118)	----- 25,321,292

The notes to financial statement posted from Page 118 to Page 226 are a part of this financial statement.

## Jiangxi Bank Co., Ltd.

### Cash Flow Statement of Parent Company (Continued)

For the Year Ended December 31, 2017

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)

	Note	<u>2017</u>	<u>2016</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<u>62,079</u>	<u>(49,092)</u>
Net decrease in cash and cash equivalents	53(3)	(2,146,819)	(1,650,268)
Add: Opening balance of cash and cash equivalents		<u>16,513,677</u>	<u>18,163,945</u>
Closing balance of cash and cash equivalents	53(2)	<u>14,366,858</u>	<u>16,513,677</u>

This financial statement has gained approval from the Bank's General Meeting of Shareholders on March 26, 2018.



Chen Xiaoming  
Legal representative

Xu Jihong  
Chief person in charge  
of financial affairs



Zhao Wanxian  
Person in charge of  
financial institution



Jiangxi Bank Co., Ltd.

The notes to financial statement posted from Page 118 to Page 226 are a part of this financial statement.

# Jiangxi Bank Co., Ltd. Consolidated Statement of Changes in Shareholders' Equity

For the Year Ended December 31, 2017

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)

2017

Equity Attributable to Shareholders of the Bank											
Note	Other Integrated Income	Surplus Reserve	General Risk Reserve	Retained Profit	Subtotal	Minority Share- holders' Equity	Total	Share Capital	Capital Surplus		
On January 1, 2017	4,678,777	7,631,127	(32,226)	1,969,997	3,964,106	2,429,778	20,641,559	530,768	21,172,327		
Changes for the year:											
1. Net profit	-	-	-	-	-	2,865,226	2,865,226	49,598	2,914,824		
2. Other integrated income	-	-	(325,162)	-	-	-	(325,162)	-	(325,162)		
Total comprehensive income	-	-	(325,162)	-	-	2,865,226	2,540,064	49,598	2,589,662		
3. Profit distribution											
- Appropriation of surplus reserve	-	-	-	283,655	-	(283,655)	-	-	-		
- Appropriation of general risk reserve	-	-	-	-	736,609	(736,609)	-	-	-		
- Distribution of dividends	-	-	-	-	-	(467,878)	(467,878)	(22,050)	(489,928)		
On December 31, 2017	4,678,777	7,631,127	(357,388)	2,253,652	4,700,715	3,806,862	22,713,745	558,316	23,272,061		

The notes to financial statement posted from Page 118 to Page 226 are a part of this financial statement.

For the Year Ended December 31, 2016

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)  
**2016**

Equity Attributable to Shareholders of the Bank									
	Other Integrated Income	Surplus Reserve	General Risk Reserve	Retained Profit	Subtotal	Minority Share- holders' Equity	Total	Share Capital	Capital Surplus
On January 1, 2016	4,678,777	7,631,127	42,619	1,810,480	2,606,775	2,543,216	19,312,994	490,246	19,803,240
Changes for the year:									
1.Net profit	-	-	-	-	-	1,637,349	1,637,349	40,522	1,677,871
2.Other integrated income	-	-	(74,845)	-	-	-	(74,845)	-	(74,845)
Total comprehensive income	-	-	(74,845)	-	-	1,637,349	1,562,504	40,522	1,603,026
3.Profit distribution									
- Appropriation of surplus reserve	-	-	-	159,517	-	(159,517)	-	-	-
- Appropriation of general risk reserve	-	-	-	-	1,357,331	(1,357,331)	-	-	-
- Distribution of dividends	-	-	-	-	-	(233,939)	(233,939)	-	(233,939)
On December 31, 2016	4,678,777	7,631,127	(32,226)	1,969,997	3,964,106	2,429,778	20,641,559	530,768	21,172,327

This financial statement has gained approval from the Bank's General Meeting of Shareholders on March 26,

明陈印晓



先赵万印



Chen Xiaoming  
Legal representative

**Xu Jihong**  
Chief person in charge of  
financial affairs

Zhao Wanxian  
Person in charge of  
financial institution

Jiangxi Bank Co., Ltd.

The notes to financial statement posted from Page 118 to Page 226 are a part of this financial statement.

# Jiangxi Bank Co., Ltd. Statement of Changes in Shareholders' Equity of Parent Company

For the Year Ended December 31, 2017

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)

		2017				
Note	Share Capital	Capital Surplus	Other Integrated Income	Surplus Reserve	General Risk Reserve	Retained Profit
On January 1, 2017	4,678,777	7,631,127	(32,226)	1,969,997	3,950,336	2,401,117
Changes for the year:						
1. Net profit	-	-	-	-	-	2,836,553
2. Other integrated income	-	-	(325,162)	-	-	(325,162)
Total comprehensive income	-	-	(325,162)	-	-	2,836,553
3. Profit distribution						
- Appropriation of surplus reserve	-	-	-	283,655	-	(283,655)
- Appropriation of general risk reserve	-	-	-	-	713,659	(713,659)
- Distribution of dividends	-	-	-	-	-	(467,878)
On December 31, 2017	4,678,777	7,631,127	(357,388)	2,253,652	4,663,995	3,772,478
						22,642,641

The notes to financial statement posted from Page 118 to Page 226 are a part of this financial statement.

# Jiangxi Bank Co., Ltd. Statement of Changes in Shareholders' Equity of Parent Company (Continued)

For the Year Ended December 31, 2016

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)

Note	2016					
	Share Capital	Capital Surplus	Other Integrated Income	Surplus Reserve	General Risk Reserve	Retained Profit
On January 1, 2016	4,678,777	7,631,127	42,619	1,810,480	2,606,775	2,542,960
Changes for the year:						
1. Net profit	-	-	-	-	-	1,595,174
2. Other integrated income	-	-	(74,845)	-	-	-
Total comprehensive income	-	-	(74,845)	-	-	1,595,174
3. Profit distribution						
- Appropriation of surplus reserve	-	-	-	159,517	-	(159,517)
- Appropriation of general risk reserve	-	-	-	-	1,343,561	(1,343,561)
- Distribution of dividends	-	-	-	-	-	(233,939)
On December 31, 2016	4,678,777	7,631,127	(32,226)	1,969,997	3,950,336	2,401,117
						20,599,128

This financial statement has gained approval from the Bank's General Meeting of Shareholders on March 26, 2



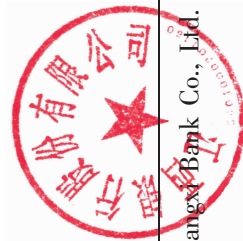
Chen Xiaoming  
Legal representative



Xu Jihong  
Chief person in charge of financial affairs



Zhao Wanxian  
Person in charge of financial institution



Jiangxi Bank Co., Ltd.

The notes to financial statement posted from Page 118 to Page 226 are a part of this financial statement.



## Jiangxi Bank Co., Ltd. Notes to Financial Statements

(Unless otherwise specified, the unit of the currency is expressed in thousand of RMB)

### 1 Basic Information of the Bank

Jiangxi Bank Co., Ltd. (hereinafter referred to as the “Bank”) was formerly named Nanchang Bank Co., Ltd. The headquarters of the Bank resides in Nanchang City, Jiangxi Province. On December 31, 1997, the Bank was set up by Nanchang Municipal Bureau of Finance, several enterprise entities and natural persons with approval from the People’s Bank of China based on former 40 urban credit cooperatives in Nanchang. On February 18, 1998, with the approval of Jiangxi Administration for Industry and Commerce, the Bank was registered as Nanchang Commercial Bank Co., Ltd.

On August 6, 2008, the Bank was changed from Nanchang Commercial Bank Co., Ltd. to Nanchang Bank Co., Ltd. On December 3, 2015, the China Banking Regulatory Commission (hereinafter referred to as the “CBRC”) issued Y.F. [2015] No. 658 Approval of Nanchang Bank Merging with Jingdezhen Commercial Bank. On December 7, 2015, People’s Government of Jiangxi Province issued G.F.Z. [2015] No. 85 Notice on Issuance of Establishment Plan of Jiangxi Bank Co., Ltd. Through acquisition of all equities of Jingdezhen Commercial Bank Co., Ltd, the Bank merged with the company and was renamed Jiangxi Bank Co., Ltd. on December 11, 2015.

On December 31, 2017, the Bank’s number of ordinary shares was 4,679 million.

The Bank holds a Financial License approved by the CBRC with institutional code number of B0792H236010001. The Bank’s main businesses include absorption of public deposits; issuing short-, mid-, and long-term loans; processing domestic settlement; foreign exchange business; processing bills acceptance and bills discounting; issuing financial bonds; issuance, cashing, redeeming and underwriting government bonds as an agent; purchasing and selling government bond; engagement in inter-bank borrowing and lending; providing guarantee; collecting and paying funds, and insurance business as an agent; providing service of safe deposit boxes; processing entrustment of deposit or lending business of credit revolving working capital of local governments and other business approved by the CBRC (The above items are operated with financial license).

### 2 Preparation Basis for Financial Statements

The financial statements have been prepared based on continuing operations.

#### (1) Statement of compliance with the Accounting Standards for Business Enterprises (ASBE):

This financial statement was prepared in accordance with the stipulations of the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People’s Republic of China (hereinafter referred to as the “Ministry of Finance”) and completely and authentically reflect the Bank’s finance on December 31,

2017, operational results and cash flow of 2017 in all major aspects.

## **(2) Fiscal Year**

The fiscal year of the Group shall be from January 1 to December 31 according to the solar calendar.

## **(3) Standard Currency for Accounting and Presentation Currency**

The Bank's bookkeeping currency is RMB, and the currency used in the preparation of financial statements is RMB. The basis for the selection of the bookkeeping currency of the Bank and the Subsidiaries (hereinafter referred to as "the Group") is the valuation and settlement currency of principal business receipts and disbursements.

# **3 Important Accounting Policy and Accounting Estimation**

## **(1) Business Combinations and Consolidated Financial Statement**

### **(a) Business Combinations Not under Common Control**

Business combinations not under common control means enterprises involving business combination are not under ultimate control by one party or the same multi-parties before and after combination. If the sum of the assets that the Group, as an acquirer, spends to obtain control of the acquiree (including the stock equity in the acquiree it has before the acquisition date), liabilities incurred or borne by the Group, and the fair value of issued equity securities on the acquisition date minus fair value of identifiable net assets of the acquiree on the combining date is positive, it shall be recognized as goodwill. If it is negative, it shall be included in profit and loss of the current period. The transaction costs of the equity securities or debt securities issued as consideration for combination of the Group shall be included in the initial recognized amount of equity securities or debt securities. Other direct costs for business combination of the Group shall be included in profit and loss of the current period. Profit and loss of the current period also includes the difference between the fair value of the assets it pays and their book value. The Group recognizes all identifiable assets, liabilities and contingent liability that accord with recognition condition on acquisition date and are obtained from the acquiree at their fair value. Acquisition date is the date that the acquirer actually obtains control of the acquiree.

### **(b) Consolidated Financial Statement**

The scope of consolidated financial statement shall be determined based on the control, including the Bank and its subsidiaries. Control refers to the power of an investor over the investee and the rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. The financial situation, operating results and cash flow of the subsidiaries shall be included in the consolidated financial statement from the starting date of the control to the ending date of the control.

For subsidiaries acquired through business combination not under the same control, the consolidated financial statements will be made on the basis of the fair value of the identifiable assets and liabilities of the purchased subsidiaries as determined on the date of purchase, and the purchased subsidiary is incorporated

into the consolidation scope of the Bank.

An adjustment of subsidiaries' financial statements is needed when preparing consolidated financial statements if the accounting policy and accounting period are different between the Company and its subsidiaries. All intra-group transactions and balances, including the unrealized profits and losses of internal transactions, have been offset upon combination. The unrealized losses incurred by the intra-group transactions shall be recognized in full if proved to be the impairment losses of related assets.

The total amount of equity, profit and loss and total income attributable to minority shareholders of the subsidiaries are presented within shareholders' equity of the consolidated balance sheet and after net profit and total comprehensive income respectively of the consolidated income statement. When the amount of loss of a subsidiary attributable to the minority shareholders exceeds the minority shareholders' portion of the owners' equity of the subsidiary at the beginning of the period, the excess amount is still allocated against minority interests. Without losing the control, the changes of minority shareholders' equity shall be regarded as equity transactions.

Any disposal gains or losses incurred by the Group's loss of control on the existing subsidiaries shall be included in the investment income in the current period of loss of control. For the remaining equity investment, the Group shall conduct re-measurement according to the fair value on the date of its loss of control, and any gains or losses incurred thereof shall also be included in the investment income in the current period of loss of control.

## (2) Foreign Currency Conversion

The foreign currency investment received by the Group is to be converted into RMB at the spot exchange rate of the current day, and other foreign currency transactions are converted into RMB at the spot exchange rate of the current day or at the exchange rate that approximates to the spot exchange rate on the date of the transaction. The spot exchange rate is the exchange rate between RMB and other foreign currencies published by the People's Bank of China or exchange rate obtained in accordance with such exchange rate published. The exchange rate that approximates the spot exchange rate is the average exchange rate of the current period, which is determined by the systematic method and is approximately the same as the spot exchange rate on the date of transaction.

On the balance sheet date, the foreign currency monetary items are converted at the spot exchange rate on that date and the exchange difference is recognized in profit or loss for the current period. Non-monetary assets and liabilities that are measured at historical cost in foreign currencies should still be converted at the spot exchange rate of the transaction date. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are translated using the foreign exchange rates at the date the fair value is determined. Exchange differences resulting therefrom attributable to foreign currency non-monetary items shall be included in other comprehensive income and other differences shall be included in profit and loss of the current period.

## (3) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits that can be used for payment at any time as well as short-term investments with a high liquidity that are readily convertible to known amounts of cash and

subject to an insignificant risk of change in value.

#### **(4) Financial Instruments**

##### **(a) Recognizing and Measuring of Financial Assets and Financial Liabilities**

Financial assets and financial liabilities are recognized in the balance sheet when the Group becomes a party to the terms of the relevant financial instruments.

In initial recognition, the Group divides financial assets and debts into different types according to aims of acquiring assets or bearing debts, including financial assets and liabilities which are measured at fair value and included in the profit and loss of the current period, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

In initial recognition, financial assets and liabilities are measured at fair value. For financial assets or liabilities that are measured at fair value with the changes included in profit and loss of the current period, the relevant transaction expenses shall be directly included in the profit and loss of the current period. For other types of financial assets or liabilities, the transaction costs are included in the initial recognition amount.

After initial recognition, the subsequent measurement of financial assets and liabilities is as follows:

- Financial assets and financial liabilities at fair value through profit or loss

The Group's financial assets and financial liabilities measured at fair value with changes included in profit or loss for the current period include trading financial assets or financial liabilities, and part of the financial instruments investment portfolio managed by the Group using the short-term profit model. The Group's financial assets and financial liabilities held for the purpose of selling or repurchasing in the near future are classified in this category. Its positive fair value is recorded as an asset, and the negative value is recorded as liabilities.

After initial recognition, financial assets and financial liabilities measured at fair value with changes included in current profit or loss shall be measured at fair value. Profit or loss (including interest and dividend income) arising from changes in fair value is included in profit or loss for the current period.

- Held-to-maturity investments

Non-derivative financial assets with fixed maturity dates and fixed or determinable recoverable amounts that the Group has the clear intention and ability to hold to maturity are classified into held-to-maturity investment but non-derivative financial assets in conformity with the definition of loans and accounts receivable are not included.

After initial recognition, the held-to-maturity investments are measured at amortized cost by the effective interest rate method.

- Loans and receivables

Loans and receivables are non-derivative financial assets that are not quoted in active markets whose recovery amount is fixed or determinable, and do not include financial assets that the Group intends to sell immediately or in the near future, or financial assets designated as available-for-sell at initial recognition.

Loans and accounts receivable mainly include deposits with PBC, interbank deposits and deposits with other financial institutions, lending to banks and other financial institutions, financial assets held under reverse repo, loans and advances and receivables investment. After initial recognition, the loans and receivables are measured at amortized cost by the effective interest method.

- Available-for-sale financial assets

The non-derivative financial assets classified as available-for-sale financial assets by the time of initial recognition, and financial assets not classified into other categories are classified as available-for-sale financial assets by the Group.

After initial recognition, the available-for-sale financial assets are measured at fair value. Profits or losses arising from changes in fair value, except for impairment losses and exchange differences arising from foreign currency available-for-sale debt instruments are included in profit or loss for the current period, and other profits or losses are included in comprehensive income, and shall be transferred out and included in profit or loss for the current period upon the derecognition of available-for-sale financial assets or impairment loss. Cash dividends from available-for-sale equity instruments are recognized in profit and loss of the current period when the investee declares dividends. Profit and loss of the current period also includes the interest of available-for-sale financial assets calculated with the real interest method (see Note 3 (18) (a)).

For equity instrument investments that are not quoted in an active market and whose fair value cannot be reliably measured, they are initially measured at cost after initial recognition.

- Other financial liabilities

Other financial liabilities refer to financial liabilities other than financial liabilities measured at fair value whose changes are included in profit or loss for the current period.

After initial recognition, it is measured at amortized cost by effective interest method.

### **(b) Presentation of Financial Assets and Financial Liabilities**

Financial assets and financial liabilities are listed separately in the balance sheet without offsetting each other. However, the net amounts after offsetting each other when all of the following conditions are met are shown in the balance sheet:

- The Group has the legal right to offset recognized amounts, and such legal right is currently enforceable;
- The Group plans to settle on a net basis or realize the financial assets and settle the financial liabilities simultaneously.

### **(c) Derecognition of Financial Assets and Financial Liabilities**

When the contractual rights to receive the cash flows of a financial asset are terminated or substantially all the risks and rewards of ownership are transferred, the Group will derecognize the financial asset.

When the overall transfer of financial assets meets the conditions of derecognition, the Group will calculate the difference of the following two amounts into the profit and loss of the current period:

- Carrying amount of the transferred financial asset;
- The sum of consideration received from the transfer and the accumulated amount of fair value change directly attributable to the shareholders' equity.

If the current obligations of a financial liability have been discharged in whole or in part, the Group will derecognize the financial liability or a part of it.

### **(d) Asset Securitization**

Generally, asset securitization refers to selling credit assets to special purpose entities, which then issue securities to investor. The interests of securitized financial assets are expressed in the form of senior tranche asset-backed securities or subordinated asset-backed securities, or other residual interests ("retained inter-

est”). The retained interest is recorded at fair value in the Group’s balance sheet. The profit or loss of securitization depends on the carrying amount of the transferred financial asset and is distributed between the derecognized financial asset and retained interest at relevant fair value on the date of transfer.

In applying the policy of securitized financial assets, the Group has considered the degree of risk and remuneration of the assets transferred to another entity and the extent to which the Group has exercised control over the entity.

### **(5) Financial Assets Held under Reverse Repo and Proceeds from Financial Assets Sold under Repo**

Financial assets held under reverse repo refer to the funds lent by the Group by purchasing and then reselling the financial assets at a fixed price in accordance with reverse repo agreement. Financial assets sold under repo refers to the funds borrowed by the Group by selling and then buying back the financial assets at a fixed price in accordance with repurchase agreement.

Financial assets held under reverse repo and financial assets sold under repo are recorded and reflected in the balance sheet according to amounts actually paid or received at the time of business. The purchased underlying assets of buying back the sale are not confirmed and shall be recognized in the off-balance sheet; the underlying assets of financial assets sold for repurchase shall be reflected in the balance sheet.

The difference between financial assets held under reverse repo and financial assets sold under repo is amortized by effective interest method during the relevant transaction period and is recognized as interest income and interest expense respectively.

### **(6) Long-term Equity Investments**

#### **(a) Investment in Subsidiaries**

In the consolidated financial statements of the Group, the long-term equity investment in the subsidiaries shall be treated in accordance with Note 3 (1) (b).

In individual financial statements of the Bank, the investment cost of the long-term equity investment in the subsidiary shall be initially measured in accordance with the following principles:

- For the long-term equity investment in the subsidiaries formed by business combination not under the same control, the Bank shall regard the fair value of assets paid for the purpose of obtaining control of the acquiree on the acquisition date, liabilities incurred or assumed and equity securities issued as initial investment cost of the investment.

- The long-term equity investment in subsidiaries formed in ways other than business combination shall be recognized in accordance with Note 3 (6) (b) at initial recognition.

In individual financial statements of the Bank, the Bank used the cost method to finish follow-up measurement of the long-term equity investment in the subsidiaries. Except than the price actually paid at the acquisition of investment or cash dividends or profits included in consideration which are declared but not yet paid, the Bank shall recognize returns on investment in the current period in accordance with the profits or cash dividends declared and distributed by the subsidiaries. Investment for the subsidiaries is presented in the balance sheet with the cost minus provisions (see Note 3 (13) (b)).

#### **(b) Investment in Associated Enterprises**

Associated enterprises refer to enterprises on which significant influence can be exerted by the Group.

For long-term equity investment obtained by paying cash, the Group shall take the cost paid according to the actually purchase price act as the initial investment.

In subsequent measurement, equity method shall be adopted in the accounting of associated enterprises' long-term equity investment.

The Group's specific accounting process when using the equity method includes:

- If the initial investment cost of long-term equity investment is greater than the fair value of identifiable net assets of the invested entity during investment, the former shall be the cost of long-term equity investment. If the initial investment cost of long-term equity investment is less than the fair value of identifiable net assets of the invested entity during investment, the latter shall be the cost of long-term equity investment; and the difference between the cost of long-term equity investment and initial investment cost assets shall be included in profit and loss of the current period.

- After obtaining investment in associated enterprises, the Group shall recognize the investment profit and loss and other comprehensive incomes respectively and adjust the carrying amount of long-term equity investment in accordance with the share in net profit or loss and other comprehensive income realized by the investee that shall be enjoyed or shared. The Group shall reduce the carrying amount of the long-term equity investment correspondingly in accordance with the share in profit or cash dividends declared by the investee. For any changes to the associated enterprises other than net profit or loss, other comprehensive income and profit distribution (hereinafter referred to as "other changes in shareholders' equity"), the Group shall include such change in shareholder's equity in accordance with the share and adjust the carrying amount of long-term equity investment.

- When calculating the net profit or loss, other comprehensive income and other changes in shareholders' equity as realized by the investee to be shared or assumed, the Group shall, on the basis of the fair value of identifiable net assets of the investee at the time of obtaining the investment, confirm investment income and other comprehensive incomes after making necessary adjustment in accordance with the Group's accounting policies or accounting period. The part of unrealized profit and loss arising from the internal transactions between the Group and the associated enterprises attributable to the Group shall be calculated in accordance with the proportion to be enjoyed and then be offset upon accounting by the equity method. The loss is recognized in full if there is evidence that the loss arising from the internal exchanges is the impairment loss of the relevant asset.

- The net losses of the affiliate, apart from the obligation of the Group to bear additional losses, are recognized to the extent that the carrying amount of the long-term equity investment and any long-term interests that in substance form part of its net investment in the affiliate is written-down to zero. Where net profits are realized by the associated enterprises in subsequent period, the Group resumes recognizing attributable profits after attributable losses not recognized are made good by attributable profits.

For the long-term equity investment in associated enterprises, the Group shall conduct impairment provision in accordance with the principle of Note 3 (13) (b).

## (7) Investment Real Estate

The Group divided its real estate, held to earn rent or capital appreciation, or both, into investment real estate. The Group adopted the cost model to measure investment real estate, i.e., after the cost is subtracted



by accumulated depreciation and provisions (see Note 3 (13) (b)), the results are reflected in the balance sheet. The Group depreciates the investment real estate by straight-line method after deducting the estimated net residual value and accumulated impairment provisions from the cost within the useful life of the fixed assets.

	<u>Service Life</u>	<u>Estimated Net Residual Value</u>	<u>Rate of Depreciation</u>
Properties and buildings	20 years	3%	4.85%
Land use rights	30–50 years	2%	1.96% – 3.27%

### (8) Fixed Assets and Projects under Construction

Fix assets refer to tangible assets that are held for operation and management for more than one accounting year.

The fixed assets are presented in the balance sheet with the cost minus the accumulated depreciation and the impairment provisions (see Note 3 (13) (b)); the construction in progress is presented in the balance sheet with the cost minus the impairment provisions (See Note 3 (13) (b)).

The initial cost of foreign purchased fixed assets includes the purchase price, relevant taxes and fees, and the expenses attributable to the assets that have occurred before the assets reach the intended usable state. Initial costs for self-construction of fixed assets include the cost of the engineering materials, direct labor, borrowing costs eligible for capitalization and the necessary expenditure incurred before the asset reaches the intended usable state.

Construction in progress is transferred as a fixed asset or other assets when it is ready for intended use. No depreciation is accrued for projects under construction.

For subsequent expenditures of fixed assets, including expenditures related to replacement of fixed assets, capitalization shall be included in the cost of fixed assets when economic benefits related to expenditures are likely to flow into the Group, and the book value of replacement parts shall be deducted. The expenses related to daily maintenance of fixed assets shall be included in profit and loss of the current period.

The profit or loss resulting from scrapping or disposing of fixed assets items is the difference between the net amount of the proceeds and the book value of the project, and is recognized in profit or loss on the scrap or disposal day.

The Group depreciates the fixed assets by straight-line method after deducting the estimated net residual value and accumulated impairment provisions from the cost within the useful life of the fixed assets. Unless the fixed assets meet the conditions on asset held for sale, the useful life, residual value rate and depreciation rate of all kinds of fixed assets are as follows:

	<u>Service Life</u>	<u>Residual Value Rate</u>	<u>Rate of Depreciation</u>
Properties and Buildings	5 – 20 years	3 – 5%	4.75% – 19.40%
Electronic equipment	3 – 5 years	3 – 5%	19.00% – 32.33%
Renovation of PP&E (Property, Plant & Equipment)	5 – 20 years	0 – 5%	4.75% – 20.00%
Other Equipment	3 – 10 years	3 – 5%	9.50% – 32.33%



The Group reviews the service life, estimated net residual value and depreciation method of fixed assets at least at the end of each year.

## (9) Lease

Leases are classified into finance lease and operating lease. Leases of assets where substantially all the risks and rewards of ownership have been transferred are classified as finance leases. Title may or may not eventually be transferred. All leases other than finance leases are classified as operating leases. Leases of assets where substantially all the risks and rewards of ownership have been transferred are classified as finance leases. Title may or may not eventually be transferred. All leases other than finance leases are classified as operating leases.

### (a) Finance Lease

When the Group is the lessor of finance lease, on the lease commencement date, the minimum lease payment receivable from the lessee and initial direct costs are taken as the entry value to be included in “loans and advances” balance sheet and non-guarantee residual value is recorded; the difference between the sum of minimum lease payment receivable from the lessee, initial direct costs and non-guarantee residual value and the sum of the present value is taken as the unearned financing income and recognized as interest income by using the effective interest method during each period of the lease term.

### (b) The Rented Assets under Operating Lease

The rental cost of leased assets of operating lease shall be recognized as the relevant asset cost or expense by straight line method during the leasing term. Contingent rentals are included in the profit and loss of the current period when they are actually incurred.

### (c) The Leased Assets under Operating Lease

Rental income of operating lease shall be recognized as income by straight line method during the leasing term. The initial direct cost incurred in rent out assets of operating assets shall be capitalized when the amount is large, and shall be included in the profit and loss of the current period in accordance with the basis of the same rental income recognized during the whole lease term, and shall be included in the profit and loss of the current period directly when the amount is small. Contingent rentals are included in the profit and loss of the current period when they are actually incurred.

## (10) Intangible Assets

Intangible assets are presented in the balance sheet with the cost minus the accumulated amortization (only for the intangible assets with limited useful life) as well as the impairment (see Note 3 (13) (b)).

For intangible assets with limited useful life, the Group uses the straight-line method to amortize them within the expected useful life after deducting the estimated net residual value and the accumulated impairment provision after the cost of intangible assets, unless the intangible asset complies with the conditions for sale. The amortization period of each intangible asset are as follows:

	<u><b>Amortization Period</b></u>
Land use rights	Authorized period of use
Real Property Use Right	20 – 25 years
Software	3 – 10 years
Core deposits	10 years
Others	1 – 20 years

The intangible assets that the Group cannot foresee for the future economic benefit period are regarded as intangible assets with uncertain service life. Till the balance sheet date, the Group possessed no intangible asset with uncertain useful life.

### **(11) Long-term Unamortized Expenses**

The Group has recognized all kinds of cost which have been used in the benefit period more than a year as long-term unamortized expense. Long-term unamortized expenses are presented in the balance sheet with the cost minus the accumulated amortization and provisions (see Note 3 (13) (b)).

Long-term unamortized expenses are amortized averagely over the benefit period. Years of amortization of projects respectively are:

	<u><b>Amortization Period</b></u>
The operating expenses for the improvement in the leased fixed assets	2 – 10 years
Other long-term prepaid expenses	1 – 10 years

### **(12) Repossessed Assets**

While recovering impaired loan and advance, the Group may, through legal procedures, recover ownership of the collateral, or the ownership may be delivered voluntarily by the borrower. If the Group intends to realize the assets in accordance with the provisions, and no longer require the borrower to repay, the foreclosed assets will be presented as “other assets”.

The foreclosed assets are measured at the fair value of the acquisition date. The foreclosed assets are not depreciated or amortized.

Impairment losses (see Note 3 (13) (b)) generated from the initial classification and subsequent revaluation are recognized in profit or loss for the current period.

### **(13) Provision for Impairment of Assets**

In addition to the impairment of assets mentioned in Note 3 (16), the impairment of other assets is processed according to the following principles:

### (a) Impairment of Financial Assets

At the balance sheet date, the Group assesses the carrying amount of financial assets other than financial assets measured at fair value and included into the profit or loss for the current period and determines whether there is any impairment of the financial assets or of a certain asset group. After the initial recognition of the accounted items, the impairment losses of the financial asset are calculated only if the objective evidence indicates that the financial asset of a particular group or group has been impaired. Objective evidence refers to the evidence that reliably predicts that one or more events will have an impact on the expected future cash flows of the single asset or the asset group.

The exclusive evidence of impairment of financial assets includes but is not limited to:

- The issuer or debtor is under significant financial difficulty;
- Non-compliance with contract terms by the debtor, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties;
- Significant adverse changes in the technological, market, economic or legal environment in which the issuer of equity instrument operates, and that the cost of the investment in the equity instrument may not be recovered by the investor;
- A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost; etc.

#### Provisions for impairment of the loans, receivables and held-to-maturity investments

Two methods will be employed by the Group to evaluate the impairment losses of the loans, receivables and held-to-maturity investments: assessment based on individual item and assessment based on combined items.

#### – Assessment based on individual item

The Group will use the assessment based on individual item to assess the impairment losses of the loans and receivables and held-to-maturity investments that the Group considers to be significant.

If there is objective evidence that there is an impairment loss for a significant amount of loans and receivables and held-to-maturity investments, the amount of the loss will be equal to the difference between the carrying amount of them and the present value of the estimated future cash flow discounted at the original effective interest rate, and the provision for impairment of the loans, receivables and held-to-maturity investments to reduce the corresponding carrying amounts.

when measuring the present value of the expected future cash flow of the loans, receivables and held-to-maturity investments including collateral and pledge, the money gained from the acquiring and selling the collateral and pledge shall be deducted from the cash flow recovered from the short-term disposal of the collateral, no matter the pledge will be disposed of or not.

#### – Assessment based on combined items

If there is no objective evidence that there is an impairment loss for some assessed loans and receivables and held-to-maturity investments (whether significant or not), those loans and receivables and held-to-maturity investments shall be included in portfolio of loans and receivables and held-to-maturity investments with similar credit risk characteristics of loans and receivables and held-to-maturity investments and collectively assessed on impairment. In the case of a portfolio assessment, the level of provision for loans and receivables

and held-to-maturity investments should be determined by estimating the existing losses based on the structure of the portfolio and the similar credit risk characteristics (which show that the borrower repays all the amounts under the terms of the contract) according to the historical loss experiences and current economic situation.

The impairment is recognized in the income statement for the current period. If there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the loss is recognized, the previously recognized impairment loss is reversed and included in profit or loss for the current period. The book value after the reversal shall not exceed the amortized cost of the financial asset on the day of reverse on the presumption that no provision for impairment is made.

When the Group has carried out all necessary legal and other procedures and the loans and advances are still not recoverable, then the Group will write off loans and advances and write off the corresponding provision for impairment. If the Group has withdrawn the loans and receivables after the period, it will be transferred back to the current profits and losses through the impairment loss of the assets.

Loans and advances with reorganization provisions are loans and advances to the Group for the repayment of its loans and advances as appropriate by borrowers who are insolvent. Renegotiated loans and advances are subject to continuous supervision to determine whether there is the need for impairment or whether it is overdue.

#### Provisions for impairment of available-for-sale financial assets

If the accumulated loss due to the decrease in the fair value of the available-for-sale financial assets has been recognized directly within the equity and there is objective evidence that the financial asset has been impaired, the accumulated losses recognized earlier directly in the equity will be transferred from the equity and recognized in the income statement, even if the financial asset has not yet been recognized.

The amount of accumulated losses transferred from equity and recognized in the income statement is equal to the difference, which is between the purchase cost (which has been deducted from any principal repayment and amortization) and the current fair value minus any impairment loss of the financial asset previously recognized in the income statement. For financial assets available for sale (such as unlisted equity instruments) that are not recorded at fair value due to unreliable calculation of fair value, relevant impairment loss shall be calculated in accordance with discounting of book value of financial assets and present return rate similar to financial assets to estimate difference between future cash flows and present value.

If, subsequent to the recognition of an impairment loss on an available-for-sale investment instrument, the fair value of the same has increased in later accounting period which can be related objectively to an event occurring after the loss is recognized, the previously recognized impairment loss is reversed and included in profit or loss for the current period. The impairment loss recognized by the available-for-sale equity instrument shall not be reversed through the income statement.

#### **(b) Impairment of Other Assets other than Financial Assets**

The Group determines whether the following assets are impaired according to internal and external information on the balance sheet date, including:

- Fixed assets and projects under construction
- Intangible assets
- Long-term unamortized expenses
- Repossessed assets

- The investment properties measured in the cost model.
- Long-term equity investments, etc.

The Group carries out impairment tests on assets with impairment indications and estimates the recoverable amount of assets.

The asset group consists of the related assets creating cash inflows, which is the smallest asset portfolio that can be identified. The cash inflows generated by the asset group are basically independent of other assets or asset groups.

The recoverable amount refers to the higher one between the net amount, which is equal to the fair value (see Note 3 (14)) of the asset (or asset group, asset group combination, the same below) minus the disposal expenses, and the present value of the expected future cash flow of the asset.

The present value of future cash flow of the asset should be expected based on the expected future cash flow of the assets generated during the process of continuous use and final disposal, and the appropriate pre-tax discount rate should be used to determine the amount after discounting.

The estimated results of the recoverable amount show that the book value of the assets will be written down to the recoverable amount when the recoverable amount of assets is less than the book value, and that the written-down amount will be recognized as the asset impairment loss, which will be included in the profit and loss of the current period, and the corresponding asset impairment provisions will be set aside. In terms of impairment losses associated with the asset group or asset group portfolio, the book value of the goodwill apportioned in the asset group or asset group portfolio should be offset first. Then the book value of the other assets should be offset in proportion according to the proportion of book value of assets other than the goodwill in asset group or asset group portfolio, but the book value of the assets after offset shall not be less than the highest of the net value of asset's fair value minus the disposal cost (if it can be determined), the present value of expected future cash flow of the asset (if it can be determined), and nil.

The impairment losses are irreversible in any subsequent period once recognized.

## (14) Measurement of Fair Value

In addition to the special statement, the Group measures the fair value according to the following principles:

The fair value is the price that a market participant can receive in selling an asset or needs to pay in transferring a liability in an orderly transaction on the measurement date.

When the Group estimates the fair value, it should consider the characteristics that market participants will consider when pricing related asset or liability on the measurement date (including the asset status and location of the assets, restrictions on the sale or use of assets, etc.) and use the valuation techniques that are applicable to the current situation and supported by sufficient data and other information. The valuation techniques used mainly include market approach, income approach and cost approach.

## (15) Employee Remuneration

### (a) Short-term Remuneration

During the accounting period when the employees provide service, the Group should recognize wages, bonuses, social insurances including medical insurance, employment injury insurance and maternity insurance

as well as housing funds which have been incurred or should be set aside according to the stipulated benchmark and on pro-rata basis as liabilities, and they should be included in the profit and loss of the current period or the cost of related assets.

#### **(b) Post-employment Benefits – Defined Contribution Plans**

The defined contribution plans that the Group participates in are based on the relevant laws and regulations of China. The basic endowment insurance, unemployment insurance and payment of enterprise annuity that the Group's employees participate in are in the social security system which is set up and managed by the government institution. The amount of the basic old-age insurance and unemployment insurance is calculated on the basis of the national standard and proportion. In conformity with relevant regulations of Measures for Enterprise Annuities, the Group supplementarily set up the contribution plans of pension-enterprise annuities. During the accounting period when the employees provide service, the Group recognizes the amount which should be paid as liabilities and they are included in the profit and loss of the current period or related asset costs.

#### **(c) Dismissal Benefits**

When the Group has severed the labor relations with employees before the expiration of the employee's labor contract or put forward compensation proposals for encouraging employees to voluntarily accept the reduction, it should recognize the liabilities arising from dismissal benefits, and they should be included in the profit and loss of the current period at the earlier of the date:

- When the Group cannot unilaterally withdraw the dismissal benefits provided by the dismissal of the labor relations plan or the reduction proposal;
- When the Group has a detailed and formal restructuring plan involving the payment of dismissal benefits and the restructuring plan has been implemented, or the main content of the plan has been announced to the parties affected by the plan, so that the parties formed a reasonable expectation for the restructuring of the Group.

#### **(d) Internal Retirement Benefits**

The Group has reached an agreement with the staff who have not fulfilled the required retirement age to withdraw from the workplace: when the above-mentioned employees accept the internal retirement arrangement and stops to provide services for the Bank, the Group will recognize the estimated the present value of the wages and social insurance premium of these employees, which is to be paid from the ceasing date of the service to the normal, as salary payable to employees and include it into the profits and losses for the current period. The estimated difference arising from the possible changes and the adjustment of the welfare standard shall be included in the profits and losses for the current period when incurred.

### **(16) Income Tax**

Apart from the income tax arising from business combination, or transaction or events in which related income is directly involved in the shareholders' equity (including other comprehensive income), the income tax and the deferred income tax of the current period are included in the profits and losses for the current period.

The income tax of the current period is based on the taxable income of this year, the expected income tax payable calculated according to the tax rate stipulated in the tax law, and the adjustment of the income tax

payable in previous years.

On the balance sheet date, if the Group has the statutory right to settle the income tax in net amount and intends to simultaneously carry out the settlement in net amount, acquisition of assets and repayment of liabilities, then the current income tax assets and current income tax liabilities will be listed as the net amount after offset.

Deferred income tax assets and deferred income tax liabilities are determined respectively according to deductible temporary differences and taxable temporary differences. The temporary difference refers to the difference between the book value and the tax base of assets or liabilities, and it includes the deductible loss and tax deduction that can be carried forward to subsequent years. The recognition of deferred income tax assets is limited to the amount of taxable income that is likely to be used to offset deductible temporary differences.

If the transaction does not belong to business combination and it affects neither the accounting profit nor the taxable income (or deductible loss) when it occurs, the temporary difference arising from the transaction will not result in deferred income tax. The temporary difference caused by the initial recognition of goodwill does not result in the deferred income tax.

On the balance sheet date, the Group calculates the carrying amount of assets and liabilities of the deferred income tax based on expected recovery or settlement modes of the assets and liabilities of the deferred income tax, the provisions of the tax law that have been enacted, and the applicable tax rate during the period in which the asset is expected to be recovered or the debt is paid off.

On the balance sheet date, the Group reviews the carrying amount of the deferred income tax assets. If it is no longer probable that sufficient taxable profits will be available in the future to utilize the benefit of deferred tax assets, the carrying amount of deferred income tax assets shall be written down. Such write-downs are reversed when it becomes probable that sufficient taxable profits will be available.

On the balance sheet date, the deferred income tax assets and deferred income tax liabilities should be listed as the net amount after offset when they simultaneously satisfy the following conditions:

- The taxpayer has the legal right to settle the income tax assets and current income tax liabilities of the current period on a net basis.
- And deferred income tax assets and deferred income tax liabilities are related to income tax levied on the same tax payer by the same tax administration department, or are related to different tax payers, but in the period when each important deferred income tax asset and liabilities are reversed, the taxpayer concerned intends to settle the current income tax assets and liabilities in net amount, or to acquire assets and pay off the liabilities at the same time.

## (17) Accrued Liabilities

If the obligations associated with the contingencies are the current obligations of the Group, and the performance of the obligations is likely to lead to the outflow of the economic interests of the Group, as well as the relevant amount can be reliably measured, the Group will recognize the accrued liabilities. For obligations that have a significant impact on the time value of money, accrued liabilities are determined with the amount from the expected future cash flows after discounting.

## **(18) Income Recognition**

### **(a) Interest Income**

Interest income is recognized in the income statement on an accrual basis in line with the actual interest rate of the financial instrument or the applicable floating rate. Interest income includes any discount or premium amortization, or the difference between the initial carrying amount of the interest-earning tool and its recoverable amount till the maturity date calculated on the basis of the effective interest rate.

When a financial asset or the same kind of financial assets is impaired, the interest income is recognized according to the discount rate used to discount the future cash flow at the time of measuring impairment loss.

### **(b) Transaction Fees and Commission Income**

Fees and commission income are recognized in profit or loss for the current period when the relevant services are provided.

### **(c) Dividend Income**

Dividend income from unlisted equity instruments is recognized in the income statement when the Group's right to receive dividends is established. The dividend income of the listed equity instrument investment is recognized when the share price of the investment item is ex-dividend.

## **(19) Government Grants**

Government grants are monetary or non-monetary assets acquired by the Group from the government free of charge, excluding the capital invested in the Group by the government as an owner.

Government grants are recognized when the Group can satisfy the conditions attaching to the grants and the Group can receive the grants.

Government grants shall be measured at the amount received or receivable if they are monetary assets. Government grants shall be measured at fair value if they are non-monetary assets.

Asset-related government grants are recognized as deferred income by the Group and equally included in other income or non-operating income over the service life of related assets in accordance with reasonable and systematic approaches. The income-related government grants shall be recognized as deferred income by the Group if they are used to compensate relevant expenses or losses of the Group in subsequent periods, and it shall be included in other income or non-operating income during the recognition of related expenses or losses; otherwise, they shall be directly included in other income or non-operating income.

## **(20) Profit Distribution**

After the date of balance sheet, the profit to be distributed in the profit distribution plan approved after approval is not recognized as the liability at the balance sheet date and is disclosed independently in the Notes.

## **(21) Related Party**

Related parties incur in a situation that one party controls or jointly controls another party or imposes significant influence on another party, or two parties (or more) are controlled or jointly controlled by one party.



The related parties may be individuals or enterprises. Enterprises that are controlled only by the state but do not have other related party relationship are not related parties.

## (22) Segment Report

The Group determines the operating segments based on the internal organizational structure, management requirements and internal reporting system. If two or more operating segments have similar economic characteristics and are the same or similar simultaneously in terms of the nature of each individual product or service, the nature of the manufacturing process, the type of customer of the product or service, the way in which the product is sold or the service provided, the impact of laws and administrative regulations on manufacturing of the product and rendering of services can be combined into one operating segment. The Group determines the reporting segments based on the operating segments and the principle of materiality.

In the preparation of the Group's segment reports, inter-segment transactions revenue is measured on the basis of actual transaction price. The accounting policies used in the segment report are consistent with those adopted in the Group's financial statements.

## (23) Entrusted Business

The Group undertakes entrusted business, including entrusted loans and entrusted investments.

The entrusted loan refers to the loan that is financed by the customer and distributed by the agent in accordance with the object, purpose, term and interest rate of the loan as determined by the principal. The entrusted investment refers to the investment financed by the trustee and in which the Group makes independent investment decisions within the specific scope during the entrusted period. The entrusted loans and entrusted investments shall be presented at the amount paid or delivered.

All entrusted business risks, profits and losses and responsibilities are borne by the principal, while the Bank only charge a fee.

## (24) Major Accounting Estimates and Judgments

The preparation of financial statements of the Group requires the management to make estimates and presumptions that may affect the application of accounting policies and the amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The judgments on the key presumptions and uncertainties involved in the estimation are reviewed on an ongoing basis by the management of the Group, effects of revisions to accounting estimates are recognized in the period of the revision and future periods.

Apart from the depreciation and amortization of assets such as investment properties, PP&E, intangible assets and long-term unamortized expenses in Note 3 (7), 3 (8), 3 (10) and 3 (11) and accounting estimates involved in all kinds of assets impairment in Note 13, 16, 19, 20 and 22, other major accounting estimates are as follows:

- (i) Note 21 – Confirmation of Deferred Income Tax Assets
- (ii) Note 59 – Valuation of the Fair Value of Financial Instruments

## 4 Statement on Changes of Major Accounting Policies

### (1) Accounting Policies Changes and Effects

#### (a) Changes and Reasons

Ministry of Finance issued Accounting Standards for Business Enterprises No. 42– Holding Non-current Assets for Sale and Disposal Groups and Discontinued Operation (hereinafter referred to as “Standards No. 42”) and revised Accounting Standards for Business Enterprises No. 16– Government Grants (hereinafter referred to as “Standards No. 16 (2017)”) respectively in April and May in 2017. Specifically, Standards No. 42 came into effect on May 28, 2017 and Standards No. 16 (2017) came into effect on June 12, 2017.

Major accounting policies that adopt the above-mentioned Accounting Standards for Business Enterprises have been presented in Note 3.

Meanwhile, in December 2017, Ministry of Finance issued the Notice on Revision and Issuance of Financial Statement Format of General Enterprises (C.K. [2017] No. 30). In accordance with the regulation, the Group formulated Financial Statements of 2017.

Main effects resulting from the Group adopting the above-mentioned standards and regulations are as follows:

##### (i) Government Grants

In accordance with regulations of Standards No. 16 (2017), the Group streamlined government grants existing on January 1, 2017 and changed related accounting policies by prospective application. Adopting of the standards did not cause significant impact on the Group’s financial standing and business performance. In terms of government grants related to income, they are changed from non-operating income to related government grants used for daily activities of the enterprise when they are included in the income statement and they are included in other income according to the nature of economic business. Government grants that are not related to income are included in non-operating income.

##### (ii) Income from Asset Disposal

In accordance with financial statement format stipulated by C.K. [2017] No. 30, the Group formulated Financial Statements of 2017 and made adjustments to presentation of financial statements by retrospective adjustment method. Adopting of the regulations of C.K. [2017] No. 30 did not cause significant impact on the Group’s financial standing and business performance.

In accordance with requirements of the document, the Group adds the item “income from asset disposal” to the income statement, which reflects enterprise’s disposal of fixed assets that are not included in holding for sale and profit or loss from disposal of construction in progress and intangible assets. The above-mentioned items were reflected in non-operating revenue and non-operating expenditure.

#### (b) Impact of Changes on Financial Statement in the Year

Compared with statement items prior to adopting these changed accounting policies, changes of affected items in the statement items of consolidated income statement and income statement of the parent company that adopts changed account policies are as follows:

<u>Increase (Decrease) in Amount of Statement Items after Adopting Changed Accounting Policies</u>		
	<u>The Group</u>	<u>The Bank</u>
Loss on asset disposal	(26)	(26)
Other income	19,544	11,945
Non-operating revenue	(20,009)	(12,410)
Non-operating expense	491	491
Total profit	—	—
Less: Income tax expense	—	—
Net profit	—	—

## 5 Taxes

(1) Taxes related to the provision of services and applicable to the Group include operating tax, value-added tax, urban maintenance and construction tax, and education surcharge.

<u>Taxes</u>	<u>Tax Basis</u>
Business tax	5% of the taxable operating income before May 1, 2016. According to C.S. [2016] No. 36 issued by the Ministry of Finance and the State Administration of Taxation, all of the operating tax taxpayers in China have been included in the pilot scope of replacing operating tax by VAT since May 1, 2016 and paid VAT instead of operating tax.
Value-added Tax	Output tax of financial service income is calculated based on the tax rate of 6% and output tax of other income is calculated based on 17% of the commodity sales and taxable rental or 6% of taxable income incurred from labor services stipulated by the tax law, and the value-added tax payable is the difference after the current period's deductible input VAT is deducted. The payable tax of real estate income acquired before April 30, 2016 by rent or conveyance is calculated at the rate of 5%.
Urban maintenance and construction tax	Calculated at 7% of the actual payment of business tax and value-added tax.
Education surcharge	Calculated at 3%–5% of the actual payment of business tax and value-added tax.

### (2) Income Tax

In 2017, the statutory income tax rate of the Bank is 25% (2016: 25%);

In 2017, the statutory income tax rate of subsidiaries is 25% (2016: 25%);

## 6 Business Combinations and Consolidated Financial Statement

As of December 31, 2017, consolidated subsidiaries and structured entities are as follows:

<u>Name of Subsidiaries</u>	<u>Main Business Place</u>	<u>Registration Place</u>	<u>Nature of Business</u>	<u>Registered Capital (RMB)</u>	<u>The Bank's Direct and Indirect Shareholding Ratio (or Similar Equity Ratio)</u>	<u>% of the Bank's Direct and Indirect Voting Right</u>
Jiangxi Financial Leasing Co., Ltd.	Shanghai	Nanchang	Finance lease	RMB1 billion	51%	51%

Jiangxi Financial Leasing Co., Ltd. (hereinafter referred to “Jiangxi Financial Leasing”) was established on November 24, 2015 by the contribution from the Bank and other shareholders. Its registered capital was RMB1 billion as of December 31, 2017, and is mainly engaged in financial leasing.

## 7 Cash and Deposits with PBC

	<u>Notes</u>	<u>The Group and the Bank</u>	
		<u>2017</u>	<u>2016</u>
Cash on hand		797,249	677,669
Deposits with PBC			
– Mandatory reserve requirement	(1)	32,213,580	25,878,518
– Excess deposit reserve	(2)	4,906,648	7,794,945
– Financial deposits to be deposited in the PBC		<u>2,121,715</u>	<u>469,343</u>
<b>Total</b>		<u>40,039,192</u>	<u>34,820,475</u>

(1) The required deposit reserves are the deposit reserves to be deposited in the People's Bank of China according to relevant laws and regulations. Such deposits shall not be used for daily business. As of December 31, 2017, the Bank's deposit ratio of RMB deposits and foreign currency deposits stipulated by the People's Bank of China are 13.5% and 5% respectively. (in 2016: The Bank's deposit ratio of RMB deposits and foreign currency deposits were 13.5% and 5% respectively.)

(2) The excess deposit reserve is the amount to be deposited in the People's Bank of China for fund clearing.

## 8 Deposits with Banks and Other Financial Institutions

Analysis based on the characteristics of transaction counterparty

	The Group		The Bank	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deposits from banks and other financial institutions within the country				
– Inter-bank deposits within the country	1,353,349	4,263,929	1,353,325	4,263,929
– Other financial institutions within the country	11,998	20,670	11,998	20,670
Deposits from overseas peers				
– Overseas peers	452,888	340,352	452,888	340,352
<b>Total</b>	<u>1,818,235</u>	<u>4,624,951</u>	<u>1,818,211</u>	<u>4,624,951</u>

## 9 Lending to Banks and Other Financial Institutions

Analysis based on the characteristics of transaction counterparty

	The Group		The Bank	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Other domestic financial institutions	<u>500,000</u>	<u>–</u>	<u>920,000</u>	<u>–</u>

## 10 Financial Assets at Fair Value through Profit and Loss of the Current Period

Analyzed based on the types and locations of investment

	<b>The Group and the Bank</b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
Unlisted		
Domestic		
– Bonds issued by the Chinese government	29,084	–
– Policy bank bonds	374,756	28,852
– Bonds of commercial banks and other financial institutions	9,984	–
– Enterprise bond	173,993	42,462
<b>Total</b>	<b><u>587,817</u></b>	<b><u>71,314</u></b>

All above-mentioned investment is investment of trading bonds, which is not subject to the major restriction of investment liquidation.

## 11 Financial Assets Held under Reverse Repo

### (1) Analysis Based on the Characteristics of Transaction Counterparty

	<b>The Group and the Bank</b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
Inter-bank deposits within the country	5,880,161	5,064,000
Other domestic financial institutions	299,923	594,039
<b>Total</b>	<b><u>6,180,084</u></b>	<b><u>5,658,039</u></b>

### (2) Analysis Based on Security Materials

	<b>The Group and the Bank</b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
Chinese government bonds	1,094,380	2,000,000
Policy bank bonds	4,785,781	3,606,589
Bonds of commercial banks and other financial institutions	100,000	–
Corporate bonds	199,923	51,450
<b>Total</b>	<b><u>6,180,084</u></b>	<b><u>5,658,039</u></b>

## 12 Interest Receivables

	The Group		The Bank	
	2017	2016	2017	2016
Investment	1,118,433	969,012	1,114,953	966,321
Loans and advances	361,021	294,999	283,373	232,974
Deposits with PBC	15,501	13,129	15,501	13,129
Financial assets held under reverse repo	2,641	901	2,641	901
Deposits with banks and other financial institutions	1,079	38,498	1,079	38,498
Lending to banks and other financial institutions	229	—	348	—
<b>Total</b>	<b>1,498,904</b>	<b>1,316,539</b>	<b>1,417,895</b>	<b>1,251,823</b>

## 13 Loans and Advances

### (1) Analysis Based on the Characteristics of Loans and Advances

	The Group		The Bank	
	2017	2016	2017	2016
Corporate loans and advances	82,109,036	78,156,273	72,397,778	71,198,195
Bills discounting	3,206,520	3,448,228	3,206,520	3,448,228
Retail loans and advances				
– Individual housing loan	25,562,847	15,147,245	25,562,847	15,147,245
– Personal business loans	6,008,981	5,215,269	6,008,981	5,215,269
– Personal consumption loans	9,212,175	4,314,829	9,212,175	4,314,829
– Credit card loan	3,242,153	1,701,377	3,242,153	1,701,377
Subtotal	44,026,156	26,378,720	44,026,156	26,378,720
Total loans and advances	129,341,712	107,983,221	119,630,454	101,025,143
Less: Provision for impairment				
– Assessment by individual method	(1,265,205)	(839,651)	(1,265,205)	(839,651)
– Assessment by combined method	(3,307,129)	(2,989,925)	(3,133,403)	(2,893,772)
Loan loss provision	(4,572,334)	(3,829,576)	(4,398,608)	(3,733,423)
Net loans and advances	124,769,378	104,153,645	115,231,846	97,291,720

## (2) Analysis Based on Distribution of Industries and Categories

	The Group			
	2017		2016	
	Amount	%	Amount	%
Wholesale and retail	19,320,739	14.94	21,181,999	19.62
Water, environment and public utility management	14,806,318	11.45	10,112,296	9.36
Manufacturing	9,761,682	7.55	11,304,342	10.47
Leasing and commercial services	9,574,652	7.40	7,567,061	7.01
Real estate industry	7,893,656	6.10	7,026,692	6.51
Construction	7,795,150	6.03	8,985,999	8.32
Transportation, storage and postal services	1,787,057	1.38	1,817,127	1.68
Accommodation and catering	1,754,420	1.36	1,614,571	1.50
Education & training	1,424,210	1.10	1,614,066	1.49
Sanitation and social work	1,401,310	1.08	1,142,426	1.06
Others	6,589,842	5.09	5,789,694	5.36
Corporate loans and advances	82,109,036	63.48	78,156,273	72.38
Bills discounting	3,206,520	2.48	3,448,228	3.19
– Individual housing loan	25,562,847	19.76	15,147,245	14.03
– Personal business loans	6,008,981	4.65	5,215,269	4.82
– Personal consumption loans	9,212,175	7.12	4,314,829	4.00
– Credit card loan	3,242,153	2.51	1,701,377	1.58
Retail loans and advances	44,026,156	34.04	26,378,720	24.43
Total	129,341,712	100.00	107,983,221	100.00
Less: Provision for impairment				
– Assessment by individual method	(1,265,205)		(839,651)	
– Assessment by combined method	(3,307,129)		(2,989,925)	
Loan loss provision	(4,572,334)		(3,829,576)	
Net loans and advances	124,769,378		104,153,645	



	The Bank			
	2017		2016	
	Amount	%	Amount	%
Wholesale and retail	19,256,739	16.10	21,051,832	20.84
Water, environment and public utility management	10,631,306	8.89	7,741,261	7.66
Leasing and commercial services	8,245,321	6.89	7,039,933	6.97
Manufacturing	8,078,244	6.75	9,417,076	9.32
Real estate industry	7,893,656	6.60	7,026,692	6.96
Construction	7,645,150	6.39	8,985,999	8.90
Accommodation and catering	1,754,420	1.47	1,614,571	1.60
Public administration, social security & social organizations	1,262,000	1.05	696,150	0.69
Sanitation and social work	1,184,852	0.99	871,400	0.86
Education & training	1,182,210	0.99	1,415,066	1.40
Others	5,263,880	4.40	5,338,215	5.28
Corporate loans and advances	72,397,778	60.52	71,198,195	70.48
Bills discounting	3,206,520	2.68	3,448,228	3.41
– Individual housing loan	25,562,847	21.37	15,147,245	14.99
– Personal business loans	6,008,981	5.02	5,215,269	5.17
– Personal consumption loans	9,212,175	7.70	4,314,829	4.27
– Credit card loan	3,242,153	2.71	1,701,377	1.68
Retail loans and advances	44,026,156	36.80	26,378,720	26.11
Total loans and advances	119,630,454	100.00	101,025,143	100.00
Less: Provision for impairment				
– Assessment by individual method	(1,265,205)		(839,651)	
– Assessment by combined method	(3,133,403)		(2,893,772)	
Loan loss provision	(4,398,608)		(3,733,423)	
Net loans and advances	115,231,846		97,291,720	

### (3) Analysis Based on Regions

	The Group			
	2017		2016	
	Amount	%	Amount	%
Nanchang	59,765,586	46.21	51,603,407	47.79
Jiangxi Province (Nanchang region excluded)	45,533,099	35.20	36,826,320	34.1
Outside Jiangxi Province	17,986,507	13.91	14,668,130	13.58
The Head Office	6,056,520	4.68	4,885,364	4.53
Total loans and advances	129,341,712	100.00	107,983,221	100.00
Less: Provision for impairment				
– Assessment by individual method	(1,265,205)		(839,651)	
– Assessment by combined method	(3,307,129)		(2,989,925)	
Loan loss provision	(4,572,334)		(3,829,576)	
Net loans and advances	124,769,378		104,153,645	

	The Bank			
	2017		2016	
	Amount	%	Amount	%
Nanchang	59,765,586	49.96	51,603,407	51.08
Jiangxi Province (Nanchang region excluded)	45,533,099	38.06	36,826,320	36.45
Outside Jiangxi Province	8,275,249	6.92	7,710,052	7.63
The Head Office	6,056,520	5.06	4,885,364	4.84
Total loans and advances	119,630,454	100.00	101,025,143	100.00
Less: Provision for impairment				
– Assessment by individual method	(1,265,205)		(839,651)	
– Assessment by combined method	(3,133,403)		(2,893,772)	
Loan loss provision	(4,398,608)		(3,733,423)	
Net loans and advances	115,231,846		97,291,720	

#### (4) Analysis Based on the Ways of Guarantee

	The Group		The Bank	
	2017	2016	2017	2016
Unsecured loans	17,232,304	10,697,816	17,232,304	10,697,816
Guaranteed loans	47,286,027	43,098,835	47,286,027	43,098,835
Secured loans	53,214,864	41,604,091	43,503,606	34,646,013
Pledged loans	8,401,997	9,134,251	8,401,997	9,134,251
Subtotal	126,135,192	104,534,993	116,423,934	97,576,915
Bills discounting	3,206,520	3,448,228	3,206,520	3,448,228
Total loans and advances	129,341,712	107,983,221	119,630,454	101,025,143
Less: Provision for impairment				
– Assessment by individual method	(1,265,205)	(839,651)	(1,265,205)	(839,651)
– Assessment by combined method	(3,307,129)	(2,989,925)	(3,133,403)	(2,893,772)
Loan loss provision	(4,572,334)	(3,829,576)	(4,398,608)	(3,733,423)
Net loans and advances	124,769,378	104,153,645	115,231,846	97,291,720

### (5) Analysis on Overdue Loans Based on Guarantee Methods and Overdue Terms

The Group and the Bank					
2017					
	Overdue for under 3 Months (Including 3 Months)	Overdue for 3 Months to 1 Year (Including 1 Year)	Overdue for 1 Year to 3 Years (Including 3 Years)	Overdue for over 3 Years	Total
Unsecured loans	63,972	44,489	15,276	816	124,553
Guaranteed loans	2,267,838	701,861	445,735	14,150	3,429,584
Secured loans	1,181,170	289,712	427,293	173,769	2,071,944
Pledged loans	43,158	137,402	13,100	8,590	202,250
<b>Total</b>	<b>3,556,138</b>	<b>1,173,464</b>	<b>901,404</b>	<b>197,325</b>	<b>5,828,331</b>

The Group and the Bank					
2016					
	Overdue for under 3 Months (Including 3 Months)	Overdue for 3 Months to 1 Year (Including 1 Year)	Overdue for 1 Year to 3 Years (Including 3 Years)	Overdue for over 3 Years	Total
Unsecured loans	16,305	9,089	3,964	930	30,288
Guaranteed loans	2,482,909	480,344	696,907	15,761	3,675,921
Secured loans	1,567,696	554,780	565,639	3,996	2,692,111
Pledged loans	27,500	3,040	34,650	–	65,190
<b>Total</b>	<b>4,094,410</b>	<b>1,047,253</b>	<b>1,301,160</b>	<b>20,687</b>	<b>6,463,510</b>

Overdue for one day, the loan principal or interest is deemed as overdue.

(6) Analysis on customers' loans, advances and provisions

	The Group				
	2017				
	Provision for Loans and Advances Assessed Collectively	Impaired Loans and Advances		Total Impaired Loans and Advances as % of Total Loans and Advances	The Fair Value of Collaterals in Impaired Loans and Advances Assessed Individually
		Provision Assessed Collectively	Provision Assessed Individually	Total Value	
The total amount of loans and advances extended to following customers					
– Financial institution	3,383,959	–	–	3,383,959	–
– Non-financial institution	123,832,734	583,633	1,541,386	125,957,753	286,191
Total loans and advances	127,216,693	583,633	1,541,386	129,341,712	286,191
Less: Impairment provision corresponding to following customer loans and advances					
– Financial institution	(4,719)	–	–	(4,719)	
– Non-financial institution	(2,813,212)	(489,198)	(1,265,205)	(4,567,615)	
Loan loss provision	(2,817,931)	(489,198)	(1,265,205)	(4,572,334)	
Net amount of loans and advances extended to following customers					
– Financial institution	3,379,240	–	–	3,379,240	
– Non-financial institution	121,019,522	94,435	276,181	121,390,138	
Net loans and advances	124,398,762	94,435	276,181	124,769,378	

The Group

2016

	Provision for Loans and Advances Assessed Collectively	Impaired Loans and Advances Provision Assessed Collectively	Provision Assessed Individually	Total Value	Total Impaired Loans and Advances as % of Total Loans and Advances	The Fair Value of Collaterals in Impaired Loans and Advances Assessed Individually
The total amount of loans and advances extended to following customers						
– Financial institution	3,672,445	–	–	3,672,445	–	–
– Non-financial institution	102,495,313	516,270	1,299,193	104,310,776	1.68	411,890
Total loans and advances	106,167,758	516,270	1,299,193	107,983,221	1.68	411,890
Less: Impairment provision corresponding to following customer loans and advances						
– Financial institution	(9,235)	–	–	(9,235)		
– Non-financial institution	(2,525,230)	(455,460)	(839,651)	(3,820,341)		
Loan loss provision	(2,534,465)	(455,460)	(839,651)	(3,829,576)		
Net amount of loans and advances extended to following customers						
– Financial institution	3,663,210	–	–	3,663,210		
– Non-financial institution	99,970,083	60,810	459,542	100,490,435		
Net loans and advances	103,633,293	60,810	459,542	104,153,645		

The Bank

2017

	Provision for Loans and Advances Assessed Collectively	Impaired Loans and Advances Provision Assessed Collectively	Provision Assessed Individually	Total Value	Total Impaired Loans and Advances as % of Total Loans and Advances	The Fair Value of Collaterals in Impaired Loans and Advances Assessed Individually
The total amount of loans and advances extended to following customers						
– Financial institution	3,383,959	–	–	3,383,959	–	–
– Non-financial institution	114,121,476	583,633	1,541,386	116,246,495	1.78	286,191
Total loans and advances	117,505,435	583,633	1,541,386	119,630,454	1.78	286,191
Less: Impairment provision corresponding to following customer loans and advances						
– Financial institution	(4,719)	–	–	(4,719)		
– Non-financial institution	(2,639,486)	(489,198)	(1,265,205)	(4,393,889)		
Loan loss provision	(2,644,205)	(489,198)	(1,265,205)	(4,398,608)		
Net amount of loans and advances extended to following customers						
– Financial institution	3,379,240	–	–	3,379,240		
– Non-financial institution	111,481,990	94,435	276,181	111,852,606		
Net loans and advances	114,861,230	94,435	276,181	115,231,846		

**The Bank**
**2016**

	<b>Provision for Loans and Advances Assessed Collectively</b>	<b>Impaired Loans and Advances Provision Assessed Collectively</b>	<b>Provision Assessed Individually</b>	<b>Total Value</b>	<b>Total Impaired Loans and Advances as % of Total Loans and Advances</b>	<b>The Fair Value of Collaterals in Impaired Loans and Advances Assessed Individually</b>
The total amount of loans and advances extended to following customers						
– Financial institution	3,672,445	–	–	3,672,445	–	–
– Non-financial institution	95,537,235	516,270	1,299,193	97,352,698	1.80	411,890
<b>Total loans and advances</b>	<b>99,209,680</b>	<b>516,270</b>	<b>1,299,193</b>	<b>101,025,143</b>	<b>1.80</b>	<b>411,890</b>
Less: Impairment provision corresponding to following customer loans and advances						
– Financial institution	(9,235)	–	–	(9,235)		
– Non-financial institution	(2,429,077)	(455,460)	(839,651)	(3,724,188)		
<b>Loan loss provision</b>	<b>(2,438,312)</b>	<b>(455,460)</b>	<b>(839,651)</b>	<b>(3,733,423)</b>		
Net amount of loans and advances extended to following customers						
– Financial institution	3,663,210	–	–	3,663,210		
– Non-financial institution	93,108,158	60,810	459,542	93,628,510		
<b>Net loans and advances</b>	<b>96,771,368</b>	<b>60,810</b>	<b>459,542</b>	<b>97,291,720</b>		



## (7) Change of Loan Loss Provision

The Group				
2017				
	Provision for Impairment Set aside and Assessed Collectively	Provision for Impairment of Impaired Loans		Total
		Assessed Collectively	Assessed Individually	
Opening Balance	2,534,465	455,460	839,651	3,829,576
Provision for the year	283,466	125,919	2,180,953	2,590,338
Reversal for the year	—	—	(396,747)	(396,747)
Write-down of impaired loan interest	—	—	(146,603)	(146,603)
Recovery of previous annual write-off loans	—	15,707	189,953	205,660
Write-off for the year	—	(107,888)	(839,408)	(947,296)
Transfer-out for the year	—	—	(562,594)	(562,594)
Closing Balance	<u>2,817,931</u>	<u>489,198</u>	<u>1,265,205</u>	<u>4,572,334</u>

The Group				
2016				
	Provision for Impairment Set aside and Assessed Collectively	Provision for Impairment of Impaired Loans		Total
		Assessed Collectively	Assessed Individually	
Opening Balance	2,121,439	286,958	979,977	3,388,374
Provision for the year	413,026	293,242	2,382,062	3,088,330
Reversal for the year	—	—	(252,962)	(252,962)
Write-down of impaired loan interest	—	—	(460,304)	(460,304)
Recovery of previous annual write-off loans	—	5,380	64,036	69,416
Write-off for the year	—	(130,120)	(1,044,193)	(1,174,313)
Transfer-out for the year	—	—	(828,965)	(828,965)
Closing Balance	<u>2,534,465</u>	<u>455,460</u>	<u>839,651</u>	<u>3,829,576</u>

<b>The Bank</b>				
<b>2017</b>				
	<b>Provision for Impairment Set aside and Assessed Collectively</b>	<b>Provision for Impairment of Impaired Loans</b>		<b>Total</b>
		<b>Assessed Individually</b>	<b>Assessed Collectively</b>	
Opening Balance	2,438,312	455,460	839,651	3,733,423
Provision for the year	205,893	125,919	2,180,953	2,512,765
Reversal for the year	—	—	(396,747)	(396,747)
Write-down of impaired loan interest	—	—	(146,603)	(146,603)
Recovery of previous annual write-off loans	—	15,707	189,953	205,660
Write-off for the year	—	(107,888)	(839,408)	(947,296)
Transfer-out for the year	—	—	(562,594)	(562,594)
Closing Balance	<u>2,644,205</u>	<u>489,198</u>	<u>1,265,205</u>	<u>4,398,608</u>

<b>The Bank</b>				
<b>2016</b>				
	<b>Provision for Impairment Set aside and Assessed Collectively</b>	<b>Provision for Impairment of Impaired Loans</b>		<b>Total</b>
		<b>Assessed Individually</b>	<b>Assessed Collectively</b>	
Opening Balance	2,102,885	286,958	979,977	3,369,820
Provision for the year	335,427	293,242	2,382,062	3,010,731
Reversal for the year	—	—	(252,962)	(252,962)
Write-down of impaired loan interest	—	—	(460,304)	(460,304)
Recovery of previous annual write-off loans	—	5,380	64,036	69,416
Write-off for the year	—	(130,120)	(1,044,193)	(1,174,313)
Transfer-out for the year	—	—	(828,965)	(828,965)
Closing Balance	<u>2,438,312</u>	<u>455,460</u>	<u>839,651</u>	<u>3,733,423</u>

## 14 Available-for-sale financial assets analyzed based on the types and locations of investment

	Notes	The Group and the Bank	
		2017	2016
Unlisted			
Domestic			
– Bonds issued by the Chinese government		4,808,430	4,199,229
– Policy bank bonds		4,362,003	393,453
– Bonds of commercial banks and other financial institutions		895,748	1,035,857
– Enterprise bond		904,007	2,359,267
– Financial institution WM product		711,350	3,783,383
– The investment management products managed by securities companies and trust programs		33,184,052	35,837,708
– Fund investment		14,730,308	26,995,957
– Equity investments measured by cost method	(1)	10,250	10,250
<b>Total</b>		<b>59,606,148</b>	<b>74,615,104</b>

(1) Part of non-listed available-for-sale equity investment does not have active markets without market quotes, which makes it difficult to measure its fair value properly. This type of available-for-sale equity investment is listed with cost deduction provisions.

## 15 Held-to-maturity Investments Analyzed Based on the Types and Locations of Investment

		The Group and the Bank	
		2017	2016
Unlisted			
Domestic			
– Bonds issued by the Chinese government		8,001,796	5,871,783
– Policy bank bonds		16,888,590	14,191,399
– Bonds of commercial banks and other financial institutions		730,000	–
<b>Total</b>		<b>25,620,386</b>	<b>20,063,182</b>

## 16 Receivables Investment Analyzed Based on the Types and Locations of Investment

	<u>The Group</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Unlisted				
Domestic				
– The investment management products managed by securities companies and trust programs	101,181,182	62,074,299	100,026,602	61,085,258
– Financial institution WM product	<u>3,308,932</u>	<u>2,026,649</u>	<u>3,308,932</u>	<u>2,026,649</u>
Subtotal	104,490,114	64,100,948	103,335,534	63,111,907
Less: Provision for impairment	<u>(1,874,705)</u>	<u>(1,518,582)</u>	<u>(1,859,161)</u>	<u>(1,510,775)</u>
<b>Total</b>	<u><u>102,615,409</u></u>	<u><u>62,582,366</u></u>	<u><u>101,476,373</u></u>	<u><u>61,601,132</u></u>

## 17 Long-term Equity Investments

		<u>The Group</u>		<u>The Bank</u>	
	Notes	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Investment in subsidiaries	(1)	–	–	510,000	510,000
Investment in associated enterprises	(2)	<u>129,266</u>	<u>117,240</u>	<u>129,266</u>	<u>117,240</u>
<b>Total</b>		<u><u>129,266</u></u>	<u><u>117,240</u></u>	<u><u>639,266</u></u>	<u><u>627,240</u></u>

(1) On December 31, 2017, the analysis of subsidiaries' investments conducted by the Bank is as follows:

	<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>
Jiangxi Financial Leasing Co., Ltd.	<u><u>510,000</u></u>	<u><u>510,000</u></u>

More detailed information about subsidiaries can be referred to Note 6.

**(2) On December 31, 2017, the analysis of associated enterprises' investments conducted by the Bank is as follows:**

	Notes	The Group and the Bank	
		2017	2016
Nanchang Dafeng Rural Bank		71,801	62,495
Nanfeng Judu Rural Bank		17,591	18,052
Siping Tiedong Defeng Rural Bank		16,760	15,183
Guangchang Nanyin Rural Bank		13,790	14,096
Jinxian Ruifeng Rural Bank		9,324	7,414
Total number of unimportant associated enterprises	(a) / (b)	129,266	117,240

**(a) The summary information of the unimportant associated enterprises calculated by the equity method is as follows:**

	The Group and the Bank	
	2017	2016
Total carrying amount of investment	129,266	117,240
Total value of the following items calculated based on percentage of shareholding		
– Net profit	16,266	4,240
– Other comprehensive income	–	–
– Total comprehensive income	16,266	4,240

**(b) The detailed information about unimportant associated enterprises through equity method is as follows:**

(i) Nanchang Dafeng Rural Bank Co., Ltd. (“Nanchang Dafeng”) was established on September 30, 2010. The place of registration is Nanchang City, Jiangxi Province. The registered capital is RMB220 million. The main businesses include corporate banking and retail banking. The Bank holds 28.18% of the shares of Nanchang Dafeng.

(ii) Nanfeng Judu Rural Bank Co., Ltd. (“Nanfeng Judu”) was established on December 20, 2011, the place of registration is Fuzhou City, Jiangxi Province, the registered capital is RMB50 million, the main businesses include corporate banking and retail banking. The Bank holds 30% of the shares of Nanfeng Judu.

(iii) Siping Tiedong Defeng Rural Bank Co., Ltd. (“Siping Defeng”) was established on July 22, 2011. The place of registration is Siping City, Jilin Province. The registered capital is RMB30 million. The main businesses include corporate banking and retail banking. The Bank holds 20% of the shares of Siping Defeng.

(iv) Guangchang Nanyang Rural Bank Co., Ltd. (“Guangchang Nanyang”) was established on December 30, 2013. The place of registration is Fuzhou City, Jiangxi Province. The registered capital is RMB50 million. The main businesses include corporate banking and retail banking. The Bank holds 30% of the shares of Guangchang Nanyang.

(v) Jinxian Ruifeng Rural Bank Co., Ltd. (“Jinxian Ruifeng”) was established on June 15, 2012. The place of registration is Nanchang City, Jiangxi Province. The registered capital is RMB50 million. The main businesses include corporate banking and retail banking. The Bank holds 30% of the shares of Jinxian Ruifeng.

## 18 Investment Real Estate

	The Group and the Bank		
	Properties and		Total
	Land Use Rights	Buildings	
Cost			
Balance on January 1, 2016	11,704	2,921	14,625
Increase of current year	—	—	—
Decrease of Current Year	—	—	—
Balance on December 31, 2016	11,704	2,921	14,625
Increase of current year	233	2	235
Decrease of Current Year	—	—	—
Balance on December 31, 2017	11,937	2,923	14,860
Accumulated depreciation			
Balance on January 1, 2016	(209)	(142)	(351)
Increase of current year	(209)	(142)	(351)
Decrease of Current Year	—	—	—
Balance on December 31, 2016	(418)	(284)	(702)
Increase of current year	(209)	(142)	(351)
Decrease of Current Year	—	—	—
Balance on December 31, 2017	(627)	(426)	(1,053)
Net book value			
December 31, 2017	11,310	2,497	13,807
December 31, 2016	11,286	2,637	13,923

On December 31 2017, the Group proposed that no provisions are needed to be set aside for investment real estates (2016: none).

## 19 Fixed Assets

The Group						
	Properties and Buildings	Construc- tion in Progress	Electronic Equip- ment	Renovation of PP&E (Property, Plant & Equipment)	Other Equip- ment	Total
Cost						
Balance on January 1, 2016	2,093,467	243,732	506,539	91,963	141,996	3,077,697
Increase of current year	5,422	268,938	81,082	10,912	40,251	406,605
Transferred to/(from) construction in progress	23,305	(104,832)	5,028	2,166	586	(73,747)
Decrease of Current Year	(1,577)	—	(4,891)	—	(2,232)	(8,700)
Balance on December 31, 2016	2,120,617	407,838	587,758	105,041	180,601	3,401,855
Increase of current year	47,246	354,782	102,313	16,822	43,718	564,881
Transferred to/(from) construction in progress	210,457	(385,497)	5,854	413	3,167	(165,606)
Decrease of Current Year	(5,410)	—	(39,219)	(6)	(1,873)	(46,508)
Balance on December 31, 2017	2,372,910	377,123	656,706	122,270	225,613	3,754,622
Less: Accumulated depreciation						
Balance on January 1, 2016	(247,067)	—	(312,555)	(39,980)	(63,024)	(662,626)
Depreciation for provision of the year	(98,588)	—	(87,684)	(13,015)	(20,913)	(220,200)
Depreciation write-off	742	—	1,964	—	952	3,658
Balance on December 31, 2016	(344,913)	—	(398,275)	(52,995)	(82,985)	(879,168)
Depreciation for provision of the year	(101,483)	—	(97,916)	(14,821)	(26,015)	(240,235)
Depreciation write-off	1,840	—	4,359	6	1,473	7,678
Balance on December 31, 2017	(444,556)	—	(491,832)	(67,810)	(107,527)	(1,111,725)
Provision for impairment						
Balance on January 1, 2016	(169)	(1,791)	—	—	—	(1,960)
Provision for the year	—	—	—	—	—	—
Balance on December 31, 2016	(169)	(1,791)	—	—	—	(1,960)
Provision for the year	—	—	—	—	—	—
Decrease of Current Year	169	1,791	—	—	—	1,960
Balance on December 31, 2017	—	—	—	—	—	—
Net book value						
December 31, 2017	1,928,354	377,123	164,874	54,460	118,086	2,642,897
December 31, 2016	1,775,535	406,047	189,483	52,046	97,616	2,520,727

The Bank						
	<u>Properties and</u>	<u>Construc-</u>	<u>Electronic</u>	<u>Renovation of</u>	<u>Other</u>	<u>Total</u>
	<u>Buildings</u>	<u>tion in</u>	<u>Equipment</u>	<u>(Property,</u>	<u>Equipment)</u>	
		<u>Progress</u>		<u>Plant &amp;</u>	<u>Equipment</u>	
Cost						
Balance on January 1, 2016	2,093,467	243,732	506,144	91,963	141,471	3,076,777
Increase of current year	5,422	268,938	79,739	10,912	39,257	404,268
Transferred to/(from) construction in progress	23,305	(104,832)	5,028	2,166	586	(73,747)
Decrease of Current Year	(1,577)	—	(4,867)	—	(2,156)	(8,600)
Balance on December 31, 2016	2,120,617	407,838	586,044	105,041	179,158	3,398,698
Increase of current year	47,246	354,782	99,938	16,822	43,718	562,506
Transferred to/(from) construction in progress	210,457	(385,497)	5,854	413	3,167	(165,606)
Decrease of Current Year	(5,410)	—	(39,219)	(6)	(1,811)	(46,446)
Balance on December 31, 2017	2,372,910	377,123	652,617	122,270	224,232	3,749,152
Less: Accumulated depreciation						
Balance on January 1, 2016	(247,067)	—	(312,555)	(39,980)	(63,024)	(662,626)
Depreciation for provision of the year	(98,588)	—	(87,336)	(13,015)	(20,727)	(219,666)
Depreciation write-off	742	—	1,964	—	952	3,658
Balance on December 31, 2016	(344,913)	—	(397,927)	(52,995)	(82,799)	(878,634)
Depreciation for provision of the year	(101,483)	—	(96,964)	(14,821)	(25,750)	(239,018)
Depreciation write-off	1,840	—	4,359	6	1,473	7,678
Balance on December 31, 2017	(444,556)	—	(490,532)	(67,810)	(107,076)	(1,109,974)
Provision for impairment						
Balance on January 1, 2016	(169)	(1,791)	—	—	—	(1,960)
Provision for the year	—	—	—	—	—	—
Balance on December 31, 2016	(169)	(1,791)	—	—	—	(1,960)
Provision for the year	—	—	—	—	—	—
Decrease of Current Year	169	1,791	—	—	—	1,960
Balance on December 31, 2017	—	—	—	—	—	—
Net book value						
December 31, 2017	1,928,354	377,123	162,085	54,460	117,156	2,639,178
December 31, 2016	1,775,535	406,047	188,117	52,046	96,359	2,518,104



(1) On December 31, 2017, procedures of the Group's ownership of a building with the net book value of approximately RMB310 million (2016: RMB140 million) were being processed.

(2) The Group carries out evaluations on assets with impairment indications. On December 31, 2016, impairment of the part of the property was approximately RMB1.96 million. There were problems with respect to property rights, so the Bank set aside provisions at net book value. On December 31, 2017, the part of property had been written off.

## 20 Intangible Assets

The Group						
	<u>Land Use Rights</u>	<u>Real Property Use Right</u>	<u>Software</u>	<u>Core Deposits</u>	<u>Others</u>	<u>Total</u>
Cost						
Balance on January 1, 2016	178,233	3,203	36,528	27,191	356	245,511
Increase of current year	—	—	1,954	—	88	2,042
Decrease of Current Year	—	—	—	—	—	—
Balance on December 31, 2016	178,233	3,203	38,482	27,191	444	247,553
Increase of current year	7,813	—	18,473	—	—	26,286
Decrease of Current Year	—	—	—	—	—	—
Balance on December 31, 2017	186,046	3,203	56,955	27,191	444	273,839
Less: Accumulated amortization						
Balance on January 1, 2016	(20,192)	(2,274)	(26,591)	(227)	(160)	(49,444)
Increase of current year	(5,173)	(138)	(5,957)	(2,719)	(32)	(14,019)
Decrease of Current Year	—	—	—	—	—	—
Balance on December 31, 2016	(25,365)	(2,412)	(32,548)	(2,946)	(192)	(63,463)
Increase of current year	(4,805)	(96)	(5,745)	(2,719)	(91)	(13,456)
Decrease of Current Year	—	—	—	—	—	—
Balance on December 31, 2017	(30,170)	(2,508)	(38,293)	(5,665)	(283)	(76,919)
Book value						
December 31, 2017	155,876	695	18,662	21,526	161	196,920
December 31, 2016	152,868	791	5,934	24,245	252	184,090

	<b>The Bank</b>					
	<u>Land Use Rights</u>	<u>Real Property Use Right</u>	<u>Software</u>	<u>Core Deposits</u>	<u>Others</u>	<u>Total</u>
<b>Cost</b>						
Balance on January 1, 2016	178,233	3,203	36,528	27,191	356	245,511
Increase of current year	—	—	1,192	—	88	1,280
Decrease of Current Year	—	—	—	—	—	—
Balance on December 31, 2016	178,233	3,203	37,720	27,191	444	246,791
Increase of current year	7,813	—	18,473	—	—	26,286
Decrease of Current Year	—	—	—	—	—	—
Balance on December 31, 2017	186,046	3,203	56,193	27,191	444	273,077
<b>Less: Accumulated amortization</b>						
Balance on January 1, 2016	(20,192)	(2,274)	(26,591)	(227)	(160)	(49,444)
Increase of current year	(5,173)	(138)	(5,813)	(2,719)	(32)	(13,875)
Decrease of Current Year	—	—	—	—	—	—
Balance on December 31, 2016	(25,365)	(2,412)	(32,404)	(2,946)	(192)	(63,319)
Increase of current year	(4,805)	(96)	(5,491)	(2,719)	(91)	(13,202)
Decrease of Current Year	—	—	—	—	—	—
Balance on December 31, 2017	<u>(30,170)</u>	<u>(2,508)</u>	<u>(37,895)</u>	<u>(5,665)</u>	<u>(283)</u>	<u>(76,521)</u>
<b>Book value</b>						
December 31, 2017	<u>155,876</u>	<u>695</u>	<u>18,298</u>	<u>21,526</u>	<u>161</u>	<u>196,556</u>
December 31, 2016	<u>152,868</u>	<u>791</u>	<u>5,316</u>	<u>24,245</u>	<u>252</u>	<u>183,472</u>

## 21 Deferred Income Tax Assets

On the balance sheet date, the deferred income tax assets and net liabilities listed in the balance sheet are as follows:

	The Group		The Bank	
	2017	2016	2017	2016
Deferred Income Tax Assets	1,522,569	1,172,254	1,499,641	1,163,636
Deferred income tax liabilities	—	(25,627)	—	(25,627)
<b>Total</b>	<u>1,522,569</u>	<u>1,146,627</u>	<u>1,499,641</u>	<u>1,138,009</u>

### (1) Analysis by Nature

The analysis of the deferred income tax assets and debts recognized in the balance sheet is as follows:

	The Group			
	2017		2016	
Items	Deductible Temporary Differences	Deferred Income Tax Assets	Deductible/ (Taxable) Temporary Differences	Deferred Income Tax Assets/ (Liabilities)
Loans, advances and provisions for impairment of other assets	5,186,082	1,296,521	4,311,632	1,077,908
Change in fair value of financial instruments	485,336	121,334	43,856	10,964
Opening Balance of Deferred Income	216,236	54,059	145,764	36,441
Employee remuneration payable	178,249	44,562	179,176	44,794
Accrued Liabilities	16,566	4,142	2,560	640
Assessment of appreciation after M&A	—	—	(102,508)	(25,627)
Others	7,805	1,951	6,028	1,507
<b>Total</b>	<u>6,090,274</u>	<u>1,522,569</u>	<u>4,586,508</u>	<u>1,146,627</u>

Items	The Bank			
	2017		2016	
	Deductible Temporary Differences	Deferred Income Tax Assets	Deductible/ (Taxable) Temporary Differences	Deferred Income Tax Assets/ (Liabilities)
Loans, advances and provisions for impairment of other assets	5,094,643	1,273,661	4,277,256	1,069,314
Fair value of financial instruments	485,336	121,334	43,856	10,964
Opening Balance of Deferred Income	216,236	54,059	145,764	36,441
Employee remuneration payable	178,249	44,562	179,176	44,794
Accrued Liabilities	16,566	4,142	2,560	640
Assessment of appreciation after M&A	—	—	(102,508)	(25,627)
Others	7,533	1,883	5,932	1,483
<b>Total</b>	<b>5,998,563</b>	<b>1,499,641</b>	<b>4,552,036</b>	<b>1,138,009</b>

## (2) Changes in the Deferred Income Tax

Items	The Group			
	2017			
	Opening Balance	Changes for the Year through Profit and Loss	Changes for the Year through Equity	Closing Balance
Loans, advances and provisions for impairment of other assets	1,077,908	218,613	—	1,296,521
Employee remuneration payable	44,794	(232)	—	44,562
Opening Balance of Deferred Income	36,441	17,618	—	54,059
Change in fair value of financial instruments	10,964	1,983	108,387	121,334
Accrued liabilities	640	3,502	—	4,142
Assessment of appreciation after M&A	(25,627)	25,627	—	—
Others	1,507	444	—	1,951
<b>Total</b>	<b>1,146,627</b>	<b>267,555</b>	<b>108,387</b>	<b>1,522,569</b>

The Group				
2016				
Items	Opening Balance	Changes for the Year through Profit and Loss	Changes for the Year through Equity	Closing Balance
Loans, advances and provisions for impairment of other assets	833,552	244,356	–	1,077,908
Employee remuneration payable	30,643	14,151	–	44,794
Opening Balance of Deferred Income	10,073	26,368	–	36,441
Accrued Liabilities	67	573	–	640
Change in fair value of financial instruments	(22,824)	8,840	24,948	10,964
Assessment of appreciation after M&A	(26,595)	968	–	(25,627)
Others	1,060	447	–	1,507
<b>Total</b>	<b>825,976</b>	<b>295,703</b>	<b>24,948</b>	<b>1,146,627</b>

The Bank				
2017				
Items	Opening Balance	Changes for the Year through Profit and Loss	Changes for the Year through Equity	Closing Balance
Loans, advances and provisions for impairment of other assets	1,069,314	204,347	–	1,273,661
Employee remuneration payable	44,794	(232)	–	44,562
Opening Balance of Deferred Income	36,441	17,618	–	54,059
Change in Fair value of financial instruments	10,964	1,983	108,387	121,334
Accrued Liabilities	640	3,502	–	4,142
Assessment of appreciation after M&A	(25,627)	25,627	–	–
Others	1,483	400	–	1,883
<b>Total</b>	<b>1,138,009</b>	<b>253,245</b>	<b>108,387</b>	<b>1,499,641</b>

Items	The Bank			
	2016			
	Opening Balance	Changes for the Year through Profit and Loss	Changes for the Year through Equity	Closing Balance
Loans, advances and provisions for impairment of other assets	833,552	235,762	–	1,069,314
Employee remuneration payable	30,643	14,151	–	44,794
Opening Balance of Deferred Income	10,073	26,368	–	36,441
Accrued Liabilities	67	573	–	640
Change in fair value of financial instruments	(22,824)	8,840	24,948	10,964
Assessment of appreciation after M&A	(26,595)	968	–	(25,627)
Others	1,060	423	–	1,483
<b>Total</b>	<b>825,976</b>	<b>287,085</b>	<b>24,948</b>	<b>1,138,009</b>

## 22 Other Assets

	Notes	The Group		The Bank	
		2017	2016	2017	2016
Advanced payment for long-term assets		741,401	998,244	527,267	404,504
Long-term unamortized expenses					
– Improvement expenses of leased fixed assets for operations		176,443	149,874	176,443	149,874
– Other long-term deferred expenses		154,815	141,500	151,873	137,506
Repossessed assets	(1)	264,016	279,341	264,016	279,341
Items of input tax for deduction		64,446	96,711	13,849	3,746
Items for clearing		567,037	69,467	567,037	69,467
Others		338,507	158,779	278,303	103,927
Subtotal		2,306,665	1,893,916	1,978,788	1,148,365
Less: Provision for impairment		(42,379)	(41,346)	(42,379)	(41,346)
<b>Total</b>		<b>2,264,286</b>	<b>1,852,570</b>	<b>1,936,409</b>	<b>1,107,019</b>

## (1) Repossessed Assets

	The Group and the Bank	
	2017	2016
Land, building and structures	109,231	124,556
Others	154,785	154,785
Total foreclosed assets	264,016	279,341
Less: Provision for impairment	(18,710)	(23,524)
Net foreclosed assets	245,306	255,817

(i) In 2017, the original value of foreclosed assets disposed by the Group was RMB11.1 million. (2016: none)

(ii) The Group plans to dispose of foreclosed assets by auction, bidding and transfer in the future.

## 23 Due to Banks and Other Financial Institutions Analyzed Based on the Institution Types and Locations

	The Group		The Bank	
	2017	2016	2017	2016
Interbank deposit within the country	20,390,993	22,831,719	20,390,993	22,831,719
Deposits in other financial institutions within the country	9,429,020	7,997,610	9,910,349	8,379,570
	29,820,013	30,829,329	30,301,342	31,211,289

## 24 Placements from Banks and Other Financial Institutions

Analyzed based on the institution types and locations

	The Group and the Bank	
	2017	2016
Inter-bank deposits within the country	1,350,000	77,748

## 25 Borrowings from Other Financial Institutions

	The Group		The Bank	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Unsecured loans	<u>8,450,000</u>	<u>6,480,000</u>	<u>—</u>	<u>—</u>

## 26 Proceeds from Financial Assets Sold under Repo

### (1) Analysis Based on the Characteristics of Transaction Counterparty

	The Group and the Bank	
	<u>2017</u>	<u>2016</u>
Inter-bank deposits within the country	<u>6,689,051</u>	<u>8,432,594</u>

### (2) Analysis Based on Security Materials

	The Group and the Bank	
	<u>2017</u>	<u>2016</u>
Securities		
– Bonds issued by the Chinese government	189,600	580,587
– Policy bank bonds	<u>6,499,451</u>	<u>6,355,513</u>
Subtotal of securities	6,689,051	6,936,100
Bills	<u>—</u>	<u>1,496,494</u>
<b>Total</b>	<u>6,689,051</u>	<u>8,432,594</u>



## 27 Deposits from Customers

	The Group		The Bank	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Corporate Deposits				
– Demand deposits	108,574,840	76,766,426	108,574,847	76,766,426
– Time deposits	<u>67,647,364</u>	<u>59,971,952</u>	<u>67,647,364</u>	<u>59,971,952</u>
Subtotal	<u>176,222,204</u>	<u>136,738,378</u>	<u>176,222,211</u>	<u>136,738,378</u>
Retail deposit				
– Demand deposits	20,842,492	13,620,126	20,842,492	13,620,126
– Time deposits	<u>38,889,527</u>	<u>32,141,460</u>	<u>38,889,527</u>	<u>32,141,460</u>
Subtotal	<u>59,732,019</u>	<u>45,761,586</u>	<u>59,732,019</u>	<u>45,761,586</u>
Other deposits	<u>7,883,128</u>	<u>8,637,805</u>	<u>7,883,128</u>	<u>8,637,805</u>
<b>Total</b>	<u>243,837,351</u>	<u>191,137,769</u>	<u>243,837,358</u>	<u>191,137,769</u>

Guarantee margins received are included in deposits from customers. Guarantee margins received are as follows:

	The Group and the Bank	
	<u>2017</u>	<u>2016</u>
Accepted margin	4,803,043	6,724,275
Secured margin	1,559,981	1,537,747
L/C margin	202,993	65,235
Others	<u>68,673</u>	<u>79,499</u>
<b>Total</b>	<u>6,634,690</u>	<u>8,406,756</u>

## 28 Employee Remuneration Payable

	Notes	The Group		The Bank	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term remuneration	(1)	373,859	349,527	344,652	325,217
Post-employment benefit – Defined contribution plans	(2)	23,323	2,229	19,363	2,229
Other long-term benefits of employees	(3)	<u>91,680</u>	<u>94,237</u>	<u>91,680</u>	<u>94,237</u>
<b>Total</b>		<u><u>488,862</u></u>	<u><u>445,993</u></u>	<u><u>455,695</u></u>	<u><u>421,683</u></u>

### (1) Short-term Remuneration

	The Group			
	<u>Balance on January 1, 2017</u>	<u>Amount Incurred in Current Year</u>	<u>Amount Paid in Current Year</u>	<u>Balance on December 31, 2017</u>
Salary and bonus	336,734	1,040,000	(1,015,146)	361,588
Employee welfare	–	124,666	(124,666)	–
Social security premiums				
– Medical insurance premium	509	33,925	(34,212)	222
– Work injury insurance premium	28	1,756	(1,746)	38
– Maternity insurance premium	67	3,761	(3,774)	54
Housing fund	1,098	71,879	(72,746)	231
Labor union funds and employee education funds	11,089	35,669	(35,032)	11,726
Other short-term remuneration	<u>2</u>	<u>7,346</u>	<u>(7,348)</u>	<u>–</u>
<b>Total</b>	<u><u>349,527</u></u>	<u><u>1,319,002</u></u>	<u><u>(1,294,670)</u></u>	<u><u>373,859</u></u>

The Group

	<u>Balance on</u> <u>January 1, 2016</u>	<u>Amount</u> <u>Incurred in</u> <u>Current Year</u>	<u>Amount Paid in</u> <u>Current Year</u>	<u>Balance on</u> <u>December 31, 2016</u>
Salary and bonus	260,748	917,648	(841,662)	336,734
Employee welfare	–	117,178	(117,178)	–
Social security premiums				
– Medical insurance premium	23,422	22,420	(45,333)	509
– Work injury insurance premium	8	1,421	(1,401)	28
– Maternity insurance premium	29	2,917	(2,879)	67
Housing fund	828	62,275	(62,005)	1,098
Labor union funds and employee education funds	8,287	36,822	(34,020)	11,089
Other short-term remuneration	2	7,279	(7,279)	2
<b>Total</b>	<u>293,324</u>	<u>1,167,960</u>	<u>(1,111,757)</u>	<u>349,527</u>

The Bank

	<u>Balance on</u> <u>January 1, 2017</u>	<u>Amount</u> <u>Incurred in</u> <u>Current Year</u>	<u>Amount Paid in</u> <u>Current Year</u>	<u>Balance on</u> <u>December 31, 2017</u>
Salary and bonus	313,642	982,352	(961,727)	334,267
Employee welfare	–	117,500	(117,500)	–
Social security premiums				
– Medical insurance premium	509	32,794	(33,096)	207
– Work injury insurance premium	28	1,719	(1,709)	38
– Maternity insurance premium	67	3,650	(3,663)	54
Housing fund	1,098	70,487	(71,361)	224
Labor union funds and employee education funds	9,871	33,419	(33,428)	9,862
Other short-term remuneration	2	7,150	(7,152)	–
<b>Total</b>	<u>325,217</u>	<u>1,249,071</u>	<u>(1,229,636)</u>	<u>344,652</u>

<b>The Bank</b>				
	<b>Balance on</b>	<b>Amount</b>	<b>Amount Paid in</b>	<b>Balance on</b>
	<b>January 1, 2016</b>	<b>Incurred in</b>	<b>Current Year</b>	<b>December 31, 2016</b>
Salary and bonus	253,656	870,129	(810,143)	313,642
Employee welfare	–	114,104	(114,104)	–
Social security premiums				
– Medical insurance premium	23,397	21,770	(44,658)	509
– Work injury insurance premium	7	1,401	(1,380)	28
– Maternity insurance premium	26	2,854	(2,813)	67
Housing fund	794	61,459	(61,155)	1,098
Labor union funds and employee education funds	8,289	34,683	(33,101)	9,871
Other short-term remuneration	2	6,585	(6,585)	2
<b>Total</b>	<b>286,171</b>	<b>1,112,985</b>	<b>(1,073,939)</b>	<b>325,217</b>

## (2) Post-employment Benefits – defined Contribution Plans

<b>The Group</b>				
	<b>Balance on</b>	<b>Amount</b>	<b>Amount Paid in</b>	<b>Balance on</b>
	<b>January 1, 2017</b>	<b>Incurred in</b>	<b>Current Year</b>	<b>December 31, 2017</b>
Basic endowment insurance	1,856	106,009	(106,920)	945
Unemployment insurance premium	158	2,435	(2,438)	155
Payment of enterprise annuity	215	53,021	(31,013)	22,223
<b>Total</b>	<b>2,229</b>	<b>161,465</b>	<b>(140,371)</b>	<b>23,323</b>

<b>The Group</b>				
	<b>Balance on</b>	<b>Amount</b>	<b>Amount Paid in</b>	<b>Balance on</b>
	<b>January 1, 2016</b>	<b>Incurred in</b>	<b>Current Year</b>	<b>December 31, 2016</b>
Basic endowment insurance	1,117	83,612	(82,873)	1,856
Unemployment insurance premium	123	2,234	(2,199)	158
Payment of enterprise annuity	88	42,193	(42,066)	215
<b>Total</b>	<b>1,328</b>	<b>128,039</b>	<b>(127,138)</b>	<b>2,229</b>

	The Bank			
	<u>Balance on</u> <u>January 1, 2017</u>	<u>Amount</u> <u>Incurred in</u> <u>Current Year</u>	<u>Amount Paid in</u> <u>Current Year</u>	<u>Balance on</u> <u>December 31, 2017</u>
Basic endowment insurance	1,856	103,652	(104,574)	934
Unemployment insurance premium	158	2,359	(2,373)	144
Payment of enterprise annuity	215	49,037	(30,967)	18,285
<b>Total</b>	2,229	155,048	(137,914)	19,363

	The Bank			
	<u>Balance on January 1, 2016</u>	<u>Amount Incurred in Current Year</u>	<u>Amount Paid in Current Year</u>	<u>Balance on December 31, 2016</u>
Basic endowment insurance	1,064	82,271	(81,479)	1,856
Unemployment insurance premium	120	2,169	(2,131)	158
Payment of enterprise annuity	87	42,165	(42,037)	215
<b>Total</b>	1,271	126,605	(125,647)	2,229

### (a) Social Security Premiums

Social insurance premium includes basic endowment insurance, basic medical insurance, maternity insurance, employment injury insurance and unemployment insurance. The Group covers the above-mentioned expenses for social security in line with the laws, regulations and policies of local departments of social security. If the monthly salary base of social security paid by the Group is more than 3 times of the local average salary of the previous year, it is calculated with 3 times; if not, the payment base is calculated with the one twelfth of the annual salary (monthly salary). The Group pays for the above expenses of social security to concerned departments based on the certain percentage of the payment base.

### (b) Annuity Plan

The Group purchased the pension plan in addition to basic endowment insurance plan for its eligible employees. Such plan was managed by Taiping Pension Co., Ltd. from January 2017 to October 2017 and managed by Ping An Annuity Insurance Company of China, Ltd. from November 2017 to December 2017. If the monthly salary base of annuity paid by the Group is more than 3 times of the local average salary of the previous year, it is calculated with 3 times; if not, the payment base is calculated with the one twelfth of the annual salary (monthly salary). The enterprise payment percentage of the Group is 8%.

### (3) Other Long-term Benefits of Employees

	The Group and the Bank			
	Balance on	Amount	Amount Paid in	Balance on
	January 1, 2017	Incurred in Current Year	Current Year	December 31, 2017
Estimated remuneration of employees of early retirement	94,237	9,097	(11,654)	91,680

	The Group and the Bank			
	Balance on	Amount	Amount Paid in	Balance on
	January 1, 2016	Incurred in Current Year	Current Year	December 31, 2016
Estimated remuneration of employees of early retirement	75,440	29,514	(10,717)	94,237

## 29 Tax and Fees Payable

	The Group		The Bank	
	2017	2016	2017	2016
Income tax payable	495,498	432,680	470,730	414,560
VAT payable	–	163,131	–	163,131
Personal income tax payable	24,142	24,927	23,162	24,088
Operating tax payable	6,624	7,278	6,624	7,278
Other taxes	11,845	59,331	11,777	59,105
<b>Total</b>	<b>538,109</b>	<b>687,347</b>	<b>512,293</b>	<b>668,162</b>

## 30 Interests Payable

	The Group		The Bank	
	2017	2016	2017	2016
Deposits from customers	2,532,811	1,627,896	2,532,811	1,627,896
Due to banks and other financial institutions	334,510	208,901	334,734	208,901
Bonds payable	308,851	184,330	308,851	184,330
Borrowings from other financial institutions	96,018	38,844	–	–
Borrowings from PBC	5,561	5,864	5,561	5,864
Proceeds from financial assets sold under repo	4,213	3,380	4,213	3,380
Placements from banks and other financial institutions	1,889	129	1,889	129
<b>Total</b>	<b>3,283,853</b>	<b>2,069,344</b>	<b>3,188,059</b>	<b>2,030,500</b>

## 31 Accrued Liabilities

The Group and the Bank				
	Balance on January 1, 2017	Increase of Current Year	Payment in Current Year	Reversal of Impairment Allowances
Pending action	2,559	14,007	–	–
				Balance on December 31, 2017
				16,566

The Group and the Bank				
	Balance on January 1, 2016	Increase of Current Year	Payment in Current Year	Reversal of Impairment Allowances
Pending action	266	2,559	(11)	(255)
				Balance on December 31, 2016
				2,559

## 32 Bonds Payable

The Group and the Bank		
Notes	2017	2016
Interbank certificates of deposit issued	27,489,050	33,801,175
Other tier-2 capital securities issued (1)	5,993,599	–
Other securities issued (2)	9,991,119	9,985,409
<b>Total</b>	<b>43,473,768</b>	<b>43,786,584</b>

### (1) Other Tier-2 Capital Securities Issued

(a) On June 5, 2017, Jiangxi Bank issued a tier-2 capital bond with ten-year fixed interest rate, the total nominal value of which is RMB3 billion, and the nominal interest rate of which is 5%.

(b) On September 26, 2017, Jiangxi Bank issued a tier-2 capital bond with ten-year fixed interest rate, the total nominal value of which is RMB3 billion, and the nominal interest rate of which is 5%.

### (2) Other Securities Issued

(a) On May 7, 2013, Jiangxi Bank issued a commercial bank bond with five-year fixed interest rate, the total nominal value of which is RMB2 billion, and the nominal interest rate of which is 4.80%.

(b) On July 12, 2016, Jiangxi Bank issued a green financial bond with three-year fixed interest rate, the total nominal value of which is RMB3.5 billion, and the nominal interest rate of which is 3.41%.

(c) On July 12, 2016, Jiangxi Bank issued a green financial bond with five-year fixed interest rate, the

total nominal value of which is RMB1.5 billion, and the nominal interest rate of which is 3.70%.

(d) On August 4, 2016, Jiangxi Bank issued a green financial bond with three-year fixed interest rate, the total nominal value of which is RMB1.5 billion, and the nominal interest rate of which is 3.20%.

(e) On August 4, 2016, Jiangxi Bank issued a green financial bond with five-year fixed interest rate, the total nominal value of which is RMB1.5 billion, and the nominal interest rate of which is 3.48%.

### 33 Other Liabilities

	The Group		The Bank	
	2017	2016	2017	2016
Items for clearing	2,275,258	556,420	2,275,258	556,420
Lease risk funds	532,763	380,592	–	–
Loan payment for carry-over	274,403	112,173	274,403	112,173
Fund items received and paid by the Bank on behalf of other institutions	243,195	131,562	243,195	131,562
Payments for purchase of fixed assets	232,912	189,253	232,912	170,110
Payments received in advance	230,160	28,138	560	650
Opening Balance of Deferred Income	120,365	279,241	120,365	105,544
Dividends payable	35,481	35,580	35,481	35,580
Deposits of dormant customers	27,578	27,642	27,578	27,642
Others	136,206	78,597	123,941	77,810
<b>Total</b>	<b>4,108,321</b>	<b>1,819,198</b>	<b>3,333,693</b>	<b>1,217,491</b>

### 34 Share Capital

The Bank's equity structure on each balance sheet date is as follows:

	Number of Shares	Amount
	'000 Shares	RMB Thousand
Registered capital and equity (RMB1 par value per ordinary share)		
On December 31 2016 and December 31 2017	4,678,777	4,678,777

### 35 Capital Surplus

	The Group and the Bank			
	Balance on January 1, 2017	Increase of Current year	Decrease of Current Year	Balance on December 31, 2017
Capital premium	7,631,127	–	–	7,631,127



## 36 Other Integrated Income

	<u>Gains and Losses from Changes in Fair Value of Available-for-sale Financial Assets</u>
Balance on January 1, 2016	42,619
Decrease of the Year	(74,845)
Balance on December 31, 2016	(32,226)
Decrease of the Year	(325,162)
Balance on December 31, 2017	(357,388)

## 37 Surplus Reserve

The surplus reserve at the end of the Reporting Period includes the statutory surplus reserve and discretionary surplus reserve. In accordance with Accounting Standards for Business Enterprises of China and other regulations formulated by the Ministry of Finance, the Bank should allocate 10% of the net profits to statutory surplus reserves after making up for losses of previous years. When the cumulated amount of the statutory common reserve fund of the Bank has reached 50% or more of its registered capital, no further allocations is required. In the year of 2017, the Bank withdrew approximately RMB284 million statutory surplus reserves (the year of 2016: RMB160 million)

## 38 General Risk Reserves

As of July 1, 2012, in accordance with relevant provisions of the Administrative Measures for Withdrawal of Provisions of Financial Enterprises (C.J. [2012] No. 20) issued by the Ministry of Finance, the Bank should withdraw general provisions as profit distribution from the net profit and the balance of general provisions for risks should generally be no less than 1.5% of the closing balance of risk assets and should be sufficiently withdrawn within five years.

	<u>The Group</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Opening Balance	3,964,106	2,606,775	3,950,336	2,606,775
Appropriation for the year	736,609	1,357,331	713,659	1,343,561
Closing Balance	4,700,715	3,964,106	4,663,995	3,950,336

## **39 Profit Distribution and Retained Profit at the End of the Year**

### **(1) Withdrawal of Surplus Reserves and General Risk Reserve**

The management of the Bank developed the annual profit distribution plan as of December 31, 2017 and withdrew the following surplus reserves and general provisions for risks in 2017:

- (a) Withdrawal of statutory surplus reserves      Net profit 10%
- (b) Allocation to general risk provisions          No less than 1.5% of the closing balance of risk assets

### **(2) Distribution of Cash Profits to Investors**

#### **(a) Distribution of Cash Profits within the Year**

In accordance with the approval of the 2016 Annual General Meeting of Shareholders on April 20, 2017, the Bank distributed a total cash profit of RMB468 million to shareholders registered on December 31, 2016 (2016: RMB234 million) in 2017.

#### **(b) Approved Distribution of Cash Profits after the Day of the Exposure of the Balance Sheet**

In accordance with the approval of the 2017 Annual General Meeting of Shareholders on March 26, 2018, the Bank distributed a total cash profit of RMB468 million to shareholders registered on December 31, 2017 in 2018. The cash profits approved for distribution after the day of the exposure of balance sheet are not recognized as liabilities at that day.

### **(3) Explanation of Retained Profit at the End of the Year**

As of December 31, 2017, the retained profit attributable to the parent company included the surplus reserves appropriated by the subsidiary companies of the Company of RMB18.44 million (2016: RMB8.32 million).

## 40 Net Interest Income

		The Group		The Bank	
	Notes	2017	2016	2017	2016
Interest income					
Loans and advances	(1)				
– Corporate loans		5,004,321	4,965,631	4,537,264	4,689,513
– Retail loans		1,921,273	1,335,336	1,921,273	1,335,336
– Bills discounting		47,040	111,973	47,040	111,973
Investment		7,477,712	5,469,988	7,409,954	5,433,578
Deposits with PBC		501,671	398,914	501,671	398,914
Financial assets held under reverse repo		373,895	270,999	373,895	270,999
Deposits with peers and other financial institutions		52,288	232,640	51,803	232,624
Lending to banks and other financial institutions		15,548	507	16,758	1,112
Total		15,393,748	12,785,988	14,859,658	12,474,049
Interest expense					
Deposits from customers		(3,740,652)	(2,958,916)	(3,740,652)	(2,964,059)
Bonds payable		(2,119,127)	(890,037)	(2,119,127)	(890,037)
Deposits from peers and other financial institutions		(1,206,447)	(624,088)	(1,214,126)	(624,088)
Proceeds from financial assets sold under repo		(425,512)	(308,010)	(424,595)	(299,258)
Borrowings from other financial institutions		(335,753)	(156,668)	–	–
Borrowings from PBC		(59,854)	(13,888)	(59,854)	(13,888)
Placements from banks and other financial institutions		(25,199)	(8,205)	(25,199)	(8,205)
Bills re-discounting		(101)	–	(101)	–
Total		(7,912,645)	(4,959,812)	(7,583,654)	(4,799,535)
Net interest income		7,481,103	7,826,176	7,276,004	7,674,514

(1) In 2017, the interest income accrued from the impaired loan by the Group was RMB147 million (2016: RMB460 million).

## 41 Net Income from Transaction Fees and Net Commission Income

	<u>The Group</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Transaction fees and commission income				
Transaction Fee of Wealth Management Business	421,658	332,113	421,658	332,113
Consultancy and Advisory Fees	369,713	194,500	369,713	194,500
Transaction Fee of Agency Business	234,288	83,732	234,288	83,732
Settlement and E-channel Business Fee	177,403	88,159	177,689	88,159
Transaction Fee of Regulatory Service	149,923	90,648	149,923	90,648
Transaction Fee of Bank Card Service	137,220	71,352	137,220	71,352
Transaction Fees of Financial Leasing	110,838	123,744	–	–
Acceptance and Security Transaction Fee	33,466	32,459	33,466	32,459
Others	9,255	1,028	9,255	1,028
Total	1,643,764	1,017,735	1,533,212	893,991
Transaction fees and commission expenditure				
Fees for settlement and clearing	(39,371)	(12,331)	(39,371)	(12,331)
Others	(113,774)	(43,644)	(107,424)	(38,117)
Total	(153,145)	(55,975)	(146,795)	(50,448)
Net income from transaction fees and net commission income	1,490,619	961,760	1,386,417	843,543

## 42 Return on Investment

	The Group		The Bank	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Yields during the possession of financial instruments				
– Dividend income	1,550	1,775	24,500	1,775
– Fund dividend	608,106	119,409	608,106	119,409
(Loss on) / Income from the disposal of financial instruments				
– Financial assets at fair value through profit and loss of the current period	(102,032)	(25,758)	(102,032)	(25,758)
– Available-for-sale financial assets	(41,101)	71,812	(41,101)	71,812
– Receivables investment	4,315	41,431	4,315	41,431
Investment income from associated enterprises	<u>12,026</u>	<u>1,122</u>	<u>12,026</u>	<u>1,122</u>
<b>Total</b>	<u><u>482,864</u></u>	<u><u>209,791</u></u>	<u><u>505,814</u></u>	<u><u>209,791</u></u>

## 43 Loss from Changes of Fair Value

	The Group and the Bank	
	<u>2017</u>	<u>2016</u>
Transaction monetary assets	<u><u>(7,930)</u></u>	<u><u>(35,359)</u></u>

## 44 (Loss on)/Income from Asset Disposal

	The Group and the Bank	
	<u>2017</u>	<u>2016</u>
(Loss on)/Income from the disposal of fixed assets	<u><u>(26)</u></u>	<u><u>326</u></u>

## 45 Government Grants

Other Income  
2017

	Notes	The Group	The Bank
Government grants related to assets	(1)	73	73
Government grants related to income		19,544	11,945
<b>Total</b>		<b>19,617</b>	<b>12,018</b>

Non-operating Revenue  
2017

	The Group and the Bank
Government grants related to income	5,322

### (1) Government Grants Rrelated to Assets

The Group and the Bank

	Opening Balance of Deferred Income	Grants Newly-added in the Year	Income Amount Included in Others	Closing Balance of Deferred Income
Subsidies				
Land compensation fee	—	5,500	(73)	5,427

## 46 Tax and Surcharges

	The Group		The Bank	
	2017	2016	2017	2016
Business tax	—	190,528	—	188,911
City maintenance tax	43,902	43,422	43,902	43,309
Education surcharge	31,739	29,841	31,739	29,761
Other taxes	29,537	21,088	28,429	20,283
<b>Total</b>	<b>105,178</b>	<b>284,879</b>	<b>104,070</b>	<b>282,264</b>

## 47 Business and Administrative Expense

	The Group		The Bank	
	2017	2016	2017	2016
Employee Cost	1,489,564	1,325,513	1,413,216	1,269,104
Depreciation and Amortization	331,288	299,429	328,453	297,391
Lease and Property Management Fees	191,245	159,747	179,480	152,221
Other General and Administrative Fees	1,026,780	884,915	1,013,687	872,113
<b>Total</b>	<b>3,038,877</b>	<b>2,669,604</b>	<b>2,934,836</b>	<b>2,590,829</b>

## 48 Asset Impairment Loss

	The Group		The Bank	
	2017	2016	2017	2016
Loans and advances	2,193,591	2,835,368	2,116,018	2,757,769
Receivables Investment	356,123	745,744	348,385	737,937
Others	26,088	33,381	26,088	33,381
<b>Total</b>	<b>2,575,802</b>	<b>3,614,493</b>	<b>2,490,491</b>	<b>3,529,087</b>

## 49 Non-operating Revenue

	The Group		The Bank	
	2017	2016	2017	2016
Government grants	5,322	23,978	5,322	18,979
Incomes of penalty and late fees	11,774	4,996	11,774	4,996
Others	7,931	880	7,931	880
<b>Total</b>	<b>25,027</b>	<b>29,854</b>	<b>25,027</b>	<b>24,855</b>

## 50 Non-operating Expense

	The Group		The Bank	
	2017	2016	2017	2016
Expenditure of donation and sponsorship	6,733	14,691	5,733	14,691
Expenditure of penalty and late fee	1,102	4,774	1,102	4,774
Others	15,872	3,432	15,872	3,432
<b>Total</b>	<b>23,707</b>	<b>22,897</b>	<b>22,707</b>	<b>22,897</b>

## 51 Income Tax Expense

### (1) Composition of Income Tax Expense for the Year

	The Group		The Bank	
	2017	2016	2017	2016
Income tax for the year	1,061,954	891,796	1,013,179	855,285
Adjustments in respect of current income tax of prior years	31,886	139,476	31,886	139,470
Changes in the Deferred Income Tax	(267,555)	(295,703)	(253,245)	(287,085)
<b>Total</b>	<b>826,285</b>	<b>735,569</b>	<b>791,820</b>	<b>707,670</b>

(2) The adjustment of income taxes and those calculated at statutory tax rate is as follows:

	Notes	The Group		The Bank	
		2017	2016	2017	2016
Total profit before tax		3,741,109	2,413,440	3,628,373	2,302,844
The estimated income taxed calculated at 25% of statutory tax rate		935,277	603,360	907,093	575,711
The tax impact of following items					
– Return on non-tax projects	(i)	(252,273)	(68,527)	(258,010)	(68,527)
– Expenditures not for tax deduction	(ii)	111,398	61,263	110,854	61,019
– Adjusted annual income taxes in previous years		31,886	139,476	31,886	139,470
– Others		(3)	(3)	(3)	(3)
Income tax expense		<u>826,285</u>	<u>735,569</u>	<u>791,820</u>	<u>707,670</u>

(i) Such amount is mainly the fund dividend and Chinese government bond interest income.

(ii) This amount mainly indicates the asset loss not approved by the taxation authority, donation and sponsorship expenditures not for pre-tax deduction stipulated by the tax law, and other expenditures unrelated to incomes.

## 52 Other Comprehensive After-tax Net Income

	The Group and the Bank	
	2017	2016
Other comprehensive income to be reclassified into the profit and loss subsequently		
Loss from changes of fair value of available-for-sale financial assets	(402,313)	(46,069)
Less: Amount transferred to the income statement from other comprehensive income	(31,236)	(53,724)
Income tax impact	<u>108,387</u>	<u>24,948</u>
<b>Total</b>	<u>(325,162)</u>	<u>(74,845)</u>



## 53 Supplementary Illustrations of Statement of Cash Flows

### (1) Reconciliation of Net Profit to Cash Flows from Operating Activities:

	The Group		The Bank	
	2017	2016	2017	2016
Net profit	2,914,824	1,677,871	2,836,553	1,595,174
Adjustment:				
Provision for impairment of assets	2,575,802	3,614,493	2,490,491	3,529,087
Depreciation and amortization of PP&E	331,639	299,780	328,804	297,742
Loss on/(Income) from the disposal of fixed assets	26	(326)	26	(326)
Interest expense on bonds payable	2,119,127	890,037	2,119,127	890,037
Loss from changes of fair value	7,930	35,359	7,930	35,359
Interest Income on Investment	(7,477,712)	(5,469,988)	(7,409,954)	(5,433,578)
Return on investment	(482,864)	(209,791)	(505,814)	(209,791)
Change of deferred income tax	(267,555)	(295,703)	(253,245)	(287,085)
Increase in operating receivable items	(28,977,741)	(26,429,472)	(26,677,328)	(20,926,646)
Increase in operating payable items	54,643,442	74,285,680	52,723,748	67,606,384
Net cash flow from operating activities	25,386,918	48,397,940	25,660,338	47,096,357

### (2) Cash and cash equivalents include following projects (original maturity day within three months):

	The Group		The Bank	
	2017	2016	2017	2016
Cash on hand	797,249	677,669	797,249	677,669
Excess deposit reserves to be deposited in the PBC	4,906,648	7,794,945	4,906,648	7,794,945
With the original maturity date of no more than 3 months:				
– Financial assets held under reverse repo	6,180,084	5,658,039	6,180,084	5,658,039
– Withdrawal funds	500,000	–	920,000	–
– Deposits with banks and other financial institutions	1,552,917	2,382,684	1,552,893	2,382,684
– Bond investment	9,984	340	9,984	340
Total cashes and cash equivalents	13,946,882	16,513,677	14,366,858	16,513,677

### (3) Net Changes in Cash and Cash Equivalents:

	<b>The Group</b>		<b>The Bank</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Closing balance of cash	7,756,814	10,855,298	8,176,790	10,855,298
Less: Opening balance of cash	(10,855,298)	(8,973,586)	(10,855,298)	(9,083,586)
Closing balance of cash equivalents	6,190,068	5,658,379	6,190,068	5,658,379
Less: Opening balance of cash equivalents	(5,658,379)	(9,080,359)	(5,658,379)	(9,080,359)
Net decrease in cash and cash equivalents	<u>(2,566,795)</u>	<u>(1,540,268)</u>	<u>(2,146,819)</u>	<u>(1,650,268)</u>

## 54 Operating Segments

The Group divided its businesses into different operating groups in accordance with business line and operating area to management its businesses. The operating segments have been presented via the same way as internal information reporting and the internal information are reported for the management of the Bank to distribute resources to Segments and assess their performance. Based on the operating segments, the Bank confirmed the following reporting segments:

– Corporate banking

Such segment provides multiple financial products and services for corporate customers, government agencies and financial institutions, including corporate loans, trade financing, deposit services, agency services, counselor and consulting services, transfer and settlement services and guarantee services.

– Personal banking and credit card business

Such segment provides multiple financial products and services for personal customers, including personal loans, deposit services, bank card services, personal wealth management and transfer services.

– Financial market business

Such segment operates the fund business of the Group, including the transactions of interbank borrowing and lending, repo transactions and investment. The segments of the financial market business also include debt securities. The segments of the financial market business also manage the liquidity level of the Group, including bond issuance.

– Other types of business

Such segment includes assets, debts, incomes and expenditures which cannot be directly attributed or distributed to a certain segment at the reasonable benchmark standard.

Assets and debts of the segment and income, expenses and operation performance of the segment are measured in accordance with the Group's accounting policies.

Internal charges and transfer pricing are determined by referring to the market price and reflected in the performance of each segment. Interest income and expenditure incurred from third-party transactions are listed as “external net interest income/expenditure” and net interest income and expenditure incurred from the adjustment to internal charges and transfer pricing are listed as “net interest income/expenditure of between segments”.

Income, expenditure, assets and liabilities of the segment include items directly attributed to a certain

segment and distributed to that segment at the reasonable benchmark standard. Income, expenditure, assets and liabilities of the segment include the balance of inter-department accounts and internal transactions offset at time of preparation of the financial statements. The capital expenditure of the segment refers to the total expenditure incurred from fixed assets, intangible assets and other long-term assets purchased by the segment within a relevant period.

### (1) Information on Profit or Loss, Assets and Liabilities of Reporting Segments

	2017				
	Corporate Banking	Personal Banking and Credit Card Business	Financial Market Business	Other Types of Business	Total
External net interest income	1,830,783	766,689	4,883,631	–	7,481,103
Internal net interest income/ (expense)	2,640,126	853,263	(3,415,061)	(78,328)	–
Interest Net Income/ (Expense)	4,470,909	1,619,952	1,468,570	(78,328)	7,481,103
Net Fee and Commission Income/ (Expense)	686,414	187,797	640,625	(24,217)	1,490,619
Return on investment	–	–	470,838	12,026	482,864
Loss from changes of fair value	–	–	(7,930)	–	(7,930)
Loss on asset disposal	–	–	–	(26)	(26)
Other income	7,599	–	–	12,018	19,617
Exchange (loss)/gain	(32,778)	–	5,753	–	(27,025)
Other business income	13,530	–	–	10,223	23,753
Operating income	5,145,674	1,807,749	2,577,856	(68,304)	9,462,975
Tax and surcharges	(61,220)	(23,801)	(20,157)	–	(105,178)
Business and administrative expense	(1,282,621)	(953,619)	(802,409)	(228)	(3,038,877)
Asset impairment loss	(2,165,473)	(92,978)	(309,836)	(7,515)	(2,575,802)
Other operating cost	(2,978)	–	–	(351)	(3,329)
Operating expense	(3,512,292)	(1,070,398)	(1,132,402)	(8,094)	(5,723,186)
Operating profit/(loss)	1,633,382	737,351	1,445,454	(76,398)	3,739,789
Add: Non-operating revenue	–	302	–	24,725	25,027
Less: Non-operating expense	(3,251)	(1,121)	(274)	(19,061)	(23,707)
Total profit/(loss)	1,630,131	736,532	1,445,180	(70,734)	3,741,109
Segment assets	108,079,206	58,013,237	202,410,947	1,501,908	370,005,298
Segment liabilities	(196,473,559)	(59,632,490)	(89,739,008)	(888,180)	(346,733,237)
Other segment items:					
Credit commitment	21,521,144	4,682,042	–	–	26,203,186
Depreciation and amortization expenses	208,398	103,144	19,438	659	331,639
Capital expenditure	337,613	167,097	31,490	1,068	537,268

Notes: The capital expenditure refers to the amount of the assets of the segment which are purchased during each period and expected to be used for a period of time.

	2016				
	<b>Corporate Banking</b>	<b>Personal Banking and Credit Card Business</b>	<b>Financial Market Business</b>	<b>Other Types of Business</b>	<b>Total</b>
External net interest income	2,902,237	450,167	4,473,772	–	7,826,176
Internal net interest income / (expense)	1,788,394	822,038	(2,532,205)	(78,227)	–
Interest Net Income/ (Expense)	4,690,631	1,272,205	1,941,567	(78,227)	7,826,176
Net Fee and Commission Income/ (Expense)	430,594	84,095	436,519	10,552	961,760
Return on investment	–	–	208,669	1,122	209,791
Loss from changes of fair value	–	–	(35,359)	–	(35,359)
Income from asset disposal	–	–	–	326	326
Exchange gain / (loss)	8,640	–	(6)	–	8,634
Other business income	5,226	7	–	2,041	7,274
Operating income	5,135,091	1,356,307	2,551,390	(64,186)	8,978,602
Tax and surcharges	(170,891)	(48,333)	(65,349)	(306)	(284,879)
Business and administrative expense	(1,403,679)	(595,118)	(666,699)	(4,108)	(2,669,604)
Asset impairment loss	(2,422,553)	(313,080)	(831,341)	(47,519)	(3,614,493)
Other operating cost	(2,712)	(29)	(4)	(398)	(3,143)
Operating expense	(3,999,835)	(956,560)	(1,563,393)	(52,331)	(6,572,119)
Operating profit/(loss)	1,135,256	399,747	987,997	(116,517)	2,406,483
Add: Non–operating revenue	5,000	3	103	24,748	29,854
Less: Non–operating expense	(2,585)	(41)	(452)	(19,819)	(22,897)
Total profit/(loss)	1,137,671	399,709	987,648	(111,588)	2,413,440
Segment assets	91,123,175	47,908,143	174,014,600	694,874	313,740,792
Segment liabilities	(153,111,730)	(45,572,896)	(93,463,574)	(420,265)	(292,568,465)
Other segment items:					
Credit commitment	24,620,017	2,983,403	–	–	27,603,420
Depreciation and amortization expenses	107,496	163,151	24,140	4,993	299,780
Capital expenditure	160,768	244,005	36,104	7,468	448,345

Notes: The capital expenditure refers to the amount of the assets of the segment which are purchased during each period and expected to be used for a period of time.

## (2) Regional Information

The Group mainly operates in Jiangxi Province, Guangdong Province and Jiangsu Province of China. The Group also established a subsidiary in Jiangxi, namely Jiangxi Financial Leasing Co., Ltd. which mainly operates in Shanghai City.

When presenting information by regions of the segments, operating incomes are categorized according to the location of the branch which produces the income. Divisional assets and non-liquid assets are categorized according to the location of the assets.

Regions of the Segments are defined for the Bank's operation and the Management's handling over performance:

- "Head Office" refers to the home of the Head Office, branch-level specialized institutions affiliated directly to the Head Office, including the home of the Head Office, Financial Market Department, Small Business Credit Center, Internet Finance Department, Bank Card Department and so on;

- "Nanchang region" refers to the branches and sub-branches of the Group in the region of Nanchang, including: Banking Department of Head Office, Nanchang County Sub-branch, Jinxian Sub-branch, Bayi Sub-branch and other branches and sub-branches;

- "Jiangxi Province (Nanchang region excluded)" refers to branches of the Group based in other places than Nanchang region in Jiangxi Province, including Fuzhou Branch, Ji'an Branch, Yingtan Branch, Jingdezhen Branch, Yichun Branch, Pingxiang Branch, Jiujiang Branch, Shangrao Branch, Xinyu Branch, Ganzhou Branch, etc.;

- "Outside Jiangxi Province" refers to branches and subsidiaries of the Group not based in Jiangxi Province, including Guangzhou Branch, Suzhou Branch and Jiangxi Financial Leasing Co., Ltd.

2017					
	The Head Office	Jiangxi Province (Nanchang Region Excluded)		Outside Jiangxi Province	Total
External net interest income	4,573,835	1,480,995	1,087,970	338,303	7,481,103
Net internal interest (expense)/ income	(3,279,553)	2,156,749	940,620	182,184	–
Net interest income	1,294,282	3,637,744	2,028,590	520,487	7,481,103
Net income from transaction fees and net commission income	847,272	82,301	402,162	158,884	1,490,619
Income from / (loss on) investment	483,291	–	–	(427)	482,864
Loss from changes of fair value	(7,930)	–	–	–	(7,930)
(Loss on)/Income from asset disposal	(8)	(367)	354	(5)	(26)
Other income	–	234	11,784	7,599	19,617
Exchange (loss)/gain	(28,215)	(501)	972	719	(27,025)
Other business income	1,180	8,400	577	13,596	23,753
Operating income	2,589,872	3,727,811	2,444,439	700,853	9,462,975
Tax and surcharges	(67,944)	(17,522)	(15,120)	(4,592)	(105,178)
Business and administrative expense	(814,988)	(883,720)	(992,635)	(347,534)	(3,038,877)
Asset impairment loss	(27,305)	(1,893,606)	(548,984)	(105,907)	(2,575,802)
Other operating cost	–	–	(351)	(2,978)	(3,329)
Operating expense	(910,237)	(2,794,848)	(1,557,090)	(461,011)	(5,723,186)
Operating profit	1,679,635	932,963	887,349	239,842	3,739,789
Add: Non-operating revenue	13,143	847	10,380	657	25,027
Less: Non-operating expense	(9,026)	(4,069)	(5,345)	(5,267)	(23,707)
Total profit	1,683,752	929,741	892,384	235,232	3,741,109
Segment assets	248,315,007	57,913,444	44,589,146	20,170,201	370,987,798
Elimination					(982,500)
Total assets					370,005,298
Segment liabilities	(229,797,778)	(56,783,707)	(42,509,202)	(18,625,050)	(347,715,737)
Elimination					982,500
Total liabilities					(346,733,237)
Other segment items:					
Credit commitment	6,395,295	10,926,192	4,443,742	4,437,957	26,203,186
Depreciation and amortization expenses	147,160	57,336	111,827	15,316	331,639
Capital expenditure	165,552	31,597	149,439	190,680	537,268
Non-current assets	1,460,435	305,932	872,528	214,728	2,853,623

	2016				
	The Head Office	Nanchang Region	Jiangxi Province (Nanchang Region Excluded)	Outside Jiangxi Province	Total
External net interest income	4,536,340	1,837,025	1,045,938	406,873	7,826,176
Net internal (expense) / income	(2,268,632)	1,458,472	654,588	155,572	—
Net interest income	2,267,708	3,295,497	1,700,526	562,445	7,826,176
Net income from transaction fees and net commission income	512,674	77,982	209,772	161,332	961,760
Return on investment	209,668	12	—	111	209,791
Loss from changes of fair value	(35,359)	—	—	—	(35,359)
Income from / (Loss on) asset disposal	545	(196)	(26)	3	326
Exchange gain/ (loss)	10,954	(1,665)	379	(1,034)	8,634
Other business income	839	—	560	5,875	7,274
Operating income	2,967,029	3,371,630	1,911,211	728,732	8,978,602
Tax and surcharges	(140,818)	(75,256)	(52,712)	(16,093)	(284,879)
Business and administrative expense	(755,162)	(806,788)	(790,782)	(316,872)	(2,669,604)
Asset impairment loss	(928,970)	(1,451,836)	(850,310)	(383,377)	(3,614,493)
Other operating cost	—	—	(351)	(2,792)	(3,143)
Operating expense	(1,824,950)	(2,333,880)	(1,694,155)	(719,134)	(6,572,119)
Operating profit	1,142,079	1,037,750	217,056	9,598	2,406,483
Add: Non-operating revenue	7,787	2,147	14,731	5,189	29,854
Less: Non-operating expense	(18,464)	(183)	(1,793)	(2,457)	(22,897)
Total profit	1,131,402	1,039,714	229,994	12,330	2,413,440
Segment assets	210,438,571	50,587,403	36,436,640	16,761,292	314,223,906
Elimination					(483,114)
Total assets					313,740,792
Segment liabilities	(192,592,899)	(49,558,393)	(35,428,406)	(15,471,881)	(293,051,579)
Elimination					483,114
Total liabilities					(292,568,465)
Other segment items:					
Credit commitment	4,379,861	13,387,280	6,619,678	3,216,601	27,603,420
Depreciation and amortization expenses	130,289	55,568	98,585	15,338	299,780
Capital expenditure	141,029	50,956	239,608	16,752	448,345
Non-current assets	1,477,474	320,164	880,117	40,985	2,718,740

## 55 Information on Collateral

### (1) Pledged Financial Assets

The following assets of the Group are set as liabilities' pledge with sell and repurchase agreements:

#### (a) Carrying Amount of the Pledge Analyzed by Pledge Category:

	The Group	
	2017	2016
Chinese government bonds	208,724	606,657
Chinese policy bank financial bonds	6,755,223	6,633,824
Bills	—	1,496,494
<b>Total</b>	<b>6,963,947</b>	<b>8,736,975</b>

#### (b) Carrying Amount of the Pledge Analyzed by Asset Item:

	The Group	
	2017	2016
Held-to-maturity Investments	5,445,751	7,240,481
Available-for-sale financial assets	1,504,147	—
Transaction monetary assets	14,049	—
Bills	—	1,496,494
<b>Total</b>	<b>6,963,947</b>	<b>8,736,975</b>

The above sell and repurchase transactions follow the general provisions of standard loan and borrowing and lending.

### (2) Purchase of Collateral under Repurchase and Acceptance Agreements

The Bank conducts transactions of the purchase of repurchase agreements in line with standard provisions of general borrowing and lending business and holds the related collaterals under the transaction. For the Bank's book balance of buying repurchase business, please refer to the Note 11. On December 31, 2017, some of the collaterals in the reverse repo agreement held by the Bank could be directly disposed of or re-secured under the circumstance that the counterparty does not commit a delinquency, their fair value was RMB6,261 million (2016: RMB5,788 million) and the Bank was obliged to return the collaterals on the agreed reverse repo date.

On the balance sheet date, the above-mentioned accepted collaterals were not disposed or re-secured.



## 56 Contingent Liability and Assumption

### (1) Credit Commitment

The Group's credit commitments include loan commitments, credit card commitments, acceptance bills of exchange, letters of credit and financial guarantee.

The Group's loan commitments include loan limits not drawn on which were approved with contracts signed. The Group provides financial guarantee and letter of credit services to ensure that the customer performs the contract to the third-party. Acceptance refers to the acceptance commitment by the Group on the bill of exchange issued by the customer. The management of the Group expected that most of acceptance bills of exchange would be simultaneously settled with customer payments.

	The Group and the Bank	
	2017	2016
Loan commitments		
– The original loan contract maturity date is within 1 year	118,900	111,500
– The original loan contract maturity date is above 1 year (including 1 year)	903,900	520,300
Subtotal		
Credit card commitments	1,022,800	631,800
– The original loan contract maturity date is within 1 year		
Subtotal	4,682,042	2,983,403
Banker's acceptances	4,682,042	2,983,403
L/C	16,178,690	21,025,400
Issued L/G	1,080,048	534,865
Total	3,239,606	2,427,952
	26,203,186	27,603,420

The above-mentioned credit commitment businesses may cause the Group to undertake credit risks. The management of the Group periodically assesses its contingent losses and recognizes accrued liabilities when necessary. As relevant credit lines may be unused before maturity, the above-mentioned contractual amounts do not represent the future expected cash outflows.

### (2) Credit-risk-weighted Amount

	The Group and the Bank	
	2017	2016
Weighted amount of contingent liability and presumption of credit risk	8,511,378	8,788,098

The weighted amount of credit risk of credit commitment refers to the amount calculated in line with the requirements of the Management Measures for Capital of Commercial Banks (Provisional) issued by the CBRC.

### (3) Assumption of Capital

The authorized presumption of capital on the day of the exposure of the balance sheet is shown as follows:

	<b>The Group</b>		<b>The Bank</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
– Contracted	75,679	80,938	75,679	80,938
– Authorized but not contracted	–	1,287	–	1,287
<b>Total</b>	<b>75,679</b>	<b>82,225</b>	<b>75,679</b>	<b>82,225</b>

### (4) Operating Lease Commitment

In line with the irrevocable agreements of property operating leasing, these are the minimal leasing payment amounts payable within the following periods of time:

	<b>The Group</b>		<b>The Bank</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Within 1 year (inclusive)	206,311	184,199	195,448	173,338
1 to 2 years (inclusive)	192,016	171,624	182,758	160,871
2 to 3 years (inclusive)	151,828	158,025	150,977	148,768
3 to 5 years (inclusive)	258,193	205,085	258,193	204,234
Over 5 years	280,142	217,585	280,142	217,585
<b>Total</b>	<b>1,088,490</b>	<b>936,518</b>	<b>1,067,518</b>	<b>904,796</b>

### (5) Pending Action

On December 31, 2017, the Group still had several pending litigation cases in which the Group acted as the defendant and such cases involved an amount of approximately RMB1.51 billion (2016: RMB40 million). The Group recognized possible losses of involved cases and disputes as accrued liabilities (see note 31) according to the opinions of lawyers. The management of the Group considered the withdrawn provision as reasonable and sufficient.

The Group was involved in a bill dispute litigation with Bank A as of March 2017 and Bank A filed a lawsuit to the court to terminate the “Bank Acceptance Bill Interbank Discount Contract”. Bank A also required the Group to repay a bill payment sum of RMB1.48 billion and loss compensation and relevant litigation expenses and costs as prescribed in relevant agreements. If the Group lost the lawsuit in the litigation, it may have to pay the bill payment sum and relevant loss compensation. Directors of the Group and legal consultants of the litigation considered that the probability that the Group lost the bill dispute litigation according to currently available evidences was low, so the Group did not set aside provisions for the estimated loss in

the bill dispute litigation.

## (6) Responsibility for Acceptance

As a Chinese underwriter of government bonds, if the bondholder cashes government bonds before the term of maturity of the bond, the Group is responsible for cashing the bonds for the bondholder. The cashing price of government bonds before the term of maturity refers to the carrying amount plus the provision unpaid interest on the cashing day. The provision unpaid interest payable to the bondholder shall be calculated in line with the related regulations of the Ministry of Finance and the People's Bank of China. The cashing price may differ from the fair value of other similar bonds transacted in the market on the cashing day. The Group's responsibilities towards underwritten and sold government bonds before the term of maturity according to the carrying amount on the day of the exposure of the balance sheet are shown as follows:

	The Group and the Bank	
	2017	2016
Responsibility for acceptance	2,075	4,548

The Group estimates that the amount of government bonds cashed by the Group before their term of maturity will not be significant.

## (7) The Support Obligation of the Risk Fund

The Bank has become a member of Asia Financial Cooperation Association on December 31, 2012. The association has set up the risk fund and divided it into equal fund shares. When the fund is first established, every fund share was RMB100 million. The Bank subscribed 1 share which including 10% fund share of investment in cash and 90% of fund share through cooperation obligation. It means that within the limit of RMB90 million, the Bank has cooperation obligation to offer support to members in crisis through interbank borrowing and lending or other ways regulated by Asia Financial Cooperation Association.

## 57 Consignment Loan Business

The Group's entrusted business refers to the loans funded by the consigner such as government departments, enterprises, public institutions or individuals, granted, supervised and assisted in recovery by the Group on behalf of the consigner and according to the loan borrower and loan conditions set by the consigner. The Group's entrusted loan business does not require the Group to bear any credit risk. As the consignee, the Group only needs to hold and manage the assets and liabilities according to instructions of the consigner and charge handling charges for the business provided.

Since the entrusted loans are not assets of the Group, they shall not be recognized in the balance sheet. The received and payable income of the related business provided shall be recognized in the handling charges and commission income of the income statement.

Entrusted assets and liabilities on the day of the exposure of the balance sheet are shown as follows:

	<b>The Group and the Bank</b>	
	<b>2017</b>	<b>2016</b>
Entrusted loan	63,745,779	39,025,381
Funds of entrusted loan	(63,745,779)	(39,025,381)

## 58 Risk Management

The main risks of using financial instruments for the Group include credit risk, market risk, liquidity risk and operational risk.

The Group mainly explains above-mentioned risk exposures and their causes, risk management objectives, policies and procedures, and ways of risk measurements.

The Group has developed a risk management policy to identify and analyze the Group's exposure to risks, set appropriate risk-acceptable levels and formulate appropriate internal control procedures to monitor the Group's risk level. The Group reviews these risk management policies and related internal control systems on a regular basis to adapt to changes in market conditions or the Group's operation activities. The internal audit department of the Group also regularly and irregularly inspected whether the implementation of the internal control system is in line with the risk management policies.

### (1) Credit Risk

Credit risk refers to the potential financial loss that may arise from the failure of a debtor or counterparty to meet its contractual obligation or commitment to the Group. Credit risk mainly comes from loan portfolio, bond investment portfolio and forms of guarantees.

#### Credit Business

The Board of Directors proposed the risk management strategy and acceptable overall risk level of the Group, supervised risk control of the Group and periodically assessed the risk status and risk management policies and offered opinions on the improvement of risk management and internal control of the Group. Functional departments of the Group which take charge of credit risk management mainly include the Credit Approval Department and the Risk Management Department. The Risk Management Department takes charge of overall promotion of the total risk management system of the Group and risk monitoring and management and development of relevant risk management policies. The credit approval institution is independent from customer relation and product management departments to ensure the independence of credit approval. Such frontline departments as branches and business departments handle credit services following the Group's risk management policy system and process.

The Group continuously improves internal control mechanism, strengthens the whole process management of credit business, defines responsibilities in each process of credit business management to each department and position following the principle of effective check and balance and establishes the comprehensive assessment and all employee accountability mechanism.

For corporate and FI credit business, the Group developed credit orientation policies, determined and dynamically monitored limits for industry combinations for different industries and periodically reported this to

the Board of Directors. Credit risk management policies of the Group covered credit granting investigation, credit approval and post-lending management. In the credit investigation, the Group performed customer credit risk rating and completed the credit investigation report. In the review and approval, all credit business must be approved by the authorized approver. In the post-lending management, the Group continuously monitored the launched credit project, immediately pre-warned any adverse events that may have impact over the repayment capacity of the borrower and took countermeasures to prevent and control risks.

For personal credit business, the Group strengthened credit assessment of the applicant and the relationship manager needed to assess the income, credit record and loan repayment capacity of the loan applicant when accepting the personal loan business. The relationship manager's reporting materials and recommendations were submitted to the full-time loan approving institutions or personnel for approval. The Group performed post-lending monitoring of personal loans and focused on the repayment capacity of the borrower and the condition and value change of collaterals. In case of overdue loans, the Group will conduct collection activities following standardized collection operation procedures.

The Group used the loan risk classification method to manage the loan portfolio risk status. Loans are classified as Pass, Special Mention, Substandard, Doubtful and Loss. The last three classes are deemed as impaired loans and advances. When one or multiple events occur and demonstrate that objective impairment evidences exist and losses may occur, the loan is defined as impaired loan and advance. The impaired loss will be assessed on a collective or individual basis as appropriate.

Five categories of loans and advances are mainly defined as follows:

Pass: The borrower can perform the contract and there is no good reason to suspect that the principal and interest of credit-related assets cannot be repaid in full within due time.

Special mention: Although the debtor is able to repay the principal and interest of credit-related assets, there are some factors that may have an adverse impact on the repayment.

Substandard: The borrower has obvious problems in its solvency, and cannot fully rely on its normal operating income to pay back the principal and interest of debts in full within due time. Even if a guarantee is enforced, there may be some losses.

Doubtful: The borrower cannot repay the principal and interest of debts in full, and even if a guarantee is enforced, a great loss will definitely occur.

Loss: The principal and interest cannot be recovered or only a very small portion can be recovered after all possible measures or necessary legal procedures have been adopted.

### **Treasury Business**

The Group sets the credit line according to transaction products, counterparties and geographical regions where the counterparties are located, monitors the use of credit line through the system in real time and periodically reviews and adjusts the credit line.

### **(a) Largest Credit Risk Exposure**

The maximum credit risk exposure of the Group is the carrying amount of each financial asset on the balance sheet during a relevant period.

**(b) The distribution of credit quality of financial assets is as follows:**

The Group

	2017				
	<u>Loans and Advances</u>	<u>Funds to/from Peers and Other Financial Institutions</u>	<u>Financial Assets Held under Reverse Repo</u>	<u>Investment (Note (i))</u>	<u>Others Note (ii)</u>
Impaired					
Assessed individually					
Total	1,541,386	—	—	2,431,516	452,411
Less: Provision for impairment	(1,265,205)	—	—	(676,634)	(23,669)
Net amount	276,181	—	—	1,754,882	428,742
Assessed collectively					
Total	583,633	—	—	—	—
Less: Provision for impairment	(489,198)	—	—	—	—
Net amount	94,435	—	—	—	—
Loans overdue but not impaired					
– Less than 3 months (inclusive)	3,440,378	—	—	—	—
– 3 to 6 months (inclusive)	65,597	—	—	—	—
– 6 months to 1 year (inclusive)	243,152	—	—	—	—
– More than 1 year (inclusive)	851	—	—	—	—
Total	3,749,978	—	—	—	—
Less: Provisions for impairment assessed collectively	(808,777)	—	—	—	—
Net amount	2,941,201	—	—	—	—
Neither overdue nor impaired					
Total	123,466,715	2,318,235	6,180,084	187,862,699	2,002,634
Less: Provisions for impairment assessed collectively	(2,009,154)	—	—	(1,198,071)	—
Net amount	121,457,561	2,318,235	6,180,084	186,664,628	2,002,634
Total net amount	124,769,378	2,318,235	6,180,084	188,419,510	2,431,376

	2016				
	<u>Loans and Advances</u>	<u>Funds to/from Peers and Other Financial Institutions</u>	<u>Financial Assets Held under Reverse Repo</u>	<u>Investment (Note (i))</u>	<u>Others Note (ii)</u>
Impaired					
<u>Assessed individually</u>					
Total	1,299,193	—	—	2,014,200	537,001
Less: Provision for impairment	(839,651)	—	—	(858,742)	(17,822)
Net amount	459,542	—	—	1,155,458	519,179
<u>Assessed collectively</u>					
Total	516,270	—	—	—	—
Less: Provision for impairment	(455,460)	—	—	—	—
Net amount	60,810	—	—	—	—
Loans overdue but not impaired					
– Less than 3 months (inclusive)	4,066,600	—	—	—	—
– 3 to 6 months (inclusive)	220,465	—	—	—	—
– 6 months to 1 year (inclusive)	135,892	—	—	—	—
– More than 1 year (inclusive)	225,090	—	—	—	—
Total	4,648,047	—	—	—	—
Less: Provisions for impairment assessed collectively	(1,123,104)	—	—	—	—
Net amount	3,524,943	—	—	—	—
Neither overdue nor impaired					
Total	101,519,711	4,624,951	5,658,039	156,826,098	1,007,784
Less: Provisions for impairment assessed collectively	(1,411,361)	—	—	(659,840)	—
Net amount	100,108,350	4,624,951	5,658,039	156,166,258	1,007,784
Total net amount	104,153,645	4,624,951	5,658,039	157,321,716	1,526,963

The Bank

	2017				
	<u>Loans and Advances</u>	<u>Funds to/from Peers and Other Financial Institutions</u>	<u>Financial Assets Held under Reverse Repo</u>	<u>Investment (Note (i))</u>	<u>Others Note (ii)</u>
Impaired					
<u>Assessed individually</u>					
Total	1,541,386	—	—	2,431,516	452,411
Less: Provision for impairment	(1,265,205)	—	—	(676,634)	(23,669)
Net amount	276,181	—	—	1,754,882	428,742
<u>Assessed collectively</u>					
Total	583,633	—	—	—	—
Less: Provision for impairment	(489,198)	—	—	—	—
Net amount	94,435	—	—	—	—
Loans overdue but not impaired					
— Less than 3 months (inclusive)	3,440,378	—	—	—	—
— 3 to 6 months (inclusive)	65,597	—	—	—	—
— 6 months to 1 year (inclusive)	243,152	—	—	—	—
— More than 1 year (inclusive)	851	—	—	—	—
Total	3,749,978	—	—	—	—
Less: Provisions for impairment assessed collectively	(808,777)	—	—	—	—
Net amount	2,941,201	—	—	—	—
Neither overdue nor impaired					
Total	113,755,457	2,738,211	6,180,084	186,708,119	1,810,824
Less: Provisions for impairment assessed collectively	(1,835,428)	—	—	(1,182,527)	—
Net amount	111,920,029	2,738,211	6,180,084	185,525,592	1,810,824
Total net amount	115,231,846	2,738,211	6,180,084	187,280,474	2,239,566



	2016				
	<u>Loans and Advances</u>	<u>Funds to/from Peers and Other Financial Institutions</u>	<u>Financial Assets Held under Reverse Repo</u>	<u>Investment (Note (i))</u>	<u>Others Note (ii)</u>
Impaired					
Assessed individually					
Total	1,299,193	—	—	2,014,200	537,001
Less: Provision for impairment	(839,651)	—	—	(858,742)	(17,822)
Net amount	459,542	—	—	1,155,458	519,179
Assessed collectively					
Total	516,270	—	—	—	—
Less: Provision for impairment	(455,460)	—	—	—	—
Net amount	60,810	—	—	—	—
Loans overdue but not impaired					
– Less than 3 months (inclusive)	4,066,600	—	—	—	—
– 3 to 6 months (inclusive)	220,465	—	—	—	—
– 6 months to 1 year (inclusive)	135,892	—	—	—	—
– More than 1 year (inclusive)	225,090	—	—	—	—
Total	4,648,047	—	—	—	—
Less: Provisions for impairment assessed collectively	(1,123,104)	—	—	—	—
Net amount	3,524,943	—	—	—	—
Neither overdue nor impaired					
Total	94,561,633	4,624,951	5,658,039	155,837,057	888,216
Less: Provisions for impairment assessed collectively	(1,315,208)	—	—	(652,033)	—
Net amount	93,246,425	4,624,951	5,658,039	155,185,024	888,216
Total net amount	97,291,720	4,624,951	5,658,039	156,340,482	1,407,395

(i) Investment includes financial assets at fair value through profit and loss of the current period, held-to-maturity investment and receivables investment.

(ii) Others include receivable interest, purchased fixed assets and prepayments and other receivables of other assets.

### (c) Rating of the Credit Risk of Bond Investment

The Group monitors the credit risk of bond portfolio through credit rating. The bond rating is line with Standard & Poor's and Moody's. Based on investment rating, the nominal value of bond investment on each balance sheet date is as follows:

	<b>The Group and the Bank</b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
Neither overdue nor impaired		
AAA	34,680,662	24,808,814
AA – to AA +	1,999,034	1,572,277
A – to A +	–	51,243
BBB – to BBB +	138,636	–
Subtotal	36,818,332	26,432,334
No rating	360,059	1,689,968
<b>Total</b>	<b>37,178,391</b>	<b>28,122,302</b>

The above-mentioned bonds include bonds issued by the Chinese government and Chinese policy-related banks which are held by the Group and amount to RMB34,465 million (2016: RMB24,685 million).

### (d) Collateral and Pledge

The fair value of the collateral materials of overdue financial assets without impairment is as follows:

	<b>The Group and the Bank</b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
The fair value of the collaterals of the following financial assets		
– Loans and advances	1,713,294	2,270,564

## (2) Market Risk

Market risk refers to 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, commodity prices and stock prices.

The Board of Directors has the ultimate responsibility for supervising the market risk management and shall ensure comprehensive and timely identification, measurement, monitoring, reporting and control of the market risk in business sectors. The Risk Management Committee shall monitor market risk management within the authorization scope of the Board of Directors and review relevant recommendations raised by the senior management on strategies, policies and procedures for market risk management and bearable market risk level. Most of market risks faced by the Group in the business operation and development are centralized in fund

business. The Financial Market Department takes charge of fund investment and proprietary transaction business. The Planning and Finance Department and International Business Department take charge of routine monitoring and management of interest rate risk and exchange risk in the banking book. The Risk Management Department takes charge of developing the market risk management policies and procedures and identifying, measuring and monitoring the market risk of the Group.

Sensibility analysis refers to the calculation of interest rate risk by different period scales under the control of overall sensitivity limit and sensitivity limit in each period.

Scenario analysis refers to a multi-factor analysis method, combination of the probabilities of occurrence of all set possible sceneries and research of possible impacts when multiple factors have simultaneous actions.

Foreign exchange exposure analysis is a method of measuring the impact of exchange rate change over the profit and loss of the current period of the Group. Main foreign exchange exposures come from currency mismatch of on- and off-the-balance-sheet business of the Group.

Sensitivity gap analysis is a method of measuring the impact of exchange rate change over the profit and loss of the current period of the Group. Specifically speaking, this is to divide the periods for repricing all interest-bearing assets and interest paying debts at the interest rate into different time frames to calculate the gap between the future assets and debt cash flow.

The result of stress testing is to assess prospective sceneries with the stress change of market variables to measure the impact over the loss and gain.

Effective duration analysis refers to applying different weights during different time frames, designing the risk weight for each time frame according to the assumed actual percentage change of the market value of financial instruments under the circumstance of specific interest rate change to better reflect the non-linear change of the economic value of assets and debts of the Group which are caused by the change of the interest rate.

### **(a) Interest Rate Risk**

Main interest rate risks of the Group include the repricing risk from commercial bank business and risk of treasury transaction position business.

#### **Repricing Risk**

The repricing risk, also known as “term mismatch risk”, is the primary and most common form of interest risk. It comes from the difference between the maturity period of bank assets, debts and off-the-balance-sheet business (in terms of fixed interest rate) and repricing period (in terms of floating interest rate). The asymmetry of such repricing causes the income or intrinsic value of the Group to be changed with the interest rate.

The Planning and Finance Department takes charge of measurement, monitoring and management of interest rate risk. The Group periodically assesses the interest rate sensitivity of the repricing gap of each period and impact of interest rate change over the interest income and economic value of the Group. The main purpose of interest rate risk management is to decrease the adverse impact of interest rate change over the interest income and economic value.

#### **Interest Rate Risk of Transactions**

Transaction risk mainly comes from portfolios in treasury business. The interest rate risk is monitored through duration analysis. Additionally, the Group also uses an auxiliary method to calculate its sensitivity to the interest rate change. The sensitivity is represented by the corresponding change of the fair value by 100 base points (1%).

The following table lists the assets on the balance sheet date, and debts on the next expected annual repricing date (or the due date, whichever is earlier).

	The Group				
	2017				
	<u>Total</u>	<u>3 Months or Under (Including Overdue Ones)</u>	<u>3 Months to 1 Year</u>	<u>1 Year to 5 Years</u>	<u>Interest Not Accrued</u>
<b>Assets</b>					
Cash and deposits with PBC	40,039,192	37,068,058	-	-	2,971,134
Deposits with banks and other financial institutions	1,818,235	1,364,111	-	-	454,124
Lending to banks and other financial institutions	500,000	500,000	-	-	-
Financial assets held under reverse repo	6,180,084	6,180,084	-	-	-
Loans and advances (Note i)	124,769,378	74,887,225	35,205,027	13,527,936	1,149,190
Investment (Note ii)	188,429,760	45,529,663	27,649,026	83,312,116	31,445,506
<b>Others</b>	8,268,649	-	-	54,473	8,214,176
<b>Total assets</b>	<b>370,005,298</b>	<b>165,529,141</b>	<b>62,854,053</b>	<b>96,894,525</b>	<b>12,132,883</b>
<b>Liabilities</b>					
Borrowings from PBC	4,022,343	4,014,352	7,991	-	-
Due to banks and other financial institutions	29,820,013	7,127,843	22,692,170	-	-
Placements from banks and other financial institutions	1,350,000	-	500,000	850,000	-
Borrowings from other financial institutions	8,450,000	1,840,000	6,610,000	-	-
Proceeds from financial assets sold under repo	6,689,051	6,689,051	-	-	-
Deposits from customers	243,837,351	164,045,757	27,117,845	50,479,805	1,201,660
Bonds payable	43,473,768	10,160,447	19,328,314	7,991,408	5,993,599
Others	9,090,711	1	-	-	9,090,710
<b>Total liabilities</b>	<b>346,733,237</b>	<b>193,877,451</b>	<b>76,256,320</b>	<b>59,321,213</b>	<b>10,292,370</b>
<b>Asset-liability gap</b>	<b>23,272,061</b>	<b>(28,348,310)</b>	<b>(13,402,267)</b>	<b>37,573,312</b>	<b>1,840,513</b>

The Group						
2016						
	<u>Total</u>	<u>3 Months or Under (Including Overdue Ones)</u>	<u>3 Months to 1 Year</u>	<u>1 Year to 5 Years</u>	<u>Over 5 Years</u>	<u>Interest Not Accrued</u>
<b>Assets</b>						
Cash and deposits with PBC	34,820,475	33,634,909	-	-	-	1,185,566
Deposits with banks and other financial institutions	4,624,951	2,310,072	1,973,527	-	-	341,352
Financial assets held under reverse repo	5,658,039	5,658,039	-	-	-	-
Loans and advances (Note i)	104,153,645	46,679,881	37,639,991	18,841,538	992,235	-
Investment (Note ii)	157,331,966	38,292,731	43,663,777	50,480,657	23,993,093	901,708
Others	7,151,716	-	-	-	-	7,151,716
<b>Total assets</b>	<b>313,740,792</b>	<b>126,575,632</b>	<b>83,277,295</b>	<b>69,322,195</b>	<b>24,985,328</b>	<b>9,580,342</b>
<b>Liabilities</b>						
Borrowings from PBC	6,000,000	6,000,000	-	-	-	-
Due to banks and other financial institutions	30,829,329	19,499,795	11,329,534	-	-	-
Placements from banks and other financial institutions	77,748	-	27,748	50,000	-	-
Borrowings from other financial institutions	6,480,000	2,600,000	3,880,000	-	-	-
Proceeds from financial assets sold under repo	8,432,594	8,432,594	-	-	-	-
Deposits from customers	191,137,769	127,647,067	37,347,572	25,949,780	8,900	184,450
Bonds payable	43,786,584	5,451,143	28,350,032	9,985,409	-	-
Others	5,824,441	285,000	520,257	365,163	10,430	4,643,591
<b>Total liabilities</b>	<b>292,568,465</b>	<b>169,915,599</b>	<b>81,455,143</b>	<b>36,350,352</b>	<b>19,330</b>	<b>4,828,041</b>
<b>Asset-liability gap</b>	<b>21,172,327</b>	<b>(43,339,967)</b>	<b>1,822,152</b>	<b>32,971,843</b>	<b>24,965,998</b>	<b>4,752,301</b>

The following table lists the assets on the balance sheet date, and debts on the next expected annual repricing date (or the due date, whichever is earlier).

	The Bank					
	2017					
	Total	3 Months or Under (Including Overdue Ones)	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Interest Not Accrued
<b>Assets</b>						
Cash and deposits with PBC	40,039,192	37,068,058	-	-	-	2,971,134
Deposits with banks and other financial institutions	1,818,211	1,364,087	-	-	-	454,124
Lending to banks and other financial institutions	920,000	920,000	-	-	-	-
Financial assets held under reverse repo	6,180,084	6,180,084	-	-	-	-
Loans and advances (Note i)	115,231,846	74,360,655	33,152,390	6,690,321	1,028,480	-
Investment (Note ii)	187,290,724	45,433,023	27,248,875	82,789,174	31,326,203	493,449
Others	8,342,752	-	-	-	-	8,342,752
<b>Total assets</b>	<b>359,822,809</b>	<b>165,325,907</b>	<b>60,401,265</b>	<b>89,479,495</b>	<b>32,354,683</b>	<b>12,261,459</b>
<b>Liabilities</b>						
Borrowings from PBC	4,022,343	4,014,352	7,991	-	-	-
Due to banks and other financial institutions	30,301,342	7,609,172	22,692,170	-	-	-
Placements from banks and other financial institutions	1,350,000	-	500,000	850,000	-	-
Proceeds from financial assets sold under repo	6,689,051	6,689,051	-	-	-	-
Deposits from customers	243,837,358	164,045,764	27,117,845	50,479,805	992,284	1,201,660
Bonds payable	43,473,768	10,160,447	19,328,314	7,991,408	5,993,599	-
Others	7,506,306	-	-	-	-	7,506,306
Total liabilities	337,180,168	192,518,786	69,646,320	59,321,213	6,985,883	8,707,966
<b>Asset-liability gap</b>	<b>22,642,641</b>	<b>(27,192,879)</b>	<b>(9,245,055)</b>	<b>30,158,282</b>	<b>25,368,800</b>	<b>3,553,493</b>

The Bank		2016				
		3 Months or Under (Including Overdue Ones)	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Interest Not Accrued
<b>Assets</b>	<b>Total</b>					
Cash and deposits with PBC	34,820,475	33,634,909	–	–	–	1,185,566
Receivables from peer banks and other financial institutions	4,624,951	2,310,072	1,973,527	–	–	341,352
Financial assets held under reverse repo	5,658,039	5,658,039	–	–	–	–
Loans and advances (Note i)	97,291,720	41,618,587	37,555,956	17,124,942	992,235	–
Investment (Note ii)	156,350,732	38,292,731	43,663,777	49,792,653	23,699,863	901,708
Others	6,839,590	–	–	–	–	6,839,590
<b>Total assets</b>	<b>305,585,507</b>	<b>121,514,338</b>	<b>83,193,260</b>	<b>66,917,595</b>	<b>24,692,098</b>	<b>9,268,216</b>
<b>Liabilities</b>						
Borrowings from PBC	6,000,000	6,000,000	–	–	–	–
Due to banks and other financial institutions	31,211,289	19,881,755	11,329,534	–	–	–
Placements from banks and other financial institutions	77,748	–	27,748	50,000	–	–
Proceeds from financial assets sold under repo	8,432,594	8,432,594	–	–	–	–
Deposits from customers	191,137,769	127,647,067	37,347,572	25,949,780	8,900	184,450
Bonds payable	43,786,584	5,451,143	28,350,032	9,985,409	–	–
Other liabilities	4,340,395	–	–	–	–	4,340,395
Total liabilities	284,986,379	167,412,559	77,054,886	35,985,189	8,900	4,524,845
<b>Asset-liability gap</b>	<b>20,599,128</b>	<b>(45,898,221)</b>	<b>6,138,374</b>	<b>30,932,406</b>	<b>24,683,198</b>	<b>4,743,371</b>

(i) The above presented loans and advances that are due in “3 months or less” include the overdue amounts (net of provisions) as of December 31, 2017 and December 31, 2016. Overdue amounts refer to these loans and advances of which all or part of the principal or interest are

overdue.

(ii) Investment includes financial assets at fair value through profit and loss of the current period, financial assets available for sale, held-to-maturity investment and receivables investment.

The Group uses sensitivity analysis to measure the potential impact of changes in interest rates on the Group's profits and equities. The following table lists the sensitivity of the probable reasonable change of the net profits and equities of the Bank in the case of other variables being constant.

	<b>2017</b>		<b>2016</b>	
	<b><u>Interest Rate Change</u></b>		<b><u>Interest Rate Change</u></b>	
	<b><u>(Basis Point)</u></b>		<b><u>(Basis Point)</u></b>	
	<b><u>100</u></b>	<b><u>(100)</u></b>	<b><u>100</u></b>	<b><u>(100)</u></b>
Net profit sensitivity	<u>(232,469)</u>	<u>233,013</u>	<u>(145,013)</u>	<u>171,250</u>

	<b>2017</b>		<b>2016</b>	
	<b><u>Interest Rate Change</u></b>		<b><u>Interest Rate Change</u></b>	
	<b><u>(Basis Point)</u></b>		<b><u>(Basis Point)</u></b>	
	<b><u>100</u></b>	<b><u>(100)</u></b>	<b><u>100</u></b>	<b><u>(100)</u></b>
Equity sensitivity	<u>(445,890)</u>	<u>476,197</u>	<u>(201,243)</u>	<u>400,883</u>

The above sensitivity analysis presumes a static interest rate risk structure of assets and liabilities. The relevant analysis only measures changes in interest rates within one year and reflects the effect of repricing of the Group's assets and liabilities on the Group's annualized net profit and equity within one year based on the following presumptions:

- The change in interest rate at the end of each relevant period applies to all financial instruments of the Group;
- 100 basis points of the change in interest rate at the end of each relevant period is presumed to change in the interest rate in the next 12 months;
- The yield curve moves parallel to the change in interest rates;
- There are no other changes in the assets and liabilities portfolio;
- Other variables (including exchange rate) remain constant; and
- The risk management measures that the Group was taking are not taken into consideration.

Based on the above presumptions, the actual changes of the Group's net profit and loss and shareholders' equity resulting from the changes in the interest rate may be different from the results of this sensitivity analysis.

### **(b) Currency Risk**

The Group's foreign exchange risk mainly comes from deposits from customers, foreign exchange amounts from other financial institutions and deposits. The Group manages foreign exchange risk by matching its foreign currency-denominated assets with the corresponding liabilities in the same currency.

The foreign exchange exposure of the Group and the Bank at the end of each relevant period is as fol-



lows:

The Group					
2017					
Equivalent to RMB Thousand					
Notes	RMB	USD	HKD	Others	Total
<b>Assets</b>					
Cash and deposits with PBC	39,983,511	52,033	2,794	854	40,039,192
Deposits with banks and other financial institutions	814,397	959,510	40,473	3,855	1,818,235
Lending to banks and other financial institutions	500,000	–	–	–	500,000
Financial assets held under reverse repo	6,180,084	–	–	–	6,180,084
Loans and advances	124,490,648	278,730	–	–	124,769,378
Investment (i)	188,429,760	–	–	–	188,429,760
<b>Other assets</b>	8,267,149	1,500	–	–	8,268,649
<b>Total assets</b>	<b>368,665,549</b>	<b>1,291,773</b>	<b>43,267</b>	<b>4,709</b>	<b>370,005,298</b>
<b>Liabilities</b>					
The Group					
2017					
Equivalent to RMB Thousand					
Notes	RMB	USD	HKD	Others	Total
<b>Liabilities</b>					
Borrowings from PBC	4,022,343	–	–	–	4,022,343
Due to banks and other financial institutions	29,817,347	1,387	860	419	29,820,013
Placements from banks and other financial institutions	1,350,000	–	–	–	1,350,000
Borrowings from other financial institutions	8,450,000	–	–	–	8,450,000
Proceeds from financial assets sold under repo	6,689,051	–	–	–	6,689,051
Deposits from customers	242,962,878	840,413	32,712	1,348	243,837,351
<b>Bonds payable</b>	43,473,768	–	–	–	43,473,768
Other liabilities	9,086,686	4,011	13	1	9,090,711
<b>Total liabilities</b>	<b>345,852,073</b>	<b>845,811</b>	<b>33,585</b>	<b>1,768</b>	<b>346,733,237</b>
Net position of assets and liabilities	22,813,476	445,962	9,682	2,941	23,272,061
Net off-balance-sheet position:					
<b>Credit commitment</b> (ii)	25,448,906	745,805	–	8,475	26,203,186

The Group						
2016						
Equivalent to RMB Thousand						
	Notes	RMB	USD	HKD	Others	Total
Assets						
Cash and deposits with PBC		34,777,109	38,978	3,261	1,127	34,820,475
Deposits with banks and other financial institutions		3,365,219	1,211,675	40,498	7,559	4,624,951
Financial assets held under reverse repo		5,658,039	–	–	–	5,658,039
Loans and advances		103,882,710	270,935	–	–	104,153,645
Investment	(i)	157,331,966	–	–	–	157,331,966
Other assets		7,144,790	6,926	–	–	7,151,716
Total assets		312,159,833	1,528,514	43,759	8,686	313,740,792

The Group						
2016						
Equivalent to RMB Thousand						
	Notes	RMB	USD	HKD	Others	Total
Liabilities						
Borrowings from PBC		6,000,000	–	–	–	6,000,000
Due to banks and other financial institutions		30,022,010	805,657	1,179	483	30,829,329
Placements from banks and other financial institutions		50,000	27,748	–	–	77,748
Borrowings from other financial institutions		6,480,000	–	–	–	6,480,000
Proceeds from financial assets sold under repo		8,432,594	–	–	–	8,432,594
Deposits from customers		190,437,924	662,147	36,322	1,376	191,137,769
Bonds payable		43,786,584	–	–	–	43,786,584
Other liabilities		5,816,695	7,732	13	1	5,824,441
Total liabilities		291,025,807	1,503,284	37,514	1,860	292,568,465
Net position of assets and liabilities		21,134,026	25,230	6,245	6,826	21,172,327
Net off-balance-sheet position:						
Credit commitment	(ii)	27,208,663	390,811	–	3,946	27,603,420

The Bank						
2017						
Equivalent to RMB Thousand						
	Notes	RMB	USD	HKD	Others	Total
<b>Assets</b>						
Cash and deposits with PBC		39,983,511	52,033	2,794	854	40,039,192
Deposits with banks and other financial institutions		814,373	959,510	40,473	3,855	1,818,211
Lending to banks and other financial institutions		920,000	–	–	–	920,000
Financial assets held under reverse repo		6,180,084	–	–	–	6,180,084
Loans and advances		114,953,116	278,730	–	–	115,231,846
Investment	(i)	187,290,724	–	–	–	187,290,724
Other assets		8,341,252	1,500	–	–	8,342,752
Total assets		358,483,060	1,291,773	43,267	4,709	359,822,809

The Bank						
2017						
Equivalent to RMB Thousand						
	Notes	RMB	USD	HKD	Others	Total
<b>Liabilities</b>						
Borrowings from PBC		4,022,343	–	–	–	4,022,343
Due to banks and other financial institutions		30,298,676	1,387	860	419	30,301,342
Placements from banks and other financial institutions		1,350,000	–	–	–	1,350,000
Proceeds from financial assets sold under repo		6,689,051	–	–	–	6,689,051
Deposits from customers		242,962,885	840,413	32,712	1,348	243,837,358
Bonds payable		43,473,768	–	–	–	43,473,768
Other liabilities		7,502,281	4,011	13	1	7,506,306
Total liabilities		336,299,004	845,811	33,585	1,768	337,180,168
Net position of assets and liabilities		22,184,056	445,962	9,682	2,941	22,642,641
Net off-balance-sheet position:						
Credit commitment	(ii)	25,448,906	745,805	–	8,475	26,203,186

The Bank					
2016					
Equivalent to RMB Thousand					
Notes	RMB	USD	HKD	Others	Total
<b>Assets</b>					
Cash and deposits with PBC	34,777,109	38,978	3,261	1,127	34,820,475
Deposits with banks and other financial institutions	3,365,219	1,211,675	40,498	7,559	4,624,951
Financial assets held under reverse repo	5,658,039	–	–	–	5,658,039
Loans and advances	97,020,785	270,935	–	–	97,291,720
Investment (i)	156,350,732	–	–	–	156,350,732
Other assets	6,832,664	6,926	–	–	6,839,590
Total assets	304,004,548	1,528,514	43,759	8,686	305,585,507

The Bank					
2016					
Equivalent to RMB Thousand					
Notes	RMB	USD	HKD	Others	Total
<b>Liabilities</b>					
Borrowings from PBC	6,000,000	–	–	–	6,000,000
Due to banks and other financial institutions	30,403,970	805,657	1,179	483	31,211,289
Placements from banks and other financial institutions	50,000	27,748	–	–	77,748
Proceeds from financial assets sold under repo	8,432,594	–	–	–	8,432,594
Deposits from customers	190,437,924	662,147	36,322	1,376	191,137,769
Bonds payable	43,786,584	–	–	–	43,786,584
Other liabilities	4,332,649	7,732	13	1	4,340,395
Total liabilities	283,443,721	1,503,284	37,514	1,860	284,986,379
Net position of assets and liabilities	20,560,827	25,230	6,245	6,826	20,599,128
<b>Net off-balance-sheet position:</b>					
Credit commitment (ii)	27,208,663	390,811	–	3,946	27,603,420

(i) Investment includes financial assets at fair value through profit and loss of the current period, financial assets available for sale, held-to-maturity investment and receivables investment.

(ii) Generally, the credit commitment will have been due before it is used, so the above-listed net position (with related margin deducted) does not represent the demand for future cash flows.

Analysis of Exchange Rate Sensitivity  
The Group and the Bank

	2017		2016	
	Interest Rate Change (Basis Point)		Interest Rate Change (Basis Point)	
	(100)	100	(100)	100
Increase / (decrease) in net profit on a yearly basis	(3,439)	3,439	(287)	287

The above sensitivity analysis presumes a static foreign exchange risk structure of assets and liabilities. Taking into account the nature of the RMB exchange rate system, the relevant analysis is based on the following presumptions:

- (i) The exchange rate sensitivity refers to the exchange gains and losses caused by the 100 basis points fluctuating in the currency of the RMB exchange rate;
- (ii) Exchange rate fluctuations in various currencies refer to simultaneous exchange rate fluctuations of all currencies in the same trend against RMB.

Based on the above presumptions, the actual change in net profit and loss of the Group's exchange due to the increase or decrease of interest rates may be different from the results of this sensitivity analysis.

### (3) Liquidity Risk

Liquidity risk refers to the risk where although banks have the ability to pay off, they cannot obtain sufficient funds in time or cannot obtain sufficient funds at a reasonable cost to cope with asset growth or pay the risk of mature debts. The Group monitors the cash flows in the future according to the liquidity risk management policies, and ensure maintenance of an appropriate level of high liquidity assets.

The overall liquidity of the Group is managed by the Asset and Liability Management Committee ("Asset and Liability Management Committee"). The committee is responsible for formulating liquidity policies in accordance with regulatory requirements and prudential principles. Targets of policies include:

- Maintain a sound and adequate level of liquidity, establish a scientific and sound liquidity risk management system, and ensure that the Company can promptly meet the payment obligations and liquidity requirements caused by assets, liabilities and off-balance-sheet operations under the normal operating environment or pressure, balance the effectiveness and safety of funds; and
- Make timely and reasonable adjustments to the scale and structure of assets and liabilities according to changes in the market and business development, appropriately maximize profit maximization and minimize costs under the premise of ensuring liquidity, and realize unity of "safety, liquidity, and effectiveness" in the funds of the Bank.

The Planning and Finance Department takes the lead in implementing the liquidity risk management policy, formulating and periodically revising the liquidity risk management strategy, and identifying, measuring and monitoring the liquidity risk of the Bank. Meanwhile, the Planning and Finance Department is also responsible for daily position management and forecasting with the Financial Market Department, and maintains

an appropriate level of high liquidity asset portfolio based on liquidity management strategies. The Financial Market Department operates according to the instructions of the Planning and Finance Department. When there are major payment needs or structural changes, it must report to the Assets and Liabilities Management Committee and make recommendations in a timely manner.

Most of the sources of funds held by the Group are deposits from customers. In recent years, the Group's absorption of deposits from customers has continued to grow, and its types and term types have diversified, making it a stable source of funds.

The Group mainly uses liquidity gap to analyze and measure liquidity risk and assess the impact of liquidity risk with stress testing.

The Group's asset and liability items based on the remaining maturity dates are analyzed as follows:

		2017							
	Notes	Repayable on Demand	Within a Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Without Due Term	Total
Assets									
Cash and deposits with PBC	(i)	5,703,902	-	-	-	-	-	34,335,290	40,039,192
Deposits with banks and other financial institutions		1,552,893	65,342	200,000	-	-	-	-	1,818,235
Lending to banks and other financial institutions		-	500,000	-	-	-	-	-	500,000
Financial assets held under reverse repo		-	5,880,161	299,923	-	-	-	-	6,180,084
Loans and advances	(ii)	4,017,340	6,201,239	8,675,404	39,305,055	35,506,841	29,699,299	1,364,200	124,769,378
Investment	(iii)	14,900,957	5,104,421	8,384,720	17,167,964	97,250,116	45,128,133	493,449	188,429,760
Others		64,748	899,119	391,149	557,076	537,726	193,807	5,625,024	8,268,649
Total assets		26,239,840	18,650,282	17,951,196	57,030,095	133,294,683	75,021,239	41,817,963	370,005,298
Liabilities									
Borrowings from PBC		-	4,012,864	1,488	7,991	-	-	-	4,022,343
Due to banks and other financial institutions		255,843	593,000	6,279,000	22,692,170	-	-	-	29,820,013
Placements from banks and other financial institutions		-	-	-	500,000	850,000	-	-	1,350,000
Borrowings from other financial institutions		-	840,000	1,000,000	6,610,000	-	-	-	8,450,000
Financial assets sold under agreements to repurchase		-	6,689,051	-	-	-	-	-	6,689,051
Deposits from customers		134,569,608	14,691,385	15,986,424	27,117,845	50,479,805	992,284	-	243,837,351
Bonds payable		-	3,599,220	6,561,227	19,328,314	7,991,408	5,993,599	-	43,473,768
Others		224,964	3,289,442	1,274,674	2,068,812	1,770,686	149,238	312,895	9,090,711
Total liabilities		135,050,415	33,714,962	31,102,813	78,325,132	61,091,899	7,135,121	312,895	346,733,237
(Short)/ long-term position		(108,810,575)	(15,064,680)	(13,151,617)	(21,295,037)	72,202,784	67,886,118	41,505,068	23,272,061

2016

	Notes	Repayable on Demand	Within a Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Without Due Term	Total
Assets									
Cash and deposits with PBC	(i)	8,472,614	-	-	-	-	-	26,347,861	34,820,475
Deposits with banks and other financial institutions		1,382,684	-	1,268,740	1,973,527	-	-	-	4,624,951
Financial assets held under reverse repo		-	5,658,039	-	-	-	-	-	5,658,039
Loans and advances	(ii)	2,939,459	5,539,078	7,599,713	41,616,312	20,074,652	23,789,865	2,594,566	104,153,645
Investment	(iii)	27,259,957	2,509,202	7,045,322	43,614,582	52,008,103	23,993,092	901,708	157,331,966
Others		295,494	219,614	287,616	1,111,742	257,626	71,966	4,907,658	7,151,716
Total assets		40,350,208	13,925,933	16,201,391	88,316,163	72,340,381	47,854,923	34,751,793	313,740,792
Liabilities									
Borrowings from PBC		-	6,000,000	-	-	-	-	-	6,000,000
Due to banks and other financial institutions		556,395	7,260,000	11,683,400	11,329,534	-	-	-	30,829,329
Placements from banks and other financial institutions		-	-	-	27,748	50,000	-	-	77,748
Borrowings from other financial institutions		-	1,400,000	1,200,000	3,880,000	-	-	-	6,480,000
Financial assets sold under agreements to repurchase		-	8,432,594	-	-	-	-	-	8,432,594
Deposits from customers		100,117,507	12,603,917	15,110,093	37,347,572	25,949,780	8,900	-	191,137,769
Bonds payable		-	298,782	5,152,361	28,350,032	9,985,409	-	-	43,786,584
Others		211,438	1,249,338	647,834	2,226,659	1,069,830	10,605	408,737	5,824,441
Total liabilities		100,885,340	37,244,631	33,793,688	83,161,545	37,055,019	19,505	408,737	292,568,465
(Short)/ long-term position		(60,535,132)	(23,318,698)	(17,592,297)	5,154,618	35,285,362	47,835,418	34,343,056	21,172,327



The Bank's asset and liability items based on the remaining maturity dates are analyzed as follows:

		2017							
	Notes	Repayable on Demand	Within a Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Without Due Term	Total
Assets									
Cash and deposits with PBC	(i)	5,703,902	-	-	-	-	-	34,335,290	40,039,192
Deposits with banks and other financial institutions		1,552,869	65,342	200,000	-	-	-	-	1,818,211
Lending to banks and other financial institutions		-	920,000	-	-	-	-	-	920,000
Financial assets held under reverse repo		-	5,880,161	299,923	-	-	-	-	6,180,084
Loans and advances	(ii)	4,017,340	6,107,517	8,242,556	37,252,418	28,669,226	29,578,589	1,364,200	115,231,846
Investment	(iii)	14,900,957	5,093,455	8,299,046	16,767,813	96,727,174	45,008,830	493,449	187,290,724
Others		64,748	899,238	310,021	556,340	318,846	85,549	6,108,010	8,342,752
Total assets		26,239,816	18,965,713	17,351,546	54,576,571	125,715,246	74,672,968	42,300,949	359,822,809
Liabilities									
Borrowings from PBC		-	4,012,864	1,488	7,991	-	-	-	4,022,343
Due to banks and other financial institutions		737,172	593,000	6,279,000	22,692,170	-	-	-	30,301,342
Placements from banks and other financial institutions		-	-	-	500,000	850,000	-	-	1,350,000
Financial assets sold under agreements to repurchase		-	6,689,051	-	-	-	-	-	6,689,051
Deposits from customers		134,569,615	14,691,385	15,986,424	27,117,845	50,479,805	992,284	-	243,837,358
Bonds payable		-	3,599,220	6,561,227	19,328,314	7,991,408	5,993,599	-	43,473,768
Others		224,964	3,235,739	778,764	1,678,452	1,180,289	95,203	312,895	7,506,306
Total liabilities		135,531,751	32,821,259	29,606,903	71,324,772	60,501,502	7,081,086	312,895	337,180,168
(Short)/ long-term position		(109,291,935)	(13,855,546)	(12,255,357)	(16,748,201)	65,213,744	67,591,882	41,988,054	22,642,641

2016

Notes	Repayable on Demand	Within a Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Without Due Term	Total
Assets								
(i) Cash and deposits with PBC	8,472,614	-	-	-	-	-	26,347,861	34,820,475
Deposits with banks and other financial institutions	1,382,684	-	1,268,740	1,973,527	-	-	-	4,624,951
Financial assets held under reverse repo	-	5,658,039	-	-	-	-	-	5,658,039
Loans and advances	2,939,459	5,539,078	7,566,713	41,616,312	13,477,118	23,558,474	2,594,566	97,291,720
Investment	27,259,957	2,509,202	7,045,322	43,614,582	51,320,099	23,699,862	901,708	156,350,732
Others	295,494	202,313	243,767	519,757	250,443	71,966	5,255,850	6,839,590
Total assets	40,350,208	13,908,632	16,124,542	87,724,178	65,047,660	47,330,302	35,099,985	305,585,507
Liabilities								
Borrowings from PBC	-	6,000,000	-	-	-	-	-	6,000,000
Due to banks and other financial institutions	638,355	7,560,000	11,683,400	11,329,534	-	-	-	31,211,289
Placements from banks and other financial institutions	-	-	-	27,748	50,000	-	-	77,748
Financial assets sold under agreements to repurchase	-	8,432,594	-	-	-	-	-	8,432,594
Deposits from customers	100,117,507	12,603,917	15,110,093	37,347,572	25,949,780	8,900	-	191,137,769
Bonds payable	-	298,782	5,152,361	28,350,032	9,985,409	-	-	43,786,584
Others	211,438	1,119,774	447,542	1,606,058	566,343	175	389,065	4,340,395
Total liabilities	100,967,300	36,015,067	32,393,396	78,660,944	36,551,532	9,075	389,065	284,986,379
(Short) / long-term position	(60,617,092)	(22,106,435)	(16,268,854)	9,063,234	28,496,128	47,321,227	34,710,920	20,599,128

(i) The “without due term” category in cash and deposits with PBC refer to the statutory deposit reserves and fiscal deposits.

(ii) Amounts without due term in loans and advances include all impaired loans and advances, as well as loans and advances that have been overdue for more than one month without impairment. Unimpaired loans and advances that are overdue within one month should be classified into the “Repayable on demand” category. This type of amount is expressed after the proper deduction of loss provisions.

(iii) Amount of the investment without due term is the part that has been impaired or has been overdue for more than one month. Equity investments are also expressed in the “without due term” category. Despite the maturity day of financial assets in investment, which are measured at fair value through profit or loss for the current period, the Group may not hold these assets to the last maturity day.

The following table expresses the analysis on the Group's cash flows of un-discounted contracts on financial assets, liabilities and credit commitment at the end of the Reporting Period. The actual cash flows of these financial instruments may be noticeably different from those in this analysis.

2017										
	Notes	Book Value	Total	Repayable on Demand	Within a Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Without Due Term
<b>Financial assets</b>										
Cash and deposits with PBC	(i)	40,039,192	40,039,192	5,703,902	-	-	-	-	-	34,335,290
Deposits with banks and other financial institutions		1,818,235	1,819,516	1,552,893	65,382	201,241	-	-	-	-
Lending to banks and other financial institutions		500,000	500,060	-	500,060	-	-	-	-	-
Financial assets held under reverse repo		6,180,084	6,187,178	-	5,883,779	303,399	-	-	-	-
Loans and advances	(ii)	124,769,378	149,395,866	4,018,507	6,249,482	9,029,042	40,971,450	41,341,501	46,417,794	1,368,090
Investment	(iii)	188,429,760	221,032,799	14,918,247	5,621,219	9,458,670	23,798,697	116,424,014	50,318,503	493,449
Others		3,265,299	3,265,299	57,297	898,994	382,652	493,288	302,201	127,342	1,003,525
<b>Total assets</b>		<b>365,001,948</b>	<b>422,239,910</b>	<b>26,250,846</b>	<b>19,218,916</b>	<b>19,375,004</b>	<b>65,263,435</b>	<b>158,067,716</b>	<b>96,863,639</b>	<b>37,200,354</b>
<b>Financial liabilities</b>										
Borrowings from PBC		4,022,343	4,035,333	4,025,833	1,500	8,000	-	-	-	-
Deposits from banks and other financial institutions		29,820,013	30,830,927	255,843	605,784	6,490,809	23,478,491	-	-	-
Placements from banks and other financial institutions		1,350,000	1,473,385	-	-	-	510,754	962,631	-	-
Borrowings from other financial institutions		8,450,000	8,663,305	-	842,307	1,010,610	6,810,388	-	-	-
Proceeds from financial assets sold under repo		6,689,051	6,694,368	-	6,694,368	-	-	-	-	-
Deposits from customers		243,837,351	246,988,486	134,569,608	14,838,775	16,236,841	27,964,220	52,300,661	1,078,381	-
Bonds payable		43,473,768	47,881,500	-	3,610,000	6,610,000	20,471,050	9,690,450	7,500,000	-
Others		9,083,113	9,083,113	224,964	3,277,177	1,284,682	2,068,899	1,770,686	149,238	307,467
<b>Total liabilities</b>		<b>346,725,639</b>	<b>355,650,417</b>	<b>139,076,248</b>	<b>29,869,911</b>	<b>31,640,942</b>	<b>81,303,802</b>	<b>64,724,428</b>	<b>8,727,619</b>	<b>307,467</b>
Net position/(gap)		<b>18,276,309</b>	<b>66,589,493</b>	<b>(112,825,402)</b>	<b>(10,650,995)</b>	<b>(12,265,938)</b>	<b>(16,040,367)</b>	<b>93,343,288</b>	<b>88,136,020</b>	<b>36,892,887</b>
Credit commitment		<b>26,203,186</b>	<b>26,203,186</b>	<b>5,593,302</b>	<b>2,031,572</b>	<b>5,167,107</b>	<b>11,783,976</b>	<b>1,626,229</b>	<b>1,000</b>	<b>-</b>

2016

Notes	Book Value	Total	Repayable on Demand	Within a Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Without Due Term
Financial assets									
(i) Cash and deposits with PBC	34,820,475	34,820,475	8,472,614	-	-	-	-	-	26,347,861
Deposits with banks and other financial institutions	4,624,951	4,700,803	1,382,684	-	1,285,909	2,032,210	-	-	-
Financial assets held under reverse repo	5,658,039	5,659,792	-	5,659,792	-	-	-	-	-
(ii) Loans and advances	104,153,645	123,683,781	2,946,158	5,550,284	8,545,846	44,749,810	21,264,228	38,025,756	2,601,699
(iii) Investment	157,331,966	171,763,978	27,293,013	2,850,578	7,838,343	47,838,580	60,168,112	24,873,644	901,708
Others	2,739,159	2,739,159	293,946	219,536	284,020	1,061,483	36,396	57,303	786,475
Total assets	309,328,235	343,367,988	40,388,415	14,280,190	17,954,118	95,682,083	81,468,736	62,956,703	30,637,743
Financial liabilities									
Borrowings from PBC	6,000,000	6,008,128	-	6,008,128	-	-	-	-	-
Deposits from banks and other financial institutions	30,829,329	31,329,479	556,427	7,329,148	11,855,998	11,587,906	-	-	-
Placements from banks and other financial institutions	77,748	83,763	-	-	-	27,889	55,874	-	-
Borrowings from other financial institutions	6,480,000	6,607,960	-	1,410,129	1,213,753	3,984,078	-	-	-
Proceeds from financial assets sold under repo	8,432,594	8,438,057	-	8,438,057	-	-	-	-	-
Deposits from customers	191,137,769	199,517,339	100,498,233	18,103,917	15,710,093	39,246,416	25,949,780	8,900	-
Bonds payable	43,786,584	45,680,294	-	300,000	5,180,000	29,340,400	10,859,894	-	-
Others	5,824,441	5,824,441	211,438	1,249,338	647,834	2,226,659	1,069,830	10,605	408,737
Total liabilities	292,568,465	303,489,461	101,266,098	42,838,717	34,607,678	86,413,348	37,935,378	19,505	408,737
Net position/(gap)	16,759,770	39,878,527	(60,877,683)	(28,558,527)	(16,653,560)	9,268,735	43,533,358	62,937,198	30,229,006
Credit commitment	27,603,420	27,603,420	3,284,867	4,592,479	7,331,152	10,329,018	2,065,704	200	-

The following table expresses the analysis on the Bank's cash flows of un-discounted contracts on financial assets, liabilities and credit commitment at the end of the Reporting Period. The actual cash flows of these financial instruments may be noticeably different from those in this analysis.

2017									
Notes	Book Value	Total	Repayable on Demand	Within a Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Without Due Term
Financial assets									
(i) Cash and deposits with PBC	40,039,192	40,039,192	5,703,902	-	-	-	-	-	34,335,290
Deposits with banks and other financial institutions	1,818,211	1,819,492	1,552,869	65,382	201,241	-	-	-	-
Lending to banks and other financial institutions	920,000	920,099	-	920,099	-	-	-	-	-
Financial assets held under reverse repo	6,180,084	6,187,178	-	5,883,779	303,399	-	-	-	-
(ii) Loans and advances	115,231,846	138,541,183	4,018,507	6,120,585	8,324,056	38,585,669	33,832,427	46,291,849	1,368,090
(iii) Investment	187,290,724	219,762,584	14,918,247	5,591,509	9,363,269	23,363,063	115,845,939	50,187,108	493,449
Others	3,419,950	3,419,950	57,297	899,113	301,524	492,552	83,316	72,623	1,513,525
Total assets	354,900,007	410,689,678	26,250,822	19,480,467	18,493,489	62,441,284	149,761,682	96,551,580	37,710,354
Financial liabilities									
Borrowings from PBC	4,022,343	4,035,333	4,025,833	1,500	8,000	-	-	-	-
Deposits from banks and other financial institutions	30,301,342	31,312,256	737,172	605,784	6,490,809	23,478,491	-	-	-
Placements from banks and other financial institutions	1,350,000	1,473,385	-	-	-	510,754	962,631	-	-
Proceeds from financial assets sold under repo	6,689,051	6,694,368	-	6,694,368	-	-	-	-	-
Deposits from customers	243,837,358	246,988,493	134,569,615	14,838,775	16,236,841	27,964,220	52,300,661	1,078,381	-
Bonds payable	43,473,768	47,881,500	-	3,610,000	6,610,000	20,471,050	9,690,450	7,500,000	-
Others	7,500,878	7,500,878	224,964	3,235,739	778,764	1,678,452	1,180,289	95,203	307,467
Total liabilities	337,174,740	345,886,213	139,557,584	28,986,166	30,124,414	74,102,967	64,134,031	8,673,584	307,467
Net position/(gap)	17,725,267	64,803,465	(113,306,762)	(9,505,699)	(11,630,925)	(11,661,683)	85,627,651	87,877,996	37,402,887
Credit commitment	26,203,186	26,203,186	5,593,302	2,031,572	5,167,107	11,783,976	1,626,229	1,000	-

2016

Notes	Book Value	Total	Repayable on Demand	Within a Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Without Due Term
<b>Financial assets</b>									
(i) Cash and deposits with PBC	34,820,475	34,820,475	8,472,614	-	-	-	-	-	26,347,861
Deposits with banks and other financial institutions	4,624,951	4,700,803	1,382,684	-	1,285,909	2,032,210	-	-	-
Financial assets held under reverse repo	5,658,039	5,659,792	-	5,659,792	-	-	-	-	-
Loans and advances	97,291,720	115,955,195	2,946,158	5,550,284	7,643,287	43,171,774	16,016,237	38,025,756	2,601,699
Investment	156,350,732	170,769,422	27,293,013	2,850,578	7,742,060	47,604,533	59,656,655	24,720,875	901,708
Others	2,442,891	2,442,891	338,484	157,698	240,171	469,498	33,207	576,593	627,240
<b>Total assets</b>	<b>301,188,808</b>	<b>334,348,578</b>	<b>40,432,953</b>	<b>14,218,352</b>	<b>16,911,427</b>	<b>93,278,015</b>	<b>75,706,099</b>	<b>63,323,224</b>	<b>30,478,508</b>
<b>Financial liabilities</b>									
Borrowings from PBC	6,000,000	6,008,128	-	6,008,128	-	-	-	-	-
Deposits from banks and other financial institutions	31,211,289	31,711,637	638,355	7,629,378	11,855,998	11,587,906	-	-	-
Placements from banks and other financial institutions	77,748	83,763	-	-	-	27,889	55,874	-	-
Proceeds from financial assets sold under repo	8,432,594	8,438,057	-	8,438,057	-	-	-	-	-
Deposits from customers	191,137,769	199,517,339	100,498,233	18,103,917	15,710,093	39,246,416	25,949,780	8,900	-
Bonds payable	43,786,584	45,680,294	-	300,000	5,180,000	29,340,400	10,859,894	-	-
Others	4,340,395	4,340,395	211,438	1,119,774	447,542	1,606,058	566,343	175	389,065
Total liabilities	284,986,379	295,779,613	101,348,026	41,599,254	33,193,633	81,808,669	37,431,891	9,075	389,065
<b>Net position(gap)</b>	<b>16,202,429</b>	<b>38,568,965</b>	<b>(60,915,073)</b>	<b>(27,380,902)</b>	<b>(16,282,206)</b>	<b>11,469,346</b>	<b>38,274,208</b>	<b>63,314,149</b>	<b>30,089,443</b>
<b>Credit commitment</b>	<b>27,603,420</b>	<b>27,603,420</b>	<b>3,284,867</b>	<b>4,592,479</b>	<b>7,331,152</b>	<b>10,329,018</b>	<b>2,065,704</b>	<b>200</b>	<b>-</b>

#### (4) Operational Risk

Operational risk refers to the risk caused by imperfect or problematic internal procedures, personnel and system as well as external events.

The Group has established a hierarchical operational risk management system to fully identify, evaluate, control, manage and report operational risks in all business processes. This system covers all business lines such as corporate banking, retail banking, transaction sales, corporate banking, payment settlement, agency services, and asset management, as well as human resources management, financial management, legal affairs, anti-money laundering management, and administrative office management and other supporting activities. The main contents are as follows:

- Hierarchical operational risk management structure for each of the front, middle and back offices under the leadership of the Senior Management;
- A more complete operational risk management system covering all areas of operational risk management with the core of operational risk management basic policies;
- Emergency plan system and business continuity plan system for all types of emergencies, including public events, natural disasters, IT system failures, bank runs, and robbery;
- Operational risk management performance appraisal mechanism and full accountability system for all types of rule violations and discipline violations; and
- An independent risk assessment framework based on internal audits and compliance inspection.

#### (5) Capital Management

The Group's capital management includes capital adequacy ratio management, capital financing management and economic capital management. Among them, capital adequacy management is the focus of capital management. The Group calculated the capital adequacy ratio under the guidance of CBRC. The capital of the Group is divided into core tier-1 capital, other tier-1 capital and tier-2 capital.

Capital adequacy management is the key to capital management. The capital adequacy ratio reflects the Group's ability to operate steadily and resist risks. The main objective of the management of the capital adequacy ratio of the Group is to carefully determine the capital adequacy ratio based on meeting the statutory regulatory requirements and reference to the level of capital adequacy of domestic advanced peers and the operating conditions of the Group based on the actual risk status.

The Group uses scenario simulations and stress tests to predict, plan and manage capital adequacy ratios based on factors such as strategic development plans, business expansion, and risk trends.

The capital adequacy ratio calculated by the Group and the Bank in accordance with the requirements of the Management Measures for Capital of Commercial Banks (Provisional) issued by the CBRC.

According to the Management Measures for Capital of Commercial Banks (Provisional), CBRC requires commercial banks to meet the capital adequacy ratio by the end of 2018. For non-systemically important financial institutions, CBRC requires that its core tier-1 capital adequacy ratio should not less than 7.50%, tier-1 capital adequacy ratio not less than 8.50%, and capital adequacy ratio not less than 10.50%.

The on-balance sheet weighted risk assets are calculated with different risk weights determined in accordance with each asset, credit counterparty, market and other relevant risks and by considering the effects



of qualified pledge and guarantee. The same method is also applied to the calculation of off-balance sheet exposure. Characteristics of the contingent loss are adjusted. Market risk-weighted assets are measured according to the standardized approach. Operational risk-weighted assets are measured according to the approach of basic indicators.

The capital adequacy ratios and related data of the Group and the Bank shown below are calculated based on the financial statements prepared in accordance with the PRC Accounting Standards.

The capital adequacy ratio calculated by the Group and the Bank in accordance with the requirements of the Administrative Measures for the Capital of Commercial Banks (Provisional) issued by the CBRC and other regulatory provisions was as follows:

	The Group		The Bank	
	2017	2016	2017	2016
Total core tier-1 capital	23,272,061	21,172,327	22,642,641	20,599,128
Adjustments to core tier-1 capital	(170,310)	(148,462)	(679,946)	(657,844)
Net core tier-1 capital	23,101,751	21,023,865	21,962,695	19,941,284
Net tier-1 capital	23,101,751	21,023,865	21,962,695	19,941,284
Tier-2 capital	8,447,314	2,069,924	8,273,589	1,910,069
Net capital base	31,549,065	23,093,789	30,236,284	21,851,353
Total risk-weighted assets	244,970,118	193,450,848	233,716,859	183,660,450
– Credit risk-weighted assets	228,286,227	180,120,008	217,424,082	170,519,723
– Market risk-weighted assets	706,962	74,873	706,962	74,873
– Operational risk-weighted assets	15,976,929	13,255,967	15,585,815	13,065,854
Core tier-1 capital adequacy ratio	9.43%	10.87%	9.40%	10.86%
Tier-1 capital adequacy ratio	9.43%	10.87%	9.40%	10.86%
Capital adequacy ratio	12.88%	11.94%	12.94%	11.90%

## 59 Financial Instruments at Fair Value

### (1) Fair Value Measurement and Presumptions

The Group uses the following main methods and presumptions when estimating the fair value of financial instruments:

#### (i) Bonds and Equity Investments

For bonds and equity investments with an active market, the fair value is determined based on the market price of the active market at the end of the relevant period.

(ii) Receivables and Other Financial Assets

The fair value is estimated based on the present value of the future cash flow, and the discount rate is the market interest rate at the end of the relevant period.

(iii) Bond Payables and Other Financial Liabilities

The fair value of the bond payable is estimated based on the market price at the end of the relevant period or based on the present value of the estimated future cash flow. The fair value of the financial liabilities is estimated according to the amount from the expected future cash flows after discounting. The discount rate is the market interest rate at the end of the relevant period.

## (2) Fair Value Measurement

(i) Financial Assets

The Group's financial assets mainly include cash, deposits with PBC, deposits with other banks and other financial institutions, loans and advances, and investments.

Deposits with PBC and deposits with other banks and financial institutions mainly carry interest at market rates and are mainly due within one year. Therefore, the carrying amount of these payments approximates the fair value.

Most loans and advances are priced at a floating interest rate that is similar to the People's Bank of China. Therefore, the carrying amount of these loans and advances is similar to the fair value.

Financial assets available for sale and financial assets at fair value through profit or loss are recognized at fair value. The book value and fair value of held-to-maturity investments have been disclosed in Note 59 (4). Due to reasons such as the short term of accounts receivables or repricing at the current market price, the book value of the receivable investments is reasonably similar to its fair value.

(ii) Financial Liabilities

The Group's financial liabilities mainly include deposits from its peers and other financial institutions, deposits from customers, and bonds payable.

The book value and fair value of the bonds payable are shown in Note 32. The carrying amount of other financial liabilities is similar to the fair value.

## (3) Financial Instruments at Fair Value

The table below sets forth the fair value information and the fair value measurement levels of the Group's and the Company's assets and liabilities that are measured at fair values at the end of the Reporting Period on a continuous and non-recurring basis at each balance sheet date. The level to which the fair value measurement is based depends on the input of the lowest level that is significant to the fair value measurement as a whole. The three levels of input values are defined as follows:

Level 1 inputs: Unadjusted quoted prices for the same assets or liabilities that are available on the measurement date in the active market;

Level 2 inputs: Directly or indirectly observable inputs of the related assets or liabilities other than the level 1 inputs;

Level 3 inputs: Unobservable inputs of related assets or liabilities.

Financial instruments measured at fair value use market quotations as fair value when there is a reliable

market price. Valuation techniques are needed when there is no reliable market quotation, for example, by comparing the fair value and discounted cash flow method of other similar financial instruments. The input data include risk-free interest rates, benchmark interest rates and credit spreads. When the discounted cash flow method is used, the management will make its best efforts to estimate the cash flow as accurately as possible. The discount rate refers to similar financial instruments.

The Group and the Bank

2017				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
Financial assets at fair value through profit or loss for the current period	–	587,817	–	587,817
Available-for-sale financial assets	14,716,808	10,957,755	33,921,335	59,595,898
<b>Total</b>	<u>14,716,808</u>	<u>11,545,572</u>	<u>33,921,335</u>	<u>60,183,715</u>
2016				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
Financial assets at fair value through profit or loss for the current period	–	71,314	–	71,314
Available-for-sale financial assets	26,982,457	7,987,806	39,634,591	74,604,854
<b>Total</b>	<u>26,982,457</u>	<u>8,059,120</u>	<u>39,634,591</u>	<u>74,676,168</u>

The amount of financial assets available for sale expressed in the above table does not include equity investment measured at cost.

The Group assigns professional teams for the valuation of the third-level assets and liabilities measured with fair value. The valuation team regularly reviews major and unobservable inputs and valuation adjustments. If third-party information (such as broker quote or pricing service) is used to measure fair value, the valuation team will evaluate the evidence obtained from the third party to support the conclusion that the valuation can meet the requirements of the Accounting Standards for Enterprises, including relevant valuations that are classified as a hierarchy of levels of fair value.

The quantitative information of the third level fair value measurement is as follows:

<b>The Group and the Bank</b>	<b><u>Fair Value Dated</u> <u>December 31, 2017</u></b>	<b><u>Valuation Techniques</u></b>	<b><u>Unobservable Input</u> <u>Value</u></b>
Bond investment	12,433	Cash flow discounting method	Discount rate of risk adjustment
Financial institution WM product	711,350	Cash flow discounting method	Discount rate of risk adjustment
The investment management products managed by securities companies and trust programs	33,184,052	Cash flow discounting method	Discount rate of risk adjustment
Funds	13,500	Cash flow discounting method	Discount rate of risk adjustment

<b>The Group and the Bank</b>	<b><u>Fair Value Dated</u> <u>December 31, 2016</u></b>	<b><u>Valuation Techniques</u></b>	<b><u>Unobservable Input</u> <u>Value</u></b>
Financial institution WM product	3,783,383	Cash flow discounting method	Discount rate of risk adjustment
The investment management products managed by securities companies and trust programs	35,837,708	Cash flow discounting method	Discount rate of risk adjustment
Funds investment	13,500	Cash flow discounting method	Discount rate of risk adjustment

In 2017, there was no change in the valuation techniques for the fair value of assets and liabilities measured in the above-mentioned continuous and non-continuous third-level fair value measurements.

The adjustment information of opening balance and closing balance continuously measured at fair value of the third level is as follows:

	<b><u>Available-for-sale Financial</u> <u>Assets in 2017</u></b>	<b><u>Available-for-sale Financial</u> <u>Assets in 2016</u></b>
Opening balance	39,634,591	8,192,025
Return or loss		
– Recognized in profit and loss	946,914	38,749,205
– Recognized in other integrated incomes	–	400
Purchase	15,476,805	46,752,415
Sale and settlement	(22,136,975)	(54,059,454)
Closing balance	<u>33,921,335</u>	<u>39,634,591</u>

The Bank

	<u>Available-for-sale Financial</u> <u>Assets in 2017</u>	<u>Available-for-sale Financial</u> <u>Assets in 2016</u>
Opening balance	39,634,591	7,992,025
Return or loss		
– Recognized in profit and loss	945,591	38,749,205
– Recognized in other integrated incomes	–	400
Purchase	15,301,805	46,752,415
Sale and settlement	(21,960,652)	(53,859,454)
Closing balance	<u>33,921,335</u>	<u>39,634,591</u>

#### (4) The fair value of other financial instruments (Items that are not measured at fair value at the end of the year)

In addition to the following items, on the balance sheet date, there is no significant difference between the book value and fair value of the various financial assets and financial liabilities of the Group and the Bank on the balance sheet date.

The Group and the Bank

	<u>2017</u>		<u>Fair Value Measurement Level in 2017</u>		
	<u>Book Value</u>	<u>Fair Value</u>	<u>Level</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets					
Held-to-maturity Investments	<u>25,620,386</u>	<u>24,653,771</u>	<u>–</u>	<u>24,653,771</u>	<u>–</u>
Financial liabilities					
Bonds payable	<u>43,473,768</u>	<u>42,517,196</u>	<u>–</u>	<u>42,517,196</u>	<u>–</u>
	<u>2016</u>		<u>Fair Value Measurement Level in 2016</u>		
	<u>Book Value</u>	<u>Fair Value</u>	<u>Level</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets					
Held-to-maturity Investments	<u>20,063,182</u>	<u>20,133,364</u>	<u>–</u>	<u>20,133,364</u>	<u>–</u>
Financial liabilities					
Bonds payable	<u>43,786,584</u>	<u>43,496,066</u>	<u>–</u>	<u>43,496,066</u>	<u>–</u>

## 60 Related Parties and Their Transactions

### (1) Major Related Parties of the Bank

#### (a) Major Shareholder Related Parties of the Bank

As there is no controlling shareholder in the Bank, the substantial shareholder related party of the Bank are the shareholders holding more than 5% of the shares of the Bank or the shareholders dispatched by the Bank. Information of the major shareholders of the Bank:

<b>Name of Shareholder</b>	<b><u>Registra- tion Place</u></b>	<b><u>Nature of Business</u></b>	<b><u>Registered Capital (RMB)</u></b>	<b><u>% of Share- holding in the Bank</u></b>	<b><u>% of Voting Right in the Bank</u></b>
Jiangxi Provincial Expressway Investment Group Co., Ltd.	Nanchang	Infrastructure construction	RMB9,505 million	20.04%	20.04%
Jiangxi Provincial Financial Holding Group Co., Ltd.	Nanchang	Financial investments	RMB3 billion	6.27%	6.27%
Nanchang Municipal Bureau of Finance	Nanchang	Government departments	–	5.42%	5.42%
Pingxiang Huixiang Construction & Development Co., Ltd.	Pingxiang	Infrastructure construction	RMB241 million	5.15%	5.15%
China National Tobacco Corporation Jiangxi Office	Nanchang	Wholesale industry	RMB287 million	3.85%	3.85%
Jiangxi Province Investment Group Co., Ltd.	Nanchang	Business service	RMB6 billion	3.85%	3.85%
Jiangxi Businesses Alliance (Jiangxi) Co., Ltd.	Nanchang	Business service	RMB0.1 billion	3.17%	3.17%

The amount of connected transactions among the Bank and the substantial shareholders and affiliates is presented in Note 60 (2).

**(b) Information of the Bank's subsidiaries can be seen in Note 6. The amount of connected transactions between the Bank and its subsidiaries is presented in Note 60 (3).**

**(c) Information of the Group and the associated enterprises of the Bank can be seen in Note 17. The amount of connected transactions between the Bank and the associated companies is presented in Note 60 (4).**

#### (d) Other Related Parties

Other related parties may be natural persons or legal persons, including directors, supervisors and members of the Senior Management and family members who are closely related to them; entities and their subsidiaries controlled by and jointly controlled by directors, supervisors and members of the Senior Management and family members; and entities controlled or jointly controlled by substantial shareholders or its controlling shareholders.

### (2) Transactions with Substantial Shareholders of the Bank

Transactions between the Group and the Bank and their related parties are in accordance with the general terms of business and normal business procedures, and the pricing criteria are in accordance with independent third-party transactions.

#### (a) The amount of transactions with substantial shareholders is as follows:

	2017		2016	
	<u>Transaction Amount</u>	<u>Percentage</u>	<u>Transaction Amount</u>	<u>Percentage</u>
Interest income	55,835	0.38%	11,310	0.09%
Interest expense	341,862	4.51%	331,224	6.90%

#### (b) The balance of transactions with substantial shareholders on December 31 is as follows:

	2017		2016	
	<u>Transaction Balance</u>	<u>Percentage</u>	<u>Transaction Balance</u>	<u>Percentage</u>
Loans and advances	749,050	0.65%	303,450	0.31%
Deposits from customers	19,632,781	8.05%	20,077,208	10.50%
Interest receivable	29,818	2.10%	1,535	0.12%
Interests payable	103,387	3.24%	91,026	4.48%
Receivables Investment	299,975	0.30%	—	—

### (3) Transactions with Subsidiaries of the Bank and Balance

The major transactions and balance between the Bank and its subsidiaries have been offset in the consolidated financial statements.

**(a) The amount of transactions with subsidiaries is as follows:**

	<b>2017</b>		<b>2016</b>	
	<b>Transaction Amount</b>	<b>Percentage</b>	<b>Transaction Amount</b>	<b>Percentage</b>
Interest expense	7,680	0.10%	5,142	0.11%
Interest income	1,210	0.01%	604	0.00%
Transaction fees and commission income	285	0.02%	400	0.04%

**(b) The balance of transactions with subsidiaries on December 31 is as follows:**

	<b>2017</b>		<b>2016</b>	
	<b>Transaction Balance</b>	<b>Percentage</b>	<b>Transaction Balance</b>	<b>Percentage</b>
Deposits from peer banks and other financial institutions	481,330	1.59%	381,960	1.22%
Deposits from customers	7	0.00%	—	—
Interests payable	225	0.01%	89	0.00%
Interest receivable	119	0.01%	—	—
Lending to banks and other financial institutions	420,000	45.65%	—	—
Banker's acceptances	655,000	4.05%	800,000	3.80%

**(4) Transactions with Associated Companies of the Bank and the Balance**

**(a) The amount of transactions with associated companies is as follows:**

	<b>2017</b>		<b>2016</b>	
	<b>Transaction Amount</b>	<b>Percentage</b>	<b>Transaction Amount</b>	<b>Percentage</b>
Interest expense	8,848	0.12%	5,177	0.11%
Interest income	1,623	0.01%	2,014	0.02%
Transaction fees and commission income	32	0.00%	—	—

**(b) The balance of transactions with associated companies on December 31 is as follows:**

	<b>2017</b>		<b>2016</b>	
	<b>Transaction Balance</b>	<b>Percentage</b>	<b>Transaction Balance</b>	<b>Percentage</b>
Deposits with peer banks and other financial institutions	—	—	150,000	3.24%
Deposits from peer banks and other financial institutions	405,447	1.34%	350,253	1.12%
Interest receivable	—	—	215	0.02%
Interests payable	1,026	0.03%	126	0.01%



## (5) The Transactions and the Balance between the Bank and Related Parties (Except Key Management Members)

(a) The amount of transactions with other related parties is as follows:

	2017		2016	
	Transaction Amount	Percentage	Transaction Amount	Percentage
Interest expense	32,416	0.43%	24,707	0.51%
Interest income	253,744	1.71%	59,739	0.48%
Transaction fees and commission income	634	0.04%	139	0.02%

(b) The transactions with related parties on December 31 is as follows:

	2017		2016	
	Transaction Balance	Percentage	Transaction Balance	Percentage
Loans and advances	1,514,470	1.31%	1,045,442	1.07%
Deposits from customers	4,411,848	1.81%	2,588,439	1.35%
Deposits from peer banks and other financial institutions	49,426	0.16%	—	—
Receivables Investment	599,946	0.59%	—	—
Interests payable	73,640	2.31%	25,843	1.27%
Interest receivable	63,121	4.45%	82,753	6.61%
Banker's acceptances	377,250	2.33%	278,000	1.32%

## (6) Key Management Members

Key management members are persons who have the authority to plan, direct and control the activities of the Group directly or indirectly, including directors and supervisors and the senior executives.

(a) The amount of transactions with key management members is as follows:

	2017		2016	
	Transaction Amount	Percentage	Transaction Amount	Percentage
Interest expense	21	0.00%	47	0.00%
Interest income	554	0.00%	575	0.00%

**(b) The amount of transactions with key management members on December 31 is as follows:**

	<b>2017</b>		<b>2016</b>	
	<b>Transaction Balance</b>	<b>Percentage</b>	<b>Transaction Balance</b>	<b>Percentage</b>
Loans and advances	10,070	0.01%	13,120	0.01%
Deposits from customers	2,968	0.00%	4,240	0.00%
Interest receivable	17	0.00%	43	0.00%
Interests payable	4	0.00%	3	0.00%

**(c) Remuneration of Key Management Members:**

	<b>2017</b>	<b>2016</b>
Remuneration of key management members	<u>23,075</u>	<u>19,621</u>

**(7) Material Connected Transactions**

According to the Management Measures for Connected Transactions between Commercial Banks and Insiders or Shareholders, a material related party transaction refers to a transaction between the Bank and a related party where the amount of the single transaction accounts for more than 1% of the net capital of the Bank or the transaction balance between the Bank and the related party after the transaction has occurred accounts for more than 5% of the net capital of the Bank. The related transactions of commercial banks refer to the following matters that transfer resources or obligations between commercial banks and related parties: (i) Crediting grant; (ii) asset transfer; (iii) providing services; (iv) other related transactions as required by CBRC.

During each relevant period, major connected transactions between the Bank and its related parties are listed as follows:

**2017:**

(a) On February 14, 2017, the related party of the Bank, Company A, had a new loan of RMB360 million, with a term of 3 years. The loan was repaid on September 30, 2017.

(b) On September 30, 2017, the related party of the Bank, Company A, had a new loan of RMB400 million with a term of three years.

(c) On December 29, 2017, the related party of the Bank, Company B, borrowed a fund of RMB320 million from the Bank with a term of 4 days.

(d) As of March 31, 2017, the Bank invested RMB500 million in the “M Trust Program” issued by Company C with a term of 1 year. Company C offered a RMB500 million loan to the related party of the Bank, Company D, with trust funds with a term of 1 year.

(e) As of December 31, 2017, the total credit limit of the related party of the Bank, Company E, was

RMB2.2 billion, with RMB169 million limit has been used.

(f) As of December 31, 2017, the total credit limit of the related party of the Bank, Company B, was RMB2.3 billion, with RMB655 million limit has been used.

(g) As of December 31, 2017, the total credit limit of the related party of the Bank, Company F, was RMB0.5 billion, with RMB325 million limit has been used.

(h) As of December 31, 2017, the total credit limit of the related party of the Bank, Company G, was RMB1.5 billion, with RMB120 million limit has been used.

(i) As of December 31, 2017, the total credit limit of the related party of the Bank, Company H, was RMB1 billion, with zero limit has been used.

#### 2016:

(a) As of December 31, 2016, the total credit limit of the related party of the Bank, Company E, was RMB5.6 billion, with RMB3.5 million limit has been used.

(b) As of December 31, 2016, the total credit limit of the related party of the Bank, Company B, was RMB2 billion, with RMB0.8 billion limit has been used.

(c) As of December 31, 2016, the total credit limit of the related party of the Bank, Company I, was RMB0.5 billion, with zero limit has been used.

(d) As of December 31, 2016, the total credit limit of the related party of the Bank, Company J, was RMB0.3 billion, with RMB0.3 billion limit has been used.

(e) As of December 31, 2016, the total credit limit of the related party of the Bank, Company K, was RMB0.3 billion, with zero limit has been used.

(f) As of December 31, 2016, the total credit limit of the related party of the Bank, Company L, was RMB0.5 billion, with zero limit has been used.

## 61 Minority Shareholders' Equity

Equities of minor shareholders are determined by Jiangxi Financial Leasing Co., Ltd., a subsidiary of the Bank.

## 62 Interests in the Unconsolidated Structured Entities

### (1) Equities Held by Structured Entities Set up by Third-Party Institutions

The Group holds equities in structured entities set up by third-party institutions through the direct investment. These structured entities are not included in the scope of the Group's consolidated financial statements and mainly include financial management products of financial institutions, investment management products and fund investments managed by securities companies and trust plans. The aim of these structured entities is the charge through the management of investors' assets, the financing of which is realized through issuing investment products to investors.

As of December 31, 2017 and December 31, 2016, the book value of the Group's equity interest in the structured entity initiated by a third-party institution through direct investment holding and its relevant assets

and liabilities items in the Group's balance sheet are listed as follows:

<b>2017</b>		
	<u><b>Book Value</b></u>	<u><b>Maximum Exposure to Loss</b></u>
Available-for-sale financial assets	48,625,710	48,625,710
Receivables Investment	102,615,409	102,615,409
<b>Total</b>	<u>151,241,119</u>	<u>151,241,119</u>

<b>2016</b>		
	<u><b>Book Value</b></u>	<u><b>Maximum Exposure to Loss</b></u>
Available-for-sale financial assets	66,617,048	66,617,048
Receivables Investment	62,582,366	62,582,366
<b>Total</b>	<u>129,199,414</u>	<u>129,199,414</u>

The maximum loss exposure of investment management products managed by wealth management products of financial institutions, securities companies and trust plans is their amortized cost or fair value on the balance sheet date.

## **(2) Equities of Structured Entities Set up by the Group but Excluded from the Consolidated Financial Statements**

Equities of structured entities set up by the Group but excluded from the consolidated financial statements include the non-principal-guaranteed WM products issued by the Group. The aim of these structured entities is the charge through the management of investors' assets, the financing of which is realized through issuing investment products to investors. The Group's equities in these structured entities excluded from the consolidated financial statements are mainly the charge for the management of these structured entities.

As of December 31 2017, the non-principal guaranteed WM product value that the Group set up which is not included in the consolidated financial statement scope is RMB350,40 million (2016: RMB51,356 million).

Issued by the Group after January 1, 2017 and expired before December 31 2017, the non-principal guaranteed WM product value totals RMB55,587 million (2016: RMB25,564 million). Transaction fee income of the above non-principal guaranteed WM products was recognized as RMB60.61 million (2016: RMB53.16 million).

## 63 Non-adjusting Events after the Balance Sheet Date

(1) The 2016 Annual General Meeting of Shareholders held on April 20, 2017 approved the proposal for the capital increase of Jiangxi Financial Leasing Co., Ltd. (hereinafter referred to as “Jiangxi Financial Leasing”), a subsidiary of the Bank, on February 13, 2018. The Bank subscribed RMB1.02 billion shares at a price of RMB1.2 per share in Jiangxi Financial Leasing. The above capital increase has been verified by Shanghai Branch of KPMG Huazhen LLP who has issued a capital verification report of KPMG Hua Zheng Hu Yan Zi No. 1800005.

(2) According to the Proposal of the Bank’s General Meetings of Shareholders, the details of the Bank’s profit distribution plan are given in Note 39.

Except for the above matters, up to the date of approval of the financial statements, the Group did not need to disclose any other non-adjustment events after the material balance sheet date.

## 64 Comparative Data

Certain comparative data have been reclassified to meet the presentation requirements of the current year.