

**APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF
THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013**

The following is the preliminary financial information of our Group for the year ended 31 December 2013 (the “2013 Preliminary Financial Information”) together with a management’s discussion and analysis of our Group’s financial condition and results of operations. The preliminary financial information has been prepared in accordance with IFRS. The consolidated 2013 Preliminary Financial Information is not audited. You are advised that the 2013 Preliminary Financial Information in this Appendix is subject to change.

CONSOLIDATED INCOME STATEMENT

(All amounts expressed in thousands of RMB unless otherwise stated)

	Notes	For the year ended 31 December	
		2012	2013
Interest income	4	12,993,170	14,141,665
Interest expense	4	(6,334,803)	(7,323,890)
NET INTEREST INCOME	4	6,658,367	6,817,775
Fee and commission income	5	811,437	1,376,550
Fee and commission expense	5	(132,787)	(129,428)
NET FEE AND COMMISSION INCOME	5	678,650	1,247,122
Net trading income	6	356,579	283,851
Net loss on financial investments	7	(87,409)	(46,534)
Other operating income, net	8	105,019	241,622
OPERATING INCOME		7,711,206	8,543,836
Operating expenses	9	(3,025,519)	(3,590,990)
Impairment losses on:			
Loans and advances to customers		(837,225)	(517,717)
Others		1,019	11,657
OPERATING PROFIT		3,849,481	4,446,786
Share of profits of an associate		9,429	3,231
PROFIT BEFORE TAX		3,858,910	4,450,017
Income tax expense	10	(987,451)	(1,078,926)
PROFIT FOR THE YEAR		<u>2,871,459</u>	<u>3,371,091</u>
Attributable to:			
Equity holders of the parent company		2,864,250	3,350,342
Non-controlling interests		7,209	20,749
		<u>2,871,459</u>	<u>3,371,091</u>
EARNINGS PER SHARE (RMB yuan)			
– basic and diluted	12	<u>0.37</u>	<u>0.41</u>

**APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF
THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(All amounts expressed in thousands of RMB unless otherwise stated)

	<u>Notes</u>	<u>For the year ended 31 December</u>	
		<u>2012</u>	<u>2013</u>
Profit for the year		2,871,459	3,371,091
Other comprehensive income (after tax, net):			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent year:</i>			
Net loss on available-for-sale financial assets		(40,063)	(157,823)
Share of other comprehensive income of an associate		7,585	(56,291)
Subtotal of other comprehensive loss for the year		<u>(32,478)</u>	<u>(214,114)</u>
Total comprehensive income for the year		<u>2,838,981</u>	<u>3,156,977</u>
Total comprehensive income attributable to:			
Equity holders of the parent		2,831,772	3,136,228
Non-controlling interests		7,209	20,749
		<u>2,838,981</u>	<u>3,156,977</u>

**APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF
THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(All amounts expressed in thousands of RMB unless otherwise stated)

	Notes	As of 31 December	
		2012	2013
ASSETS			
Cash and balances with central bank		51,858,511	51,552,089
Due from banks and other financial institutions		19,946,805	33,871,192
Financial assets held for trading		7,878,959	2,512,264
Reverse repurchase agreements		51,745,648	51,110,948
Loans and advances to customers	13	85,298,079	103,515,015
Financial investments		43,301,170	68,523,601
Investments in an associate		1,017,014	963,955
Property and equipment		6,038,230	7,314,942
Deferred income tax assets		258,314	333,855
Other assets		2,747,422	2,477,579
TOTAL ASSETS		<u>270,090,152</u>	<u>322,175,440</u>
LIABILITIES			
Due to central bank		594,861	787,198
Due to banks and other financial institutions		36,523,548	50,610,868
Repurchase agreements		22,832,655	19,091,166
Due to customers		186,642,384	224,178,126
Income tax payable		311,148	262,941
Debt securities issued		3,500,000	3,500,000
Other liabilities		2,748,575	3,817,854
TOTAL LIABILITIES		<u>253,153,171</u>	<u>302,248,153</u>
EQUITY			
Equity attributable to equity holders of the parent company			
Share capital		7,560,198	8,246,900
Reserves		6,025,456	7,449,935
Retained profits		3,179,086	4,030,707
		16,764,740	19,727,542
Non-controlling interests		172,241	199,745
TOTAL EQUITY		<u>16,936,981</u>	<u>19,927,287</u>
TOTAL EQUITY AND LIABILITIES		<u>270,090,152</u>	<u>322,175,440</u>

**APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF
THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to equity holders of the parent company										
	Issued share capital	Reserves					Retained profits	Total	Non- controlling interests	Total equity	
		Capital Reserve	Surplus reserve	General reserve	Investment revaluation reserve	Other reserves					Subtotal
Balance as at											
1 January 2012	6,187,823	2,262,379	587,816	701,708	15,826	-	3,567,729	1,630,073	11,385,625	144,750	11,530,375
Profit for the year	-	-	-	-	-	-	-	2,864,250	2,864,250	7,209	2,871,459
Other comprehensive income											
– Change in fair value of available-for-sale investments, net of tax	-	-	-	-	(40,063)	-	(40,063)	-	(40,063)	-	(40,063)
– Share of other comprehensive income of an associate	-	-	-	-	-	7,585	7,585	-	7,585	-	7,585
Total comprehensive income	-	-	-	-	(40,063)	7,585	(32,478)	2,864,250	2,831,772	7,209	2,838,981
Capital contributed by owners	980,000	1,960,000	-	-	-	-	1,960,000	-	2,940,000	20,000	2,960,000
Dividends – 2011 final	-	-	-	-	-	-	-	(392,375)	(392,375)	-	(392,375)
Appropriation to surplus reserve	-	-	281,870	-	-	-	281,870	(281,870)	-	-	-
Appropriation to general reserve(i) . .	-	-	-	248,617	-	-	248,617	(248,617)	-	-	-
Retained profits converted into share capital	392,375	-	-	-	-	-	-	(392,375)	-	-	-
Others	-	-	-	-	-	(282)	(282)	-	(282)	282	-
Balance as at 31 December 2012	<u>7,560,198</u>	<u>4,222,379</u>	<u>869,686</u>	<u>950,325</u>	<u>(24,237)</u>	<u>7,303</u>	<u>6,025,456</u>	<u>3,179,086</u>	<u>16,764,740</u>	<u>172,241</u>	<u>16,936,981</u>

(i) Includes the appropriation made by subsidiaries in the amount of RMB14.760 million.

**APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF
THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013**

	Attributable to equity holders of the parent company										
	Issued share capital	Reserves					Subtotal	Retained profits	Total	Non- controlling interests	Total equity
		Capital Reserve	Surplus reserve	General reserve	Investment revaluation reserve	Other reserves					
Balance as at											
1 January 2013 . . .	7,560,198	4,222,379	869,686	950,325	(24,237)	7,303	6,025,456	3,179,086	16,764,740	172,241	16,936,981
Profit for the year . .	-	-	-	-	-	-	-	3,350,342	3,350,342	20,749	3,371,091
Other											
comprehensive income											
- Change in fair value of available-for- sale investments, net of tax	-	-	-	-	(157,823)	-	(157,823)	-	(157,823)	-	(157,823)
- Share of other comprehensive income of an associate	-	-	-	-	-	(56,291)	(56,291)	-	(56,291)	-	(56,291)
Total comprehensive income	-	-	-	-	(157,823)	(56,291)	(214,114)	3,350,342	3,136,228	20,749	3,156,977
Capital contributed by owners	-	-	-	-	-	-	-	-	-	5,004	5,004
Dividends – 2012 final	-	-	-	-	-	-	-	(171,675)	(171,675)	-	(171,675)
Appropriation to surplus reserve . . .	-	-	320,331	-	-	-	320,331	(320,331)	-	-	-
Appropriation to general reserve(i)	-	-	-	1,320,013	-	-	1,320,013	(1,320,013)	-	-	-
Retained profits converted into share capital	686,702	-	-	-	-	-	-	(686,702)	-	-	-
Others	-	-	-	-	-	(1,751)	(1,751)	-	(1,751)	1,751	-
Balance as at 31 December 2013	<u>8,246,900</u>	<u>4,222,379</u>	<u>1,190,017</u>	<u>2,270,338</u>	<u>(182,060)</u>	<u>(50,739)</u>	<u>7,449,935</u>	<u>4,030,707</u>	<u>19,727,542</u>	<u>199,745</u>	<u>19,927,287</u>

(i) Includes the appropriation made by subsidiaries in the amount of RMB35.479 million.

APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013

NOTES TO FINANCIAL STATEMENTS

(All amounts expressed in thousands of RMB unless otherwise stated)

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) and interpretations promulgated by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. All IFRSs effective for the accounting period commencing from 1 January 2013, together with the relevant transitional provisions, have been early adopted by the Group in preparation of the Financial Information throughout the Relevant Periods.

These financial statements have been prepared under the historical cost convention, except for financial assets held for trading and available-for-sale financial assets (unless the fair value cannot be reliably measured) that have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries for the years ended 31 December 2012 and 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies.

2. IMPACT OF ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs and IASs that have been issued but are not yet effective, in these financial statements:

IFRS 9	<i>Financial Instruments</i> ³
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	<i>Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39</i> ³
IFRS 10, IFRS 12 and IAS 27 Amendments	<i>Investment Entities</i> ¹
IAS 19 Amendments	<i>Amendments to HKAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions</i> ²
IAS 32 Amendments	<i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> ¹
IAS 39 Amendments	<i>Novation of Derivatives and Continuation of Hedge Accounting</i> ¹
IFRIC 21	<i>Levies</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 July 2014

³ No mandatory effective date yet determined but is available for adoption

3. SEGMENT INFORMATION

For management purposes, we are organised into four different operating segments as below:

Corporate banking

The corporate banking primarily covers the provision of financial products and services to corporate customers. The products and services include deposits, loans, settlement and clearing and other relating to trading business.

Personal banking

The personal banking primarily covers the provision of financial products and services to individual customers. The products and services include deposits, bank cards and credit cards, personal loans and collateral loans, and personal wealth management services.

Treasury operations

The treasury operations primarily comprise money market transactions, investments in securities and other financial assets, bond underwriting and distribution, financial derivatives transactions and interbank discounts and rediscounts of bills, for our own accounts or on behalf of customers.

Others

This represents business other than corporate banking, personal banking and treasury banking, whose assets, liabilities, income and expenses cannot directly attributable or cannot be allocated to a segment on a reasonable basis.

**APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF
THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013**

3. SEGMENT INFORMATION (continued)

Inter-segment transfer price is calculated in accordance with the sources and funding period, matching the interest rates announced by the PBOC and the interbank market rates. Expenses are allocated between segments based on benefits.

	Corporate banking	Personal banking	Treasury operations	Others	Total
<u>Year ended 31 December 2012</u>					
External net interest income	1,499,386	1,939,153	3,219,828	–	6,658,367
Internal net interest income/ (expense)	1,003,467	286,024	(1,289,491)	–	–
Net fee and commission income . . .	65,542	3,539	609,569	–	678,650
Other income, net (i)	17,158	–	268,664	88,367	374,189
Operating income	2,585,553	2,228,716	2,808,570	88,367	7,711,206
Operating expenses	(1,239,034)	(615,841)	(1,141,492)	(29,152)	(3,025,519)
Impairment losses on:					
Loans and advances to customers	(333,484)	(503,741)	–	–	(837,225)
Others	1,999	–	–	(980)	1,019
Operating profit	1,015,034	1,109,134	1,667,078	58,235	3,849,481
Share of profits of an associate . . .	–	–	–	9,429	9,429
Profit before tax	1,015,034	1,109,134	1,667,078	67,664	3,858,910
Income tax expense					(987,451)
Profit for the year					<u>2,871,459</u>
Other segment information:					
Depreciation and amortisation . . .	70,702	46,431	89,687	1,435	208,255
Capital expenditure	952,502	625,520	1,208,271	19,329	2,805,622
<u>As of 31 December 2012</u>					
Segment assets	<u>87,740,237</u>	<u>49,828,440</u>	<u>131,117,864</u>	<u>1,403,611</u>	<u>270,090,152</u>
Segment liabilities	<u>136,037,077</u>	<u>56,218,371</u>	<u>60,518,261</u>	<u>379,462</u>	<u>253,153,171</u>
Other segment information:					
Credit commitments	<u>48,349,017</u>	<u>1,040,325</u>	<u>–</u>	<u>–</u>	<u>49,389,342</u>

(i) Includes trading income, net income from financial investments and other net operating income.

**APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF
THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013**

3. SEGMENT INFORMATION (continued)

	<u>Corporate banking</u>	<u>Personal banking</u>	<u>Treasury operations</u>	<u>Others</u>	<u>Total</u>
<u>Year ended 31 December 2013</u>					
External net interest income	1,368,598	1,917,640	3,531,537	–	6,817,775
Internal net interest income/ (expense)	1,144,257	408,999	(1,553,256)	–	–
Net fee and commission income . . .	277,379	108,053	861,690	–	1,247,122
Other income, net (i)	116,410	–	237,317	125,212	478,939
Operating income	2,906,644	2,434,692	3,077,288	125,212	8,543,836
Operating expenses	(1,480,265)	(887,703)	(1,163,590)	(59,432)	(3,590,990)
Impairment losses on:					
Loans and advances to customers	(250,911)	(266,806)	–	–	(517,717)
others	–	–	–	11,657	11,657
Operating profit	1,175,468	1,280,183	1,913,698	77,437	4,446,786
Share of profits of an associate . . .	–	–	–	3,231	3,231
Profit before tax	1,175,468	1,280,183	1,913,698	80,668	4,450,017
Income tax expense					(1,078,926)
Profit for the period					<u>3,371,091</u>
Other segment information:					
Depreciation and amortisation . . .	89,891	75,296	104,471	4,269	273,927
Capital expenditure	518,754	434,523	602,893	24,635	1,580,805
<u>As of 31 December 2013</u>					
Segment assets	<u>96,748,549</u>	<u>58,822,129</u>	<u>164,884,267</u>	<u>1,720,495</u>	<u>322,175,440</u>
Segment liabilities	<u>161,983,865</u>	<u>68,470,209</u>	<u>71,160,705</u>	<u>633,374</u>	<u>302,248,153</u>
Other segment information:					
Credit commitments	<u>47,700,560</u>	<u>217,633</u>	<u>180,000</u>	<u>–</u>	<u>48,098,193</u>

(i) Includes trading income, net income from financial investments and other net operating income.

**APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF
THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013**

4. NET INTEREST INCOME

	For the year ended 31 December	
	2012	2013
Interest income on:		
Loans and advances to customers	6,537,440	7,621,205
Reverse repurchase agreements	2,140,515	2,251,530
Available for sale financial assets	269,272	439,120
Held-to-maturity financial investments	483,866	565,680
Receivables	1,921,011	1,368,540
Due from central bank	490,242	602,087
Due from banks and other financial institutions	1,150,824	1,293,503
Subtotal	<u>12,993,170</u>	<u>14,141,665</u>
Interest expense on:		
Due to customers	(2,967,699)	(4,160,741)
Repurchase agreements	(1,400,270)	(1,001,818)
Due to banks and other financial institutions	(1,822,705)	(1,963,740)
Debt securities issued	(131,202)	(174,226)
Due to central bank	(12,927)	(23,365)
Subtotal	<u>(6,334,803)</u>	<u>(7,323,890)</u>
Net interest income	<u>6,658,367</u>	<u>6,817,775</u>
Included: interest income on impaired loans	<u>17,057</u>	<u>36,169</u>
Interest income on:		
Listed debt instruments	753,138	1,004,800
Unlisted debt instruments	12,240,032	13,136,865
Subtotal	<u>12,993,170</u>	<u>14,141,665</u>

5. NET FEE AND COMMISSION INCOME

	For the year ended 31 December	
	2012	2013
FEE AND COMMISSION INCOME:		
Advisory and consulting fees	273,765	488,221
Settlement and clearing fees	95,299	83,410
Agency and custodian fees	374,902	617,264
Bank card fees	47,877	149,264
Others	19,594	38,391
Subtotal	<u>811,437</u>	<u>1,376,550</u>
FEE AND COMMISSION EXPENSE:		
Settlement and clearing fees	(13,185)	(16,120)
Agency fees	(37,691)	(7,473)
Bank card fees	(44,015)	(69,539)
Others	(37,896)	(36,296)
Subtotal	<u>(132,787)</u>	<u>(129,428)</u>
NET FEE AND COMMISSION INCOME	<u>678,650</u>	<u>1,247,122</u>

**APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF
THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013**

6. NET TRADING INCOME

	For the year ended 31 December	
	2012	2013
Listed in mainland China:		
Debt securities	356,579	283,851

The above amounts include gains and losses arising from the buying and selling of, interest income on, and changes in the fair value of financial assets held for trading.

7. NET LOSS ON FINANCIAL INVESTMENTS

	For the year ended 31 December	
	2012	2013
Dividends from available-for-sale equity investments	507	579
Loss on disposal of available-for-sale financial assets, net	(87,916)	(47,113)
Total	<u>(87,409)</u>	<u>(46,534)</u>

8. OTHER OPERATING INCOME, NET

	For the year ended 31 December	
	2012	2013
Net gain on disposal of property and equipment	209	–
Net gain on sale of repossessed assets	8,887	121,160
Gain/(loss) from foreign exchange, net	8,271	(4,750)
Leasing income	6,319	3,681
Government grants and subsidy	63,045	97,162
Penalty	5	180
Others	18,283	24,189
Total	<u>105,019</u>	<u>241,622</u>

9. OPERATING EXPENSES

	For the year ended 31 December	
	2012	2013
Staff costs	1,342,058	1,558,984
General and administrative expenses	638,034	725,677
Business tax and surcharges	364,068	528,158
Depreciation and amortisation	208,255	273,927
Leasing expense	172,099	199,053
Others	301,005	305,191
Total	<u>3,025,519</u>	<u>3,590,990</u>

**APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF
THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013**

10. INCOME TAX EXPENSE

	For the year ended 31 December	
	2012	2013
Current income tax expense	1,065,402	1,101,859
Deferred income tax expense	(77,951)	(22,933)
	987,451	1,078,926

11. DIVIDENDS

	For the year ended 31 December	
	2012	2013
Dividends on ordinary shares declared and paid:		
Final dividend for 2012:		
RMB 0.025 per share**		
(2011: RMB 0.1 per share*)	392,375	171,675
Dividends on ordinary shares proposed for		
Approval (not recognised as of 31 December):		
Final dividend for 2013:***		
(2012: RMB 0.025 per share**)	171,675	—

(*): Based on the 2011 weighted average number of share capital of RMB 0.1 per share distributed in cash

(**): Based on the 2012 weighted average number of share capital of RMB 0.025 per share distributed in cash

(***): Final dividends plan of 2013 is under consideration by the management of our Bank

12. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following:

	For the year ended 31 December	
	2012	2013
Earnings:		
Profit attributable to equity holders of the parent company	2,864,250	3,350,342
Shares:		
Weighted average number of ordinary shares outstanding (in thousand shares)	7,791,708	8,246,900
Basic and diluted earnings per share (RMB yuan)	0.37	0.41

**APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF
THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013**

13. LOANS AND ADVANCES TO CUSTOMERS

	<u>As of 31 December</u>	
	<u>2012</u>	<u>2013</u>
Corporate loans and advances	51,108,045	63,538,241
Personal loans	34,810,052	40,498,599
Discounted bills	1,346,235	1,904,481
	<u>87,264,332</u>	<u>105,941,321</u>
Less: Allowance for impairment	<u>(1,966,253)</u>	<u>(2,426,306)</u>
	<u>85,298,079</u>	<u>103,515,015</u>
	<u>As of 31 December</u>	
	<u>2012</u>	<u>2013</u>
Loans and advances for which allowance for impairment losses are:		
Unimpaired loans and advances	86,708,136	105,037,131
Impaired loans and advances to Customers		
Individually assessed	110,332	190,910
Collectively assessed	445,864	713,280
	<u>87,264,332</u>	<u>105,941,321</u>
Less: Allowance for impairment losses:		
Unimpaired loans and advances	1,700,497	1,966,911
Impaired loans and advances to customers		
Individually assessed	92,293	79,224
Collectively assessed	173,463	380,171
	<u>1,966,253</u>	<u>2,426,306</u>
Net loans and advances for which allowance for impairment losses are:		
Unimpaired loans and advances	85,007,639	103,070,220
Impaired loans and advances to customers		
Individually assessed	18,039	111,686
Collectively assessed	272,401	333,109
	<u>85,298,079</u>	<u>103,515,015</u>
Percentage of impaired loans and advances	<u>0.64%</u>	<u>0.85%</u>

APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Operational Overview

In response to the slowdown of the domestic economy, the acceleration of the financial market reforms and increasingly stringent regulatory policies in the PRC, and an increasingly competitive industry in 2013, we, under the leadership of the Board and the supervision of the Supervisory Board, proactively reacted to the challenges. In particular, we accelerated our business transformation, implemented our strategy of focusing on the development of featured microcredit business, sought to stabilise our business operations, diversified our business, strengthened our risk management systems, explored transition opportunities and improved our profitability.

Profitability

For the year ended 31 December 2013, net profit attributable to the equity shareholders of our Bank increased by 17.0% to RMB3,350.3 million from RMB2,864.3 million for the year ended 31 December 2012, primarily due to increases in our net interest income and net fee and commission income. Net interest income increased by 2.4% to RMB6,817.8 million for the year ended 31 December 2013 from RMB6,658.4 million for the year ended 31 December 2012. Net fee and commission income increased by 83.8% to RMB1,247.1 million for the year ended 31 December 2013 from RMB678.7 million for the year ended 31 December 2012, primarily due to our development of our advisory and consultancy, settlement, custodian and other intermediary businesses. Return on assets decreased to 1.14% in the year ended 31 December 2013 from 1.20% for the year ended 31 December 2012, and return on equity decreased to 18.36% for the year ended 31 December 2013 from 20.35% for the year ended 31 December 2012.

Business Scale

As of 31 December 2013, our total assets were RMB322,175.4 million compared to RMB270,090.2 million as of 31 December 2012, primarily attributable to increases in our loans and advances to customers and financial investments. Loans and advances to customers totaled RMB105,941.3 million as of 31 December 2013 compared to RMB87,264.4 million as of 31 December 2012. Our total due to customers was RMB224,178.1 million as of 31 December 2013 compared to RMB186,642.4 million as of 31 December 2012. This increase was largely the result of the expansion of our network and our efforts to attract customer deposits.

Assets Quality

As of 31 December 2013, our non-performing loans amounted to RMB904.2 million and our non-performing loans ratio was 0.85% compared to RMB556.2 million and 0.64% as of 31 December 2012. The significant increases in our non-performing loans and non-performing loans ratio were largely attributable to a slowdown in the economic development in the PRC and the floods in Heilongjiang in the summer of 2013, which we believe increased defaults in loans to farmers in the Heilongjiang region. Our impairment losses on loans ratio rose to 2.29% compared to 2.25% as of 31 December 2012 and our impairment coverage ratio declined to 268.34% as of 31 December 2013 from 353.52% as of 31 December 2012.

**APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF
THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013**

SUMMARY OF KEY FINANCIAL AND OPERATING INDICATORS

The following table sets forth a summary of key financial and operating indicators as of and for the years ended 31 December 2012 and 2013.

	For the year ended 31 December	
	2012	2013
Profitability indicators		
Return on average total assets ⁽¹⁾	1.20%	1.14%
Return on average equity ⁽²⁾	20.35%	18.36%
Net interest spread ⁽³⁾	3.06%	2.56%
Net interest margin ⁽⁴⁾	3.09%	2.64%
Net fee and commission income to operating income ratio	8.80%	14.60%
Cost-to-income ratio ⁽⁵⁾	34.51%	35.85%
	As of 31 December	
	2012	2013
Capital adequacy indicators⁽⁶⁾		
Core capital adequacy ratio	11.94%	11.67%
Capital adequacy ratio	12.97%	12.55%
Assets quality indicators		
Non-performing loans ratio ⁽⁷⁾	0.64%	0.85%
Impairment coverage ratio ⁽⁸⁾	353.52%	268.34%
Impairment losses on loans ⁽⁹⁾	2.25%	2.29%
Other indicators		
Loan-to-deposit ratio	46.75%	47.26%

Notes:

- (1) The percentage of net profit for a period to the average balance of the total assets at the beginning and the end of that period.
- (2) The percentage of net profit attributable to the equity shareholders of our Bank for a period to the average balance of total equity attributable to equity holders of the parent company at the beginning and the end of that period.
- (3) Calculated as the difference between the average yield on total interest-earning assets and the average cost on total interest bearing liabilities, calculated based on the daily average of the interest-earning assets and interest-bearing liabilities.
- (4) Calculated by dividing net interest income by average interest-earning assets, calculated based on the daily average of the interest-earning assets.
- (5) Calculated with the operating cost after the business tax and surcharges and divided by the operating income.
- (6) Calculated pursuant to the Capital Adequacy Measures and other relevant regulations in the PRC and in accordance with the PRC GAAP. Since 2013, we have calculated and disclosed the capital adequacy ratio in accordance with the New Capital Adequacy Measures. See "Supervision and Regulation — Supervision Over Capital Adequacy". According to the New Capital Adequacy Measures, our core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio were 10.68%, 10.68% and 11.95%, respectively, as of 31 December 2013.
- (7) Calculated with the total non-performing loans divided by the total loans to customers.
- (8) Calculated with the allowance for impairment loss divided by the total non-performing loans.
- (9) Calculated with the allowance for impairment loss on loan divided by the total loans to customers.

**APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF
THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013**

ANALYSIS OF KEY ITEMS IN THE CONSOLIDATED INCOME STATEMENT

Net Interest Income, Net Interest Spread and Net Interest Margin

The following tables set forth, for the years ended 31 December 2012 and 2013, the average balance of our interest-earning assets and interest-bearing liabilities, interest income and expense from these assets and liabilities, and the average yield of these interest-earning assets and the average cost of these interest-bearing liabilities.

	For the years ended 31 December					
	2012			2013		
	Average balance ⁽⁶⁾	Interest income	Average yield	Average balance ⁽⁶⁾	Interest Income	Average yield
	(in millions of RMB, except percentage)					
Interest-earning Assets						
Loans and advances to customers	81,767.1	6,537.5	8.00%	99,990.5	7,621.2	7.62%
Investments in debt securities ⁽¹⁾	41,719.7	2,674.2	6.41%	40,288.8	2,373.3	5.89%
Cash and balances with central bank	33,070.0	490.2	1.48%	41,262.6	602.1	1.46%
Due from banks and other financial institutions ⁽²⁾	58,894.2	3,291.3	5.59%	76,989.1	3,545.0	4.60%
Total interest-earning assets	<u>215,451.0</u>	<u>12,993.2</u>	6.03%	<u>258,531.0</u>	<u>14,141.7</u>	5.47%
	For the years ended 31 December					
	2012			2013		
	Average balance ⁽⁶⁾	Interest expense	Average cost	Average balance ⁽⁶⁾	Interest expense	Average cost
Interest-bearing Liabilities						
Due to customers	148,032.3	2,967.7	2.00%	185,801.6	4,160.7	2.24%
Due to banks and other financial institutions ⁽³⁾	62,497.1	3,223.0	5.16%	61,956.7	2,965.6	4.79%
Debt securities issued	2,571.0	131.2	5.10%	3,500.0	174.2	4.98%
Due to central bank	428.1	12.9	3.01%	664.3	23.4	3.52%
Total interest-bearing liabilities	<u>213,528.5</u>	<u>6,334.8</u>	2.97%	<u>251,922.6</u>	<u>7,323.9</u>	2.91%
Net interest income		<u>6,658.4</u>			<u>6,817.8</u>	
Net interest spread⁽⁴⁾			<u>3.06%</u>			<u>2.56%</u>
Net interest margin⁽⁵⁾			<u>3.09%</u>			<u>2.64%</u>

Notes:

- (1) Include available-for-sale financial assets, held-to-maturity investments and investments in receivables.
- (2) Include due from banks and other financial institutions and financial assets held under reverse repurchase agreements.
- (3) Include due to banks and other financial institutions and financial assets sold under reverse repurchase agreements.
- (4) Calculated as the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities, calculated based on the daily average of the interest-earning assets and interest-bearing liabilities.
- (5) Calculated by dividing net interest income by the average interest earning assets, calculated based on the daily average of the interest-earning assets.
- (6) Calculated as the average of our daily balances.

Interest Income

For the year ended 31 December 2013, our interest income increased by 8.8% to RMB14,141.7 million from RMB12,993.2 million for the year ended 31 December 2012. The increase was primarily

APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013

attributable to a 20.0% increase in the average balance of interest-earning assets from RMB 215,451.0 million for the year ended 31 December 2012 to RMB 258,531.0 million for the year ended 31 December 2013, mainly as a result of increases in our loans and advances to customers and other banks and financial institutions. The average yield of our interest-earning assets decreased from 6.03% for the year ended 31 December 2012 to 5.47% for the year ended 31 December 2013, which was primarily the result of liberalisation of interest rates and increasing industry competitions in the PRC banking industry in 2013.

Interest Income from Loans and Advances to Customers

For the year ended 31 December 2013, interest income from loans and advances to customers increased by 16.6% from RMB6,537.5 million for the year ended 31 December 2012 to RMB7,621.2 million for the year ended 31 December 2013, primarily as a result of a 22.3% increase in average balance of loans and advances to customers, which in turn was attributable to an expansion of our branch network and our efforts to develop our microcredit business. The average yield of our loans decreased from 8.00% for the year ended 31 December 2012 to 7.62% for the year ended 31 December 2013. The decrease in average yield of total loans to customers was mainly due to the liberalisation of interest rates and increasingly competitive industry, causing decreases in the average yields of both corporate loans and personal loans.

Interest Income from Investments in Debt Securities

Interest income from investments in debt securities decreased by 11.3% from RMB2,674.2 million for the year ended 31 December 2012 to RMB2,373.3 million for the year ended 31 December 2013, principally due to a 3.4% decrease in the average balance of our investments in debt securities from RMB41,719.7 million in 2012 to RMB40,288.8 million in 2013, and a decrease in the average yield of our investments in debt securities from 6.41% in 2012 to 5.89% in 2013. The decrease in the average balance of our investments in debt securities was primarily due to a decrease in the average balance of investments in receivables, and the decrease in the average yield of our investments in debt securities was due to a decrease in the average balance of investments in receivables with higher yields than other debt securities investments.

Interest Income from Cash and Balances with Central Bank

Interest income from cash and balances with central bank increased by 22.8% from RMB490.2 million for the year ended 31 December 2012 to RMB602.1 million for the year ended 31 December 2013, primarily due to an increase in the average balance of our cash and balances with central bank. The average balance of our cash and balances with central bank for the year ended 31 December 2013 was RMB41,262.6 million, representing an increase of 24.8% compared to that for the year ended 31 December 2012, primarily attributable to the expansion of the scale of our deposits from customers.

Interest Income from Due from Banks and Other Financial Institutions

Interest income from due from banks and other financial institutions increased by 7.7% from RMB3,291.3 million for the year ended 31 December 2012 to RMB3,545.0 million for the year ended 31 December 2013, primarily due to an increase in the average balance of the relevant assets. The average balance for the year ended 31 December 2013 was RMB76,989.1 million, representing an increase of 30.7% compared to that for the year ended 31 December 2012. This increase was primarily attributable to an increase in our lending and advances to banks and other financial institutions as

APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013

deposits from our customers increased in 2013. The average yield of these assets decreased from 5.59% in the year ended 31 December 2012 to 4.60% in the year ended 31 December 2013, mainly due to our decision to prioritise liquidity and to reduce the proportion of due from banks and other financial institutions during a tight market when such assets generally have relatively higher yields.

Interest Expense

Our interest expense increased by 15.6% from RMB6,334.8 million for the year ended 31 December 2012 to RMB7,323.9 million for the year ended 31 December 2013, primarily due to an increase of 18.0% in the average balance of the interest-bearing liabilities from RMB213,528.5 million in 2012 to RMB251,922.6 million in 2013 due to a significant increase in our due to customers, which was in turn attributable to our efforts to attract customer deposits.

Interest Expense on Due to Customers

Our interest expense on due to customers increased by 40.2% from RMB2,967.7 million for the year ended 31 December 2012 to RMB4,160.7 million for the year ended 31 December 2013. The increase was primarily due to (i) an increase of 25.5% in the average balance of total deposits from customers from RMB148,032.3 million in 2012 to RMB185,801.6 million in 2013, and (ii) an increase in the average cost of our deposits from customers from 2.00% in 2012 to 2.24% in 2013. The increase in the average balance of total deposits from customers primarily attributable to the expansion of the scale of our deposits from customers, while the increase in average cost of our deposits was primarily due to the interest rate liberalisation which resulted in an increased market competition.

Interest Expense on Due to Banks and Other Financial Institutions

Our interest expense on due to banks and other financial institutions decreased by 8.0% from RMB3,223.0 million for the year 31 December 2012 to RMB2,965.6 million for the year ended 31 December 2013. The decrease was mainly due to a decrease in the average balance of the relevant liabilities from RMB62,497.1 million for the year ended 31 December 2012 by 0.9% to RMB61,956.7 million for the ended 31 December 2013, and a decrease in the average cost of the underlying liabilities from 5.16% for the year ended 31 December 2012 to 4.79% for the year ended 31 December 2013. The average balance of the underlying liabilities decreased mainly because we reduced funds from banks at the time of tight market liquidity. The decrease in the average cost of the underlying liabilities was mainly because we reduced funds from banks and other financial institutions so as to ensure our liquidity at the time of tight market liquidity.

Interest Expense on Debt Securities Issued

Our interest expense on debt securities issued increased from RMB131.2 million for the years ended 31 December 2012 to and RMB174.2 million for the year ended 31 December 2013 mainly due to an issuance of RMB2,500 million aggregate principal amount of financial bonds by us to provide stable mid- and long-term funding to support our business. See “Financial Information – Indebtedness”.

Net Interest Spread and Net Interest Margin

Our net interest spread decreased from 3.06% for the year ended 31 December 2012 to 2.56% for the year ended 31 December 2013 and our net interest margin decreased from 3.09% for the year ended 31 December 2012 to 2.64% for the year ended 31 December 2013. These decreases were mainly due to a

APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013

larger decline in the average yield of interest-earning assets relative to the decline in the average cost on interest-bearing liabilities in 2013, which was in turn attributable to increases in the interest rates of our due to customers as the PBOC increased the upper limit of floating range of Renminbi-denominated deposit interest rate to 110% of the benchmark interest rate in the second half of 2012.

Net Fee and Commission Income

Our net fee and commission income increased from RMB678.7 million for the year ended 31 December 2012 to RMB1,247.1 million for the year ended 31 December 2013. The increase was largely due to a significant increase in our advisory and consulting fees, agency and custodian fees and bank card as a result of the development of the related business. For the year ended 31 December 2013, our advisory and consulting fees, agency and custodian fees and bank card fees amounted to RMB488.2 million, RMB617.3 million and RMB149.3 million, respectively, compared to RMB273.8 million, RMB374.9 million and RMB47.9 million, respectively, for the year ended 31 December 2012.

Net Trading Income

Our net trading income decreased by 20.4% from RMB356.6 million for the year ended 31 December 2012 to RMB 283.9 million for the year ended 31 December 2013. The decrease was mainly due to the change in the conditions of the bond market.

Net Loss on Financial Investments

We had net losses of RMB46.5 million for the year ended 31 December 2013 compared to net losses of RMB87.4 million for the year ended 31 December 2012. This decrease was largely due to a decrease in the loss on disposal of available-for-sale financial assets from RMB87.9 million for the year ended 31 December 2012 to RMB47.1 million for the year ended 31 December 2013 as a result of fluctuations in bond markets and a decrease in trading volumes of bonds.

Other Operating Income, Net

Our other operating income increased by 130.1% from RMB105.0 million for the year ended 31 December 2012 to RMB241.6 million for the year ended 31 December 2013. The increase was primarily due to the net gain generated from our disposal of repossessed assets.

Operating Expenses

Our operating expenses increased by 18.7% from RMB3,025.5 million for the year ended 31 December 2012 to RMB3,591.0 million for the year ended 31 December 2013. The increase was primarily due to growth in our staff cost and business tax and surcharges. The growth in our staff cost resulted primarily from an increase in the number of staff at branches and employee salary and benefits payment as a result of opening additional branches. The increase in business tax and surcharges was primarily the result of the growth in our operating income.

Impairment Losses

Our impairment losses for the year ended 31 December 2013 were RMB506.1 million, representing a decrease of 39.5% from RMB836.2 million for the year ended 31 December 2012. The decrease was mainly due to a decrease in the impairment allowances for loans, which was largely attributable to a decrease in our non-performing loans that were subject to write-off. Based on the actual amount of loans

**APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF
THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013**

to customers and requirements of regulatory authorities on dynamic adjustment of provisions for losses on loans and advances to customers, we wrote off non-performing loans of RMB342.7 million in 2012 resulting in a relatively lower level of non-performing loans that required provisions in 2013.

Income Tax Expenses

Our income tax for the year ended 31 December 2013 amounted to RMB1,078.9 million, representing a 9.3% increase from RMB987.5 million for the year ended 31 December 2012, which was generally consistent with the increase in our operating profit.

ANALYSIS OF KEY ITEMS OF FINANCIAL POSITION

Assets

As of 31 December 2013, our total assets amounted to RMB322,175.4 million, representing an increase of 19.3% compared to RMB270,090.2 million as of 31 December 2012. The increase was mainly due to the increase in our loans and advances to customers, due from banks and other financial institutions and investment securities and other financial assets.

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

	As of 31 December			
	2012		2013	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentage)			
Loans and advances to customers, gross	87,264.4	32.3%	105,941.3	32.9%
Allowance for impairment losses	(1,966.3)	(0.7%)	(2,426.3)	(0.8%)
Loans and advances to customers, net	85,298.1	31.6%	103,515.0	32.1%
Investment securities and other financial assets, net	51,180.1	18.9%	71,035.9	22.1%
Cash and balances with central bank	51,858.5	19.2%	51,552.1	16.0%
Due from banks and other financial institutions	19,946.8	7.4%	33,871.2	10.5%
Reverse repurchase agreements	51,745.6	19.2%	51,110.9	15.9%
Other assets	10,061.1	3.7%	11,090.3	3.4%
Total assets	<u>270,090.2</u>	<u>100.0%</u>	<u>322,175.4</u>	<u>100.0%</u>

Loans and Advances to Customers

As of 31 December 2013, our total loans and advances to customers amounted to RMB105,941.3 million, representing an increase of 21.4% compared to RMB87,264.4 million as of 31 December 2012.

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

	As of 31 December			
	2012		2013	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentage)			
Corporate loans	51,108.1	58.6%	63,538.2	60.0%
Personal loans	34,810.1	39.9%	40,498.6	38.2%
Discounted bills	1,346.2	1.5%	1,904.5	1.8%
Total loans and advances to customers	<u>87,264.4</u>	<u>100.0%</u>	<u>105,941.3</u>	<u>100.0%</u>

**APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF
THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013**

Corporate Loans

Our corporate loans amounted to RMB63,538.2 million as of 31 December 2013, representing an increase of 24.3% compared to RMB51,108.1 million as of 31 December 2012, mainly due to an increase in our corporate loans (in particular, loans to Small Enterprises) to respond to the PRC government's policies on promoting the development of SMEs.

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

	As of 31 December			
	2012		2013	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentage)			
Loans to Small Enterprises	23,638.0	46.3%	32,661.2	51.4%
Other corporate loans excluding loans to Small Enterprises	24,470.1	53.7%	30,877.0	48.6%
Total corporate loans	<u>51,108.1</u>	<u>100.0%</u>	<u>63,538.2</u>	<u>100.0%</u>

Our loans to Small Enterprises amounted to RMB32,661.2 million as of 31 December 2013, representing an increase of 38.2% compared to RMB23,638.0 million as of 31 December 2012. The increase in our loans to Small Enterprises was primarily due to our focus on developing our microcredit business to respond to the national policy on promoting the development of SMEs. As of 31 December 2012 and 2013, our loans to Small Enterprises accounted for 46.3% and 51.4%, respectively, of our total corporate loans.

Personal Loans

Our personal loans amounted to RMB40,498.6 million as of 31 December 2013, representing an increase of 16.3% compared to RMB34,810.1 million as of 31 December 2012. This increase was mainly attributable to our continued development of personal loans as a response to the PRC government's policies to support financial institutions in developing financial services for SMEs and financial services for rural areas. Our personal loans (including loans to Small Enterprise Owners and farmers) are an important component of our microcredit business, which increased under our strategy of focusing on the development of our microcredit business.

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

	As of 31 December			
	2012		2013	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentage)			
Loans to Small Enterprise Owners	13,731.2	39.4%	15,380.5	38.0%
Personal consumption loans	11,203.3	32.2%	15,870.2	39.2%
Loans to farmers	9,875.6	28.4%	9,247.9	22.8%
Total of personal loans	<u>34,810.1</u>	<u>100.0%</u>	<u>40,498.6</u>	<u>100.0%</u>

Loans to Small Enterprise Owners and personal consumption loans both increased as at 31 December 2013 compared to 31 December 2012, primarily due to our efforts to increase personal loans. Our loans to farmers amounted to RMB9,247.9 million as of 31 December 2013, representing a decrease of 6.4% compared to RMB9,875.6 million as of 31 December 2012.

**APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF
THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013**

Distribution of Loans by Industry

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

	As of 31 December			
	2012		2013	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentage)			
Agriculture, forestry, animal husbandry and fishing	2,277.9	4.5%	4,163.2	6.6%
Mining	880.1	1.7%	874.6	1.4%
Manufacturing	10,793.9	21.1%	13,603.7	21.4%
Production and supply of electricity, gas and water	1,460.9	2.9%	1,535.6	2.4%
Construction	3,269.6	6.4%	5,171.5	8.1%
Transportation, storage and postal services	966.3	1.9%	2,194.0	3.4%
Information transmission, computer services and software	636.7	1.2%	544.2	0.9%
Commercial trade	18,512.6	36.2%	21,778.9	34.3%
Lodging and catering	880.5	1.7%	1,234.0	1.9%
Finance	671.7	1.3%	20.0	0.0%
Real estate	2,443.9	4.8%	2,236.3	3.5%
Leasing and commercial services	2,562.8	5.0%	5,523.2	8.7%
Scientific research technological Services and geological prospecting	138.9	0.3%	179.9	0.3%
Water, environment and public utility management and investment industry	3,059.6	6.0%	2,543.6	4.0%
Resident services and other services	1,013.9	2.0%	992.2	1.6%
Education	518.3	1.0%	481.2	0.8%
Health, social security and social welfare	379.6	0.7%	264.4	0.4%
Culture, sports and entertainment	140.5	0.3%	180.3	0.3%
Public administration and social organisations	500.4	1.0%	17.4	0.0%
Total for corporate loans	51,108.1	100.0%	63,538.2	100.0%

**APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF
THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013**

Borrower Concentration

As of 31 December 2013, our Bank was in compliance with the lending limit of 10% of our net capital to any single borrower. The following table sets forth, as of 31 December 2013, our 10 largest single borrowers (excluding group borrowers) in terms of loan balance, none of which was a non-performing loan.

	Industry	As of 31 December 2013		
		Loan balance	% of total loans	% of net capital
(in millions of RMB, except percentages)				
Borrower A	Agriculture, forestry, husbandry and fishery	1,000.0	0.94%	4.50%
Borrower B	Wholesale and service	996.0	0.94%	4.48%
Borrower C	Manufacturing	754.7	0.71%	3.39%
Borrower D	Manufacturing	600.0	0.57%	2.70%
Borrower E	Wholesale and service	505.8	0.48%	2.28%
Borrower F	Water conservation, environment, public utility management and investment	500.0	0.47%	2.25%
Borrower G	Transportation, storage and postal services	500.0	0.47%	2.25%
Borrower H	Water conservation, environment, public utility management and investment	500.0	0.47%	2.25%
Borrower I	Real estate	470.0	0.44%	2.11%
Borrower J	Real estate	447.6	0.42%	2.01%
Total		<u>6,274.1</u>	<u>5.92%</u>	<u>28.22%</u>

Asset Quality of Our Loan Portfolio

The non-performing loan balance of our total loan portfolio increased by 62.6% from RMB556.2 million as of 31 December 2012 to RMB904.2 million as of 31 December 2013. This increase was mainly due to the impact of floods in Heilongjiang in the summer of 2013 and the considerable fluctuation of grain prices during the periods, resulting in the increase of overdue loans to farmers and a consequent increase in our non-performing loans.

The following table sets forth, as of 31 December 2012 and 2013, our loans and advances to customers in each category of our five-category loan classification.

	As of 31 December			
	2012		2013	
	Amount	% of total	Amount	% of total
(in millions of RMB, except percentage)				
Pass	86,128.3	98.7%	103,945.6	98.1%
Special mention	579.9	0.7%	1,091.5	1.0%
Substandard	377.6	0.4%	405.4	0.4%
Doubtful	94.9	0.1%	265.3	0.3%
Loss	83.7	0.1%	233.5	0.2%
Total loans to customers	<u>87,264.4</u>	<u>100.0%</u>	<u>105,941.3</u>	<u>100.0%</u>

**APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF
THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013**

Distribution of Loans by Geographical Region

The following table sets forth, as of 31 December 2012 and 2013, the distribution of our non-performing loans by geographical region. For our definitions of geographical regions, see “Financial Information – Summary of Segment Operating Results”.

	As of 31 December			
	2012		2013	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentage)			
Heilongjiang region	43,112.1	49.4%	53,879.6	50.9%
Other Northeast region	23,787.5	27.2%	18,343.1	17.3%
Southwest region	11,834.1	13.6%	23,555.6	22.2%
Northern China	6,273.8	7.2%	7,517.2	7.1%
Other regions	2,256.9	2.6%	2,645.8	2.5%
Total loans and advances to customers	87,264.4	100.0%	105,941.3	100.0%

Distribution of Loans by Collateral

The following table sets forth, as of 31 December 2012 and 2013, the distribution of our loans and advances to customers by collateral.

	As of 31 December			
	2012		2013	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentage)			
Unsecured loan	4,547.3	5.2%	4,902.8	4.6%
Guaranteed Loan	35,397.0	40.6%	41,061.8	38.8%
Collateralised loans	31,953.4	36.6%	45,948.2	43.4%
Pledged loans	15,366.7	17.6%	14,028.5	13.2%
Total loans and advances to customers	87,264.4	100.0%	105,941.3	100.0%

**APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF
THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013**

Movements of Allowance for Impairment Losses of Loans

The allowance for impairment losses of loans increased by 23.4% to RMB2,426.3 million as of 31 December 2013. This increase was mainly due to the growth of our lending scale.

Movements of allowance for impairment losses during the year are as follows:

	Individually assessed	Collectively assessed	Total
(in millions of RMB)			
As of 31 December 2011 and 1 January 2012	167.3	1,298.3	1,465.6
Exchange difference	—	—	—
Impairment loss:	(58.2)	895.5	837.3
Impairment allowances charged	9.6	895.5	905.1
Reversal of impairment allowances	(67.8)	—	(67.8)
Accreted interest on impaired loans	(17.1)	—	(17.1)
Write-offs	(0.2)	(342.5)	(342.7)
Recoveries of loans and advances previously written off	0.5	22.7	23.2
As of 31 December 2012 and 1 January 2013	92.3	1,874.0	1,966.3
Exchange difference	(0.5)	(0)	(0.5)
Impairment loss:	27.3	490.4	517.7
Impairment allowances charged	30.5	490.4	520.9
Reversal of impairment allowances	(3.2)	—	(3.2)
Accreted interest on impaired loans	(7.8)	(28.4)	(36.2)
Write-offs	(38.1)	(24.8)	(62.9)
Recoveries of loans and advances previously written off	6.0	35.9	41.9
As of 31 December 2013	<u>79.2</u>	<u>2,347.1</u>	<u>2,426.3</u>

Investment Securities and Other Financial Assets

As of 31 December 2013, the balance of our investment securities and other financial assets amounted to RMB71,035.9 million, representing an increase of 38.8% compared to RMB51,180.1 million as of 31 December 2012. This increase was mainly due to our investments in receivables, which increased from RMB22,733.3 million as of 31 December 2012 to RMB43,528.7 million as of 31 December 2013. The significant increase in our investments in receivables in 2013 was largely due to our efforts to increase various types of investments, continued expansion of our capital operating channels and an increased proportion of credit products, which we believe improved the efficiency of our use of funds.

**APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF
THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013**

The following table sets forth, as of 31 December 2012 and 2013, the components of our investment securities and other financial assets.

	As of 31 December			
	2012		2013	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentage)			
Investments in receivables	22,733.3	44.4%	43,528.7	61.3%
Held-to-maturity investments	12,323.5	24.1%	17,080.8	24.0%
Available-for-sale financial assets	8,244.3	16.1%	7,914.1	11.2%
Financial assets held for trading	7,879.0	15.4%	2,512.3	3.5%
Total investment securities and other financial assets	51,180.1	100.0%	71,035.9	100.0%

In recent years, we have made substantial investments in receivables, which include fund trust plans issued by trust companies, directional client asset management plans managed by securities companies and wealth management products issued by other commercial banks in the PRC. Investments in these financial instruments involve risks. See “Risk Factors — Risks Relating to Our Business — We have made substantial investments in receivables, and any adverse development relating to these types of investments could materially and adversely affect our profitability”.

The following table sets forth, as of the dates indicated, the distribution of our investment securities and other financial assets by bond investments and equity investments.

	As of 31 December			
	2012		2013	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentage)			
Debt investment				
Bond investments	29,011.5	56.7%	27,666.3	39.0%
Debt instruments issued by financial institutions ⁽¹⁾	22,144.0	43.3%	43,345.0	61.0%
Subtotal	51,155.5	100.0%	71,011.3	100.0%
Equity investment	24.6	0.0%	24.6	0.0%
Total investment securities and other financial assets	51,180.1	100.0%	71,035.9	100.0%

Note:

(1) Included fund trust plans and structured wealth management products.

Our investment in debt instruments issued by financial institutions totaled RMB43,345.0 million as of 31 December 2013, representing an increase of 95.7% compared to RMB22,144.0 million as of 31 December 2012. As a percentage of total investment securities and other financial assets, such investments increased from 43.3% as of 31 December 2012 to 61.0% as of 31 December 2013. These increases were primarily due to an increase in our investments in the debt instruments issued by financial institutions which had relatively higher returns than other investment products.

Other Components of Our Assets

Other components of our assets primarily consist of (i) cash and balances with central bank, (ii) due from banks and other financial institutions and (iii) financial assets held under reverse repurchase agreements.

Our cash and balances with central bank totaled RMB51,552.1 million as of 31 December 2013, representing a slight decrease of 0.6% compared to RMB51,858.5 million as of 31 December 2012.

**APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF
THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013**

Due from banks and other financial institutions totaled RMB33,871.2 million as of 31 December 2013, representing an increase of 69.8% compared to RMB19,946.8 million as of 31 December 2012. This increase was largely because adjusted the proportion of non-credit assets based on capital and changes in liquidity in the market, so as to ensure the efficiency of capital utilisation with sufficient liquidity.

Our financial assets held under reverse repurchase agreements totaled RMB51,111.0 million as of 31 December 2013, representing a decrease of 1.2% compared to RMB51,745.6 million as of 31 December 2012.

Liabilities

As of 31 December 2013, our total liabilities were RMB302,248.2 million, representing an increase of 19.4% compared to RMB253,153.2 million as of 31 December 2012.

	As of 31 December			
	2012		2013	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentage)			
Due to customers	186,642.4	73.8%	224,178.1	74.2%
Due to banks and other financial institutions	36,523.5	14.4%	50,610.9	16.7%
Repurchase agreements	22,832.7	9.0%	19,091.2	6.3%
Debt securities issued	3,500.0	1.4%	3,500.0	1.1%
Due to central bank	594.9	0.2%	787.2	0.3%
Other liabilities ⁽¹⁾	3,059.7	1.2%	4,080.8	1.4%
Total liabilities	<u>253,153.2</u>	<u>100.0%</u>	<u>302,248.2</u>	<u>100.0%</u>

Note:

(1) Other liabilities primarily consist of income tax payable and other tax payable, interest payable, items in the process of clearance and settlement as well as staff salary payable.

Due to Customers

As of 31 December 2013, our due to customers totaled RMB224,178.1 million, representing an increase of 20.1% compared to RMB186,642.4 million as of 31 December 2012. The increase in our due to customers was primarily attributable to the expansion of outlets, improvement of service and strengthening of marketing capabilities.

The following table sets forth, as of 31 December 2012 and 2013, our due to customers by product type and maturity profile of deposits.

	As of 31 December			
	2012		2013	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentage)			
Corporate deposits				
Demand deposits	69,981.5	37.5%	79,909.6	35.6%
Time deposits	61,058.3	32.7%	76,894.5	34.3%
Subtotal	131,039.8	70.2%	156,804.1	69.9%
Personal deposits				
Demand deposits	27,107.2	14.5%	33,789.1	15.1%
Time deposits	28,495.4	15.3%	33,584.9	15.0%
Subtotal	55,602.6	29.8%	67,374.0	30.1%
Total due to customers	<u>186,642.4</u>	<u>100.0%</u>	<u>224,178.1</u>	<u>100.0%</u>

APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013

Due to Banks and Other Financial Institutions

As of 31 December 2013, our due to banks and other financial institutions totaled RMB50,610.9 million, representing an increase of 38.6% compared to RMB36,523.5 million as of 31 December 2012. The increase in these liabilities was primarily due to our actively accepting deposits from other banks and broadening our sources of liabilities in order to increase return in response to the changes in market liquidity and the need to match assets and liabilities. We believe that these liabilities assist us in managing the differences between the maturities of loans and deposits.

Repurchase Agreements

Our repurchase agreements amounted to RMB19,091.2 million as of 31 December 2013, representing a decrease of 16.4% compared to RMB22,832.7 million as of 31 December 2012. The changes in our financial assets sold under repurchase agreements reflected adjustments to the proportion of financial assets sold under repurchase agreements to our liabilities based on market liquidity and our capital needs in view of the need to match assets and liabilities. The changes also reflected such liabilities' function in easing the difference between the maturity of loans and deposits, as well as our increased interaction with other banks.

SHAREHOLDERS' EQUITY

As of 31 December 2013, our shareholders' equity amounted to RMB19,927.3 million, representing an increase of 17.7% compared to RMB16,937.0 million as of 31 December 2012. Equity attributable to equity holders of our Bank was RMB19,727.5 million as of 31 December 2013, representing an increase of 17.7% compared to RMB16,764.7 million as of 31 December 2012. The increase in shareholders' equity in 2013 was mainly due to an increase of our net profit.

OFF-BALANCE SHEET COMMITMENTS

The following table sets forth, as of 31 December 2012 and 2013, the contractual amounts of our off-balance sheet commitments.

	As of 31 December	
	2012	2013
	(in millions of RMB)	
Credit commitments		
Bank bills acceptance	46,845.5	42,654.8
Issued letters of guarantee	235.9	1,821.1
Issued sight letters of credit	1,267.7	2,204.1
Credit limit of credit card	1,040.3	1,238.2
Subtotal	49,389.4	47,918.2
Capital expenditure commitments	1,383.7	1,437.4
Operating lease commitments ⁽¹⁾	513.2	670.1
Treasury bond redemption commitments ⁽²⁾	1,852.0	1,620.0
Relief obligation under risk cooperation fund ⁽³⁾	180.0	180.0
Total	<u>53,318.3</u>	<u>51,825.7</u>

Notes:

- (1) Refers to the future minimum rentals payable under non-cancellable operating lease contracts.
- (2) We were commissioned by the MOF as issuance agency for its treasury bonds. Holders of treasury bonds might at any time request early redemption of the treasury bonds held by them, and we were liable for acceptance and repayment of such

APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013

treasury bonds for the amounts of their principals and interests payable up to the redemption date. We expect that the amounts of the treasury bonds to be redeemed by us prior to maturity would be insignificant.

- (3) We became a member of the Asia Financial Cooperation Association on 31 December 2012. The risk cooperation fund established by the association was divided into equal portions with each portion amounting to RMB100 million at its establishment. We subscribed for two portions with 10% of the consideration made by cash contribution and 90% made by fulfilment of cooperation obligation, pursuant to which we have the obligation to provide assistance to members, to the extent of RMB180 million in the form of due to banks and other financial institutions or otherwise determined by the Asia Financial Cooperation Association.

In addition, as of 31 December 2013, there was no material litigation in which either our Bank or subsidiaries of our Bank is a defendant (As of 31 December 2012: NIL).

Segment Report

Geographical Segment Report

Our Bank operates in Mainland China.

The distribution of the geographical areas is as follows:

Mainland China (Head Office and branches):

Heilongjiang Region:	Including Head Office, Harbin, Shuangyashan, Jixi, Hegang, Suihua, Daqing, Qitaihe, Mudanjiang, Jiamusi, Qiqihar as well as Village and Township Banks operating within Heilongjiang.
Other Northeast Region:	Including Dalian, Shenyang, as well as Village and Township Banks operating in Northeastern China excluding the ones in Heilongjiang.
Southwest Region:	Chengdu, Chongqing, as well as Village and Township Banks operating in Southwest China and mainly located in Sichuan and Chongqing.
Northern Region:	Tianjin, as well as Village and Township Banks operating in Northern China and mainly located in Beijing and Tianjing.
Other regions:	Village and Township Banks operating in regions other than those listed above.

The table below sets forth, for the periods indicated, certain key financial indicators of each of our geographical regions of our head office and branches.

	Mainland China					Total
	Heilongjiang region	Other Northeast region	Southwest China	Northern region	Other regions	
	(in millions of RMB)					
<u>Year ended 31 December 2012</u>						
Operating income	5,020.0	872.2	1,122.7	559.6	136.8	7,711.3
Operating expenses	2,099.4	322.6	347.0	168.0	88.5	3,025.5
Impairment losses	496.2	99.7	158.4	54.4	27.5	836.2
Operating profit	2,424.4	449.9	617.3	337.2	20.7	3,849.5
Segment assets	171,368.0	33,639.0	43,401.2	17,085.7	4,596.2	270,090.1
Segment liabilities	155,685.0	33,552.6	43,038.6	16,939.3	3,937.7	253,153.2
<u>Year ended 31 December 2013</u>						
Operating income	5,481.7	960.6	1,280.7	568.2	252.6	8,543.8
Operating expenses	2,326.9	416.8	538.0	195.3	114.0	3,591.0
Impairment losses	265.1	68.7	73.6	54.0	44.8	506.1
Operating profit	2,889.7	475.1	669.2	318.9	93.8	4,446.7
Segment assets	208,122.2	31,736.4	57,867.1	17,687.4	6,762.4	322,175.5
Segment liabilities	172,892.7	43,844.1	60,595.2	18,887.4	6,028.7	302,248.1

APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013

The table below sets forth our operating income by geographical regions and their proportion to our total operating income for the periods indicated:

	For the year ended 31 December			
	2012		2013	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)			
Heilongjiang region	5,020.0	65.1%	5,481.7	64.1%
Other Northeast region	872.2	11.3%	960.6	11.2%
Southwest region	1,122.7	14.6%	1,280.7	15.0%
Northern China	559.6	7.3%	568.2	6.7%
Other regions	136.8	1.7%	252.6	3.0%
Total operating income	7,711.3	100.0%	8,543.8	100.0%

Business Segment Report

The table below sets forth our operating income by business segments and their proportion to our total operating income for the years ended 31 December 2012 and 2013:

	For the year ended 31 December			
	2012		2013	
	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)			
Corporate banking business	2,585.6	33.5%	2,906.6	34.0%
Personal banking business	2,228.7	28.9%	2,434.7	28.5%
Treasury operations	2,808.6	36.4%	3,077.3	36.0%
Other businesses ⁽¹⁾	88.4	1.2%	125.2	1.5%
Total operating income	7,711.3	100.0%	8,543.8	100.0%

Note:

(1) Include net trading income, net gain or loss on financial investments and other operating income.

BUSINESS REVIEW

Corporate Banking Business

In response to the changes of the economic and policy environment of China, our Bank continued to strengthen our marketing capabilities and improve customer services through business innovation, and promoted the development of our corporate banking business. For the year ended 31 December 2013, our operating income from corporate banking business amounted to RMB2,906.6 million, accounting for 34.0% of the total operating income over the same period, representing a year-on-year increase of 12.4%.

As of 31 December 2013, the balance of our corporate loans (excluding discounted bills) amounted to RMB63,538.2 million, representing a year-on-year increase of 24.3%. As of the same date, RMB32,661.2 million of these loans were loans to Small Enterprises, accounting for 51.4% of our total corporate loans and representing a year-on-year increase of 38.2%. As of 31 December 2013, our total corporate deposits amounted to RMB156,804.1 million, representing a year-on-year increase of 19.7%. In 2013, our Bank focused on the development of fee- and commission-based corporate banking business and services, continued to refine our business structure and diversify our product portfolio. Our branches have also strengthened promotion of fee- and commission-based corporate banking products.

APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013

By leveraging the advantages of our cross-regional operating network, our Bank continued to develop corporate customers in other regions in China outside Heilongjiang Province and as a result, the number of corporate customers in these regions has demonstrated a growth trend. As of 31 December 2013, we had more than 61,000 corporate customers. Of these customers, 8,400 corporate customers maintained accounts with our branches in Tianjin, Chengdu and Chongqing, representing a year-on-year increase of 31.8%.

Personal Banking Business

In 2013, our Bank strengthened marketing efforts to personal customers, continued the development of our personal banking business by diversifying the product offering of our personal banking business and enhancing the structure of our personal customers. For the year ended 31 December 2013, the number of our personal customers exceeded 5.6 million and the operating income from our personal banking business (including personal banking international business) amounted to RMB2,434.7 million, accounting for 28.5% of our total operating income over the same period and representing a year-on-year increase of 9.2%. As of 31 December 2013, the balance of our personal loans reached RMB40,498.6 million, accounting for 38.2% of our total loans to customers. As of 31 December 2013, loans to Small Enterprise Owners, personal consumption loans and loans to farmers amounted to RMB15,380.5 million, RMB15,870.2 million and RMB9,247.9 million, respectively, and accounted for 38.0%, 39.2% and 22.8%, respectively, of our total personal loans. As of that date, our total personal deposits amounted to RMB67,374.0 million, representing a year-on-year increase of 21.2%.

In 2013, our Bank continued to enhance our product offering and the product features of credit cards, developed and launched our Rong Hui Gold Card cash instalment business and Lilac Fortune VIP Set Card, and launched a series of co-branded card and themed card products targeting various customer groups. As of 31 December 2013, our Bank had issued more than 121,900 credit cards. In 2013, we established a wealth management system for high-end customers, launched the “Lilac Fortune” high-end wealth management brand and provided VIP customers with various value-added services to improve the service experience of high-end customers. In addition, our Bank developed new marketing applications, namely Bankpad and Smart Marketing Table.

Loans to Small Enterprise Customers

In 2013, we actively supported national policies and provided strong support to Small Enterprise Customers. Our loans to Small Enterprise Customers (including corporate loans to Small Enterprises and personal loans to Small Enterprise Owners) have become the core component in the implementation of our microcredit strategy. As of 31 December 2013, we had over 33,000 Small Enterprise Customers, including 4,000 Small Enterprises. Our Bank has strengthened the marketing of loans to Small Enterprise Customers and developed new customer services. In 2013, our Bank obtained a license to establish specialised institutions providing financial services for Small Enterprise Customers, and established Harbin Bank Centre of Financial Services for Small Enterprise Customers. As of 31 December 2013, our Bank has established 11 direct marketing teams for loans to Small Enterprise Customers. We also focused on building a new model of customer service. In 2013, our Bank created the first coalition of small and micro customers in Heilongjiang Province and established 43 “small and micro families” and six community financial service stations. At the same time, our Bank has focused on enhancing advanced technology such as loan technology, scorecard rating, post-credit management technology and remote system monitoring. We improved the efficiency of credit business for Small Enterprise Customers and risk prevention level and enhanced the management and control level of the authorised business of branch

APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013

institutions through rationalisation of business processes and risk areas, in order to ensure asset quality while achieving rapid development of loans to Small Enterprise Customers.

Loans to Farmers

The nationwide development of modern agriculture and urbanisation has facilitated the expansion of our rural financial services. Taking into account the characteristics of modern agriculture, we have actively explored a new model of rural financial services. As of 31 December 2013, we had more than 190,000 customers for our loans to farmers, and we realised full coverage of loans to farmers in 15 branches in 2013. During 2013, our Bank vigorously carried out the construction of a “Just-for-you” Farmer-assistance e-Station. As of 31 December 2013, our Bank had established 896 “Just-for-you” Farmer-assistance e-Stations. In 2013, our Bank won the “Innovation Award for Ten Best Financial Products” in the selection for “China Financial Innovation Award” launched by “The Banker” magazine.

Treasury Operations

In 2013, our Bank continued to strengthen our research on macroeconomic policies and market analysis in order to reduce the adverse impacts of market volatility minimise the impact of a slowdown in the PRC economic development and ensure steady growth of the operating income of our treasury operations. For the year ended 31 December 2013, the operating income of our treasury operations (including international treasury operations) amounted to RMB3,077.3 million, accounting for 36.0% of our total operating income and representing a year-on-year increase of 9.6%.

Money Market Transactions

In 2013, our Bank closely monitored the development and changes in the cost of capital in the money market, actively took advantage of market opportunities and increased profitability whilst ensuring liquidity. As of 31 December 2013, the balance of our due from and placements with banks and other financial institutions and financial assets held under reverse repurchase agreements reached RMB84,982.1 million, representing a year-on-year increase of 18.5% and accounting for 26.4% of our total assets. As of the same date, the balance of our due to and placements from banks and other financial institutions and financial assets sold under repurchase agreements reached RMB69,702.0 million, representing a year-on-year increase of 17.4% and accounting for 23.1% of our total liabilities. In 2013, our Bank was named by the National Interbank Funding Centre for 11 consecutive years as one of the “Top 100 Traders in National Interbank Bond Market (by Transaction Volume)”, and was recognised for four consecutive years by China Central Depository & Clearing Co., Ltd. as an “Outstanding Settlement Member in the National Interbank Bond Market”.

Investments in Securities and Other Financial Assets

In 2013, our Bank adjusted our investment strategies by further strengthening research and analysis on financial market and changes of policy environment. As of 31 December 2013, the balance of our bond investments was RMB27,666.3 million, representing a year-on-year decrease of 4.6%. As of the same date, the balance of our investments in debt instruments issued by financial institutions was RMB43,345.0 million, representing an increase of RMB21,201.0 million as compared with the previous year and representing a year-on-year increase of 95.7%. According to China Central Depository & Clearing Co., Ltd., the bonds traded by our Bank for the 12 months ended 31 December 2013 amounted to RMB2.16 trillion.

APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013

Treasury Operations Conducted on Behalf of Customers

During 2013, the wealth management business of commercial banks, trust business and business of microcredit companies grew rapidly. Due to the fluctuations to the credit system and the banking system related to such rapid growth, the CBRC implemented a series of measures to regulate such businesses.

As of 31 December 2013, the total outstanding amount of wealth management products issued by us was RMB30,595.0 million. The CBRC issued the Notice on the Regulation of the Investment and Operation of Wealth Management Business by Commercial Banks on 25 March 2013, which requires commercial banks to match funds raised by each wealth management product with the underlying investments, and restricts investments of funds raised from wealth management products in non-standard debt-based assets. As of 31 December 2013, funds raised from each wealth management product issued by our Bank matched the underlying investments. The balance of our investments in non-standard debt-based assets decreased from RMB16,298.0 million as of 30 September 2013 to RMB6,532.0 million as of 31 December 2013, representing approximately 21.4% of the balance of our Bank's wealth management products as of 31 December 2013, and approximately 2.4% of our Bank's total assets as of 31 December 2012. These balances complied with the regulatory requirements of the CBRC.¹

In the future, our Bank intends to remain prudent in using proceeds from our wealth management products to make investments in non-standard debt-based assets and equity assets. In addition, our Bank plans to further strengthen our risk management systems to enhance the identification, assessment, monitoring and prevention of credit risk and compliance risk associated with such investments. See "Risk Factors — Risks Relating to Our Business — We have been increasingly focused on the development of wealth management products in recent years, and any adverse developments or changes in regulatory policies relating to these products could materially and adversely affect our business, financial condition, results of operations and prospects".

Microcredit Business

Through persistent development of our microcredit business, the scale of our microcredit business continued to grow over the periods. As of 31 December 2013, the total balance of our microcredit loans reached RMB73,159.8 million, representing a year-on-year increase of 25.2% and accounting for 69.1% of our total loans to customers. For the year ended 31 December 2013, the interest income from our microcredit business was RMB5,172.0 million, accounting for 67.9% of the total interest income from loans to customers.

Microcredit Know-how and Technology Exportation

While continuing to develop microcredit business, our Bank has continued to refine our core technology relating to microcredit, implement technological innovation and achieve new breakthroughs in microcredit know-how and technology exportation. As of 31 December 2013, our Bank had entered into 23 microcredit know-how and technology exportation contracts (including 16 contracts that have been completed). As of the same date, aggregate fee income generated from microcredit technology exportation amounted to RMB15.6 million.

¹ According to the Notice on the Regulation of the Investment and Operation of Wealth Management Business by Commercial Banks, the balance of wealth management funds invested by a commercial bank in non-standard debt-based assets cannot exceed the lower of (i) 35% of the commercial bank's wealth management products, and (ii) 4% of the commercial bank's total assets as disclosed in its annual audited report for the prior fiscal year.

APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013

International Business

As of 31 December 2013, our Bank's international settlement volume exceeded US\$2,300 million for the first time. As of 31 December 2013, the balance of our foreign currency loan to corporate customers amounted to U.S.\$202.5 million and the balance of our foreign currency deposit from corporate customers amounted to U.S.\$83.8 million. In 2013, our Bank successfully obtained a self and valet forward foreign exchange license and operated an online forward foreign exchange system.

For the year ended 31 December 2013, our aggregate Ruble exchange volume was RUB7,145.6 million, Ruble cash exchange volume was RUB 17,760.3 million and onshore market making transactions for Renminbi-Ruble tradings amounted to RUB 5,586.7 million. We had conducted cross-border transportation of Ruble cash amounting to RUB985.0 million during the period from our commencement of such business until 31 December 2013. The volume of our purchase and sales of RMB from and to Russian banks amounted to RMB81.8 million during the period from our commencement of such business until 31 December 2013. Our Bank has further improved our Russian-related financial service institutions and product systems, and established "Sino-Russian Cross-border Financial Service Centre", a one-stop service platform for Russian-related financial services. Taking advantage of the support from platforms such as the NDRC and Harbin Municipal Government, our Bank has set up a special team for e-commerce with Russia and realised Ruble-RMB direct settlement. In 2013, our Bank successfully held the "Russian Inter-bank Financial Cooperation Summit" and "Russian Financial Peer Cooperation Forum", signed a "Comprehensive Cross-border Financial Cooperation Agreement" with six Russian commercial banks, and accordingly the number of Russian banks with which we have correspondent relationships increased to 107 as of 31 December 2013, covering all regions in Russia.

NETWORK DEVELOPMENT

In 2013, our Bank steadily promoted development of our network, created outlet channels and established two branches and 28 sub-branches. To further explore business development opportunities, based on the management model of business classification specialisation and centralisation, we established a grain business department.

Online Banking

In 2013, our Bank upgraded the functions of our online banking for corporate banking business and personal banking business. As of 31 December 2013, we had more than 317,000 online banking customers. The total amount of transactions conducted by corporate customers and personal customers through online banking was RMB2,023,061.7 million and RMB266,781.7 million, respectively, during the period from our commencement of such business until 31 December 2013.

OUTLOOK

In 2014, we expect the banking industry to continue to develop rapidly in response to the most recent round of reforms and adjustments in China. We expect competitive pressures in the industry to increase in response to, among other things, the economic slowdown in the PRC, the accelerated development of Internet finance and the opening of the banking sector to private capital. Further, we expect that the banking industry will undergo certain restructurings and adjustments in response to a series of current policy measures launched by PRC regulatory authorities to strengthen supervision including implementing a system of deposits and strengthening liquidity management.

In 2014, the Bank intends to continue to adhere to our strategy of developing a featured microcredit business, and to continue to strengthen our core competitive advantages. We plan to further diversify our

APPENDIX IV UNAUDITED PRELIMINARY FINANCIAL INFORMATION OF THE BANK FOR THE YEAR ENDED 31 DECEMBER 2013

operations by establishing, among other things, financial leasing companies, fund companies and consumer finance companies, through investment and market-oriented acquisitions depending on market conditions. Furthermore, we intend to increase our focus on the overall management of our Bank, including a focus on the efficiency of operations and risk management, in addition to our assets and liabilities, in order to improve the quality of our assets and sustainability of our business growth. We intend to promote transitional development by means of reform and innovation, improving our capital management and pricing system, accelerating innovation of new business, new technologies, new products and new thinking, and actively addressing the challenges posed by interest rate liberalisation and capital regulation reform.

PURCHASE, SALE OR REPURCHASE OF SHARES OF THE BANK

Since our Bank was not listed on the Hong Kong Stock Exchange in 2013, the Hong Kong Listing Rules were not applicable to us in that year.

CODE ON CORPORATE GOVERNANCE PRACTICES

Since the Bank was not listed on the Hong Kong Stock Exchange in 2013, the “Corporate Governance Code” in Appendix 14 of the Hong Kong Listing Rules was not applicable to the Bank in the year ended 31 December 2013. After listing on the Hong Kong Stock Exchange, the Bank will comply with the corporate governance rules and Corporate Governance Code under the Hong Kong Listing Rules.

Audit Committee

The Bank has established an audit committee in accordance with the Hong Kong Listing Rules and has drawn up written terms of reference. The Audit Committee has reviewed the Bank’s preliminary unaudited financial information for the year ended 31 December 2013 in this Appendix.