

OVERVIEW

The Bank is a rural commercial bank in Northeast China, and the holding company of 21 majority-owned subsidiary banks and 16 non-majority-owned subsidiary banks, each of which operates autonomously with its own brand name and IT, human resource, risk management and internal control systems. The Bank was named a “Model Rural Commercial Bank in China” (全國農村商業銀行標桿銀行) by the CBRC in 2013 and 2015.

As the first CBRC-approved rural commercial bank in Northeast China, the Bank is well-positioned to take advantage of market opportunities arising from PRC government policies for revitalizing Northeast China and developing the Tumen River Region. In addition, through acquiring rural credit cooperatives and a rural cooperative bank and restructuring them into rural commercial banks, and establishing and acquiring village and township banks, the Group has built a strategic network based in Jilin province and covering the Beijing-Tianjin-Hebei Economic Circle, the Yangtze River Economic Belt and the Pearl River Delta Economic Belt to support the Group’s future growth and development. As of June 30, 2016, the Group had 353 outlets in 10 provinces and municipalities, of which 103 outlets were operated by the Bank and the rest by the subsidiary banks.

The Bank is encouraged by PRC government policies to exercise discretion and selectively acquire rural commercial banks and village and township banks and establish village and township banks to expand its strategic network and customer base, and enhance its competitiveness. Encouraged by government policies, the Bank makes non-majority investments in rural commercial banks and village and township banks with participations from private entities, most of whom are non-banking and non-financial institutions, under acting-in-concert arrangements that allow the Bank to control and consolidate the investee banks. As of June 30, 2016, the Bank controlled and consolidated 5 rural commercial banks that were restructured from rural credit cooperatives and a rural cooperative bank that it acquired, and 30 village and township banks that it established and 2 village and township banks that it acquired. The 37 subsidiary banks contributed to 44.8% of the Group’s total assets as of June 30, 2016, and 45.4% of the Group’s operating income and 36.0% of the Group’s net profit in the six months ended June 30, 2016 (without taking into account adjustments for intra-group transactions). Each subsidiary bank is a separate legal entity with its own brand name and regulated by the CBRC. In addition, each subsidiary bank enjoys a high level of autonomy, and maintains its own IT, human resource, risk management and internal control systems, including anti-money laundering rules and procedures established in accordance with the PRC regulations. Among the 37 subsidiary banks, 21 are majority-owned and 16 are non-majority-owned. See “—Rural Commercial Banks and Village And Township Banks—Overview” for more information on the Bank’s acquisition strategy and how it manages the investee banks.

During the Track Record Period, the Group’s business size and profits have increased rapidly through organic growth, and the Bank’s acquisitions of rural credit cooperatives and a rural cooperative bank and establishment and acquisitions of village and township banks. The Group’s total assets and net assets increased from RMB55,170.5 million and RMB4,679.8 million as of December 31, 2013 to RMB141,953.3 million and RMB11,857.2 million as of December 31, 2015, respectively, representing a CAGR of 60.4% and 59.2%, respectively, each of which exceeded the average CAGR of 20.7% and 24.7% for all PRC commercial banks listed in China and Hong Kong. The Group’s net profit also increased from RMB542.5 million in 2013 to RMB1,402.2 million in 2015, representing a CAGR of 60.8%, which exceeded the average CAGR of 12.1% for all PRC commercial banks listed in China and Hong Kong.

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The Bank has implemented prudent risk management and internal control to ensure good asset quality while achieving rapid business growth. As of December 31, 2013, 2014 and 2015 and June 30, 2016, the Bank's non-performing loan ratio (on an unconsolidated basis) was 0.74%, 0.72%, 1.28% and 1.26%, respectively, and the Bank's provision coverage ratio (on an unconsolidated basis) was 406.19%, 353.52%, 203.40% and 208.34%, respectively. In addition, as of December 31, 2013, 2014 and 2015 and June 30, 2016, the Group's non-performing loan ratio (on a consolidated basis) was 1.26%, 1.19%, 1.42% and 1.57%, respectively, and the Group's provision coverage ratio (on a consolidated basis) was 220.09%, 233.40%, 206.86% and 198.18%, respectively.

The Bank has won numerous awards and recognitions because of its business performance and management ability, including the following:

Year	Award/Honors	Organizer/ Media
2016	Ranking Second in the Gyroscope Valuation System on Stable Development of Commercial Banks (Rural Commercial Banks) of 2016 (2016年度商業銀行穩健發展能力“陀螺”評價體系(農村商業銀行)第二名)	China Banking Association (中國銀行業協會)
2016	Top 100 in the Banking Industry of China (中國銀行業前100名)	China Banking Association (中國銀行業協會)
2016	Best Rural Financial Institution in Interbank RMB Market in 2015 (2015年度銀行間本幣市場最佳農村金融機構)	China Foreign Exchange Trade System and National Interbank Funding Center (中國外匯交易中心暨全國銀行間同業拆借中心)
2016	Top 200 Trading Banks in Interbank RMB Market in 2015 (2015年度銀行間本幣市場交易200強)	China Foreign Exchange Trade System and National Interbank Funding Center (中國外匯交易中心暨全國銀行間同業拆借中心)
2016	Top 100 Banks in Interbank RMB and Foreign Exchange Market in 2015 (2015年度銀行間人民幣外匯市場100強)	China Foreign Exchange Trade System and National Interbank Funding Center (中國外匯交易中心暨全國銀行間同業拆借中心)
2015	Model Rural Commercial Bank in 2015 and 2016 (2015-2016年度農村商業銀行標桿銀行)	The CBRC (中國銀監會)
2015	Pioneering Institution in the China Banking Industry for Providing Financial Services to Small and Micro Enterprises (全國銀行業金融機構小微企業金融服務先進單位)	The CBRC (中國銀監會)
2015	Top 100 Trading Banks in Interbank RMB Market in 2014 (2014年度銀行間本幣市場交易100強)	China Foreign Exchange Trade System and National Interbank Funding Center (中國外匯交易中心暨全國銀行間同業拆借中心)
2015	Top 100 Banks in Interbank RMB and Foreign Exchange Market in 2014 (2014年度銀行間人民幣外匯市場100強)	China Foreign Exchange Trade System and National Interbank Funding Center (中國外匯交易中心暨全國銀行間同業拆借中心)
2014	Top 100 Trading Banks in Interbank RMB Market in 2013 (2013年度銀行間本幣市場交易100強)	China Foreign Exchange Trade System and National Interbank Funding Center (中國外匯交易中心暨全國銀行間同業拆借中心)

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Year	Award/Honors	Organizer/ Media
2014	Best Small- and Medium-Sized Bank—Best Interbank Cooperation Award in 2013 (2013年度最佳中小銀行「最佳同業合作獎」)	Modern Bankers (當代金融家)
2013	Model Rural Commercial Bank in 2013 and 2014 (2013—2014年度農村商業銀行標桿銀行)	The CBRC (中國銀監會)
2013	Outstanding Bank For Providing Financial Services to Small and Micro Enterprises in the Year of 2012 (2012年度小微企業金融服務表現突出銀行)	The CBRC (中國銀監會)

COMPETITIVE STRENGTHS

Excellent geographic location and market opportunities driven by strategic and favorable government policies

The Group is well-positioned to take advantage of market opportunities arising from government policies for revitalizing Northeast China and developing the Tumen River Region.

- Changchun is the capital of Jilin province and its major economic and industrial center and agricultural production area. Changchun is also a national production base for automobiles, rolling stock and corn-derived chemicals. In February 2016, the State Council approved the establishment of the Changchun New Area, a new national-level district, to facilitate the economic revitalization of Northeast China. This new area has created a vibrant market environment and is a quality source of customers, generating opportunities for further expansion.
- Jiutai is a district in the Changchun New Area, which was formed to support the development of the Northeastern region in the PRC. Jiutai has been selected to pilot rural financial reforms and innovative rural financial services in China. This allows the Group to take advantage of opportunities arising from the urbanization and historic transformation of the rural economy in China to promote business growth and innovation.
- Changjitu Development and Opening Guide District (長吉圖開發開放先導區), which includes certain cities in Jilin province such as Changchun, is a strategic district designated by the PRC government. It is the core area of the Tumen River Region and a gateway to the northern belt of China's "One Belt and One Road". To strengthen the Group's strategic foothold in the Changjitu Development and Opening Guide District, the Bank has established seven sub-branches in Yongji, Hunchun, Dunhua, Panshi, Meihou, Gongzhuling and Nongan and two village and township banks in Fengman District and Chuanying District in Jilin province.

The Group has experienced rapid growth in both scale of operations and financial performance during the Track Record Period. This growth is largely attributable to the Group's success in executing its business strategies, excellent geographic location, business innovation, efficient operations and management capabilities. From 2013 to 2015, the Group's total assets, net assets and net profit grew at a CAGR of 60.4%, 59.2% and 60.8%, respectively, exceeding the average CAGR of all PRC commercial banks listed in China and Hong Kong for the same period. The Bank was named a "Model Rural Commercial Bank in China" by the CBRC in 2013 and 2015.

Strategic acquisitions and restructuring, cross-regional operations and strategic network

The Bank was one of the first rural commercial banks in China to carry out strategic acquisitions and restructuring of rural financial institutions. In 2010, the CBRC began to encourage financial institutions to acquire rural credit cooperatives. This, along with rural financial services development trends, led the Bank to acquire Changbai Mountain Rural Credit Cooperative and establish Changbai Mountain Rural Commercial Bank, making it one of the first PRC rural commercial banks to acquire and restructure a rural financial institution. As of June 30, 2016, the Bank controlled and consolidated five rural commercial banks that were restructured from rural credit cooperatives and a rural cooperative bank that it acquired, namely Changbai Mountain Rural Commercial Bank, Liaoyuan Rural Commercial Bank, Jilin Dehui Rural Commercial Bank, Jilin Gongzhuling Rural Commercial Bank and Jilin Chuncheng Rural Commercial Bank.

The Group has an extensive network of village and township banks in China. The Bank focuses on establishing and acquiring village and township banks in regions with strong economic fundamentals, developed regional transportation networks and robust development potential, including the Binhai New Area of Tianjin, Yangtze River Economic Zone, the Bohai Economic Rim and the Pearl River Delta. As of June 30, 2016, the Bank had established 30 village and township banks in Jilin province, Heilongjiang, Hebei, Tianjin, Shandong, Anhui, Hubei, Shaanxi and Guangdong. The Bank had also acquired two village and township banks in Hainan.

The Bank shares human resources, management experience and innovative products and services with the subsidiary banks, such as sending operational staff and offering training. The Bank also provides them with strategic guidelines and services to improve their financial performance and grow their enterprise value, such as assisting the village and township banks to issue debit cards. In addition, the Bank has established a village and township bank management department and four service centers to guide and support the operations of the village and township banks. See “—Rural Commercial Banks and Village and Township Banks—Overview—Village and Township Banks” for details.

Through acquiring rural credit cooperatives and a rural cooperative bank and restructuring them into rural commercial banks, and establishing and acquiring village and township banks, the Group has built a strategic network based in Jilin province and covering the Beijing-Tianjin-Hebei Economic Circle, the Yangtze River Economic Belt and the Pearl River Delta Economic Belt. As of June 30, 2016, the Group had 353 outlets in 10 provinces and municipalities and held 38 legal entity finance permits.

The Group’s extensive network helps it get closer to customers and stay abreast of local economic trends. This helps the Group make prompt business decisions and lay a solid foundation for rapid growth. The Group’s operating income from regions outside of Jilin province has continued to grow, increasing from RMB155.9 million in 2013 to RMB407.8 million in 2015, and from RMB159.1 million in the six months ended June 30, 2015 to RMB212.8 million in the same period in 2016, respectively.

Business innovation, diversified development and comprehensive financial products and services

In response to the “new normal” for economic development and changes in macro-economic policies regarding liberalization of interest rates in China, the Group has developed a diversified

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business model. The Group focuses on a balanced business structure, consistent improvements in efficiency and sustainable innovation and development.

- The Bank continues to issue new financial instruments to replenish capital and optimize its leverage. These instruments include subordinated bonds, tier-two capital bonds, interbank deposits, interbank certificates and asset-backed securities. The Bank was the first local financial institution incorporated in Jilin province to issue tier-two capital bonds, interbank deposits and corporate and personal negotiable certificates of deposit. The Bank was also among the first six PRC rural commercial banks licensed to engage in the asset securitization business. The Bank first issued its credit asset-backed securities in September 2014, making it the first rural commercial bank to do so in Northeast China and the second such bank in all of China.
- The Bank builds a diversified wealth management product portfolio for customers based on their return and risk profiles. The Bank has also developed customized wealth management products and services. According to the Big Data Analysis Report on Wealth Management Products of Banks in 2016 (2016銀行理財產品大數據分析報告) issued by Investment Network (投資時報), the Bank ranked among the top 50 commercial banks in China in terms of wealth management capability. The Bank provides one-stop customized financial products and services for private banking customers.
- The Bank engages in interbank deposits, interbank lending, repurchase and reverse repurchase transactions and engage in national bill re-discounting in the interbank market. In November 2012, the Bank was licensed to engage in foreign exchange business and became the first member of the Jilin Province Rural Credit Bank system to conduct foreign exchange business. The Bank also engages in interbank investment, asset transfer and investment and financing consultation businesses.

The Group continues to strengthen its research and development capabilities for businesses and products. The Bank has established research and development centers in Beijing, Shanghai and Shenzhen to keep up with the latest developments in the financial market and banking industry in China.

The Group uses its broad range of financial solutions to meet the needs of customers with different risk and return profiles. In addition, The Group cooperates with securities companies, fund companies, trust companies, insurance companies, private equity funds, financial leasing companies and other financial institutions to provide comprehensive financial services for corporate customers at different stages of development. For example, the Group offers insurance agency and financial leasing services in cooperation with well-known PRC insurance and financial leasing companies.

The Group has also established strategic partnerships with universities, enterprises, labor unions, governments and public services departments to expand its customer base and increase its brand recognition.

The Bank has also launched personal and corporate online banking services. In 2014, the Bank established an online lending platform, “Jiutai E Online Financing (九商網融 E)”, as a more convenient online lending channel for individual customers and SMEs. In addition, the Bank has established two flagship sub-branches with advanced technology configurations. The Bank was the first PRC rural commercial bank and first financial institution in Jilin province to provide services such as smart robot lobby managers and 3-D printing. The Bank was also the first financial institution in Jilin’s rural credit

bank system to offer 24-hour automatic banking, automatic safe deposit boxes and remote video self-service loan application machines. These services have helped the Group expand its customer base and enhance its brand awareness.

Distinctive services for the “three rurals” and SMEs

- The Group has centered its market positioning on the “three rurals” while serving both urban and rural communities. The Group has continued to maintain balanced development between urban and rural markets. Favorable government policies and rapid rural economic growth have led to increased customer demand for its services. The Bank believes that the Group’s focus on the “three rurals” and SMEs has positioned itself to take advantage of this demand and strengthen its operating results and financial performance.
- The Group has used its understanding of the PRC agricultural industry and rural financial market to continually offer new financial products and services to meet the financial services needs of the “three rurals” and capture opportunities arising from increased demand for rural financial services. The Bank offers “Rong Zi Bao”, a loan product secured by rural housing property rights, contracted land management rights and forest rights to meet customer demand for working capital. “Rong Zi Bao” won the “Featured Financial Product for Small and Micro Enterprises—National Banking Financial Institutions” (“全國銀行業金融機構小微企業金融特色產品”) by the CBRC in 2011. In addition, Jiutai is the only pilot area in Jilin province authorized to offer mortgage loans secured by rural housing property rights. The Bank is also the only commercial bank in Jilin province to offer mortgage loans secured by rural housing property rights.

The Bank has cooperated with the Jilin Supply and Marketing Cooperation Union (吉林省供銷合作社) to pilot rural financial products and services in Nongan County, Jilin province. The Bank has also established 17 rural service stations and 70 information service stations in various towns and villages in Jilin province. The Bank uses these service stations to systematically collect and assess rural households credit information. The Bank’s access to primary data in regional markets helps the Bank more fully understand customer needs and provide customized financial products and services. The Bank has also established an experienced rural financial services team to promote its products and services and maintain client relationship. The Bank believes that it is able to identify quality customers and provide them with more customized products and services because of its understanding of the rural financial services market. The Bank believes this provides the Group with a significant competitive advantage over other commercial banks in China.

The Group provides distinctive one-stop financial services for SMEs. As of June 30, 2016, the Group had over 2,000 SME loan customers. In August 2012, the Bank set up a small enterprises financial service center (小企業金融服務中心) and a micro enterprises financial service center (微小企業金融服務中心) to closely monitor the demand for financial services from small and micro enterprises, and to provide them customized financial solutions. Based on the industry, development stage, operating model and cash flows of SME customers, the Bank offers customized financing solutions with efficient approval procedures and flexible guarantee or collateral options. In 2012, the Bank’s loan product “Shang Wu You (商無憂)” under the “Chuang Rong Tong (創融通)” brand was named “Featured Financial Product for Small and Micro Enterprises—National Banking Financial Institutions” (“全國銀行業金融機構小微企業金融特色產品”) by the CBRC. In 2015, the Bank was recognized as a “Pioneering Institution in the China Banking Industry for Providing Financial Services to Small and Micro Enterprises” by the CBRC.

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Effective centralized management, flexible and efficient organizational structure and prudent risk management and internal control

The Group has established a centralized management model led by its headquarters and supported by its sub-branches and rural commercial banks and village and township banks that the Bank controls and consolidates, which optimizes resource allocation and promotes standardized and streamlined development for each line of business. This in turn helps the Group improve its efficiency in granting approvals and other decision-making. The Bank has established an intra-Jiutai management department, an ex-Jiutai management department and a village and township bank management department to streamline its management of sub-branches and village and township banks for different regions. Moreover, the Group's subsidiary banks can formulate their own business strategies based on the local market characteristics to meet local customer demand.

The Group emphasizes prudent business management and believes that effective risk management and internal control are critical to its sustainable business growth.

- The Bank has established a comprehensive risk management system covering its front, middle and back offices and all business procedures to monitor, evaluate and manage the risk exposure of its business activities. The Group has formulated different risk management strategies based on the risk characteristics of different industries. In particular, for sensitive industries, such as real estate, the Group has adopted stricter management measures and optimized its credit structure to lower concentration risks.
- As a separate legal entity, each subsidiary bank has established a risk management and internal control system in accordance with the applicable regulatory requirements. The Bank actively participates in formulating the risk management policies and strategies of the subsidiary banks through the Bank's nominees on their board of directors. The Bank also assists each subsidiary bank in formulating and restructuring its risk management measures and processes, and supervises and monitors the implementation of the risk management measures and processes of the subsidiary banks through the risk management personnel sent or designated by the Bank or through the village and township bank management department of the Bank. See "Risk Management—Risk Management of the Subsidiary Banks".

The Bank has implemented prudent risk management and internal control to ensure good asset quality. As of December 31, 2013, 2014 and 2015 and June 30, 2016, the Bank's non-performing loan ratio (on an unconsolidated basis) was 0.74%, 0.72%, 1.28% and 1.26%, respectively, and the Bank's provision coverage ratio (on an unconsolidated basis) was 406.19%, 353.52%, 203.40% and 208.34%, respectively. In addition, as of December 31, 2013, 2014 and 2015 and June 30, 2016, the Group's non-performing loan ratio (on a consolidated basis) was 1.26%, 1.19%, 1.42% and 1.57%, respectively, and the Group's provision coverage ratio (on a consolidated basis) was 220.09%, 233.40%, 206.86% and 198.18%, respectively.

Experienced and highly effective management team and high quality employees

The Bank has an experienced and highly effective management team. The Bank's senior managers have an average of more than 20 years of experience in the banking industry and most of them have been working with the Bank since its establishment. They have extensive knowledge of the PRC banking industry and operations. Mr. Gao Bing, the Bank's chairman, has more than 25 years of experience in the PRC banking industry. He was named the "Best Leader of National Rural

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Cooperative Institutions in Serving Three Rurals and Supporting SMEs” (全國農合機構服務三農和支持中小企業最佳領軍人物獎) by the China Banking Association, a “National Labor Model” (全國勞動模範) and a “Top Labor Model in Jilin Province” (吉林省特等勞動模範). He is also the standing vice president of the Jilin Entrepreneurs Federation. He has extensive knowledge of regional economic developments, understanding of corporate systems and financial markets and outstanding leadership and strategic insights. The Group’s operating and financial performance have been strengthened significantly under the leadership of its senior management.

The Group has a people-oriented culture. The Group attracts and retains talent through effective recruiting, competitive remuneration, advanced training and comprehensive assessment and promotion policies. The Group’s staff team is young, energetic and highly educated. As of June 30, 2016, the average age of the Group’s employees was 34 years old and more than 48.7% of them had a bachelor’s degree or higher. The Bank has established a simulated bank and training center to improve employee skills. The Bank also internally selects and trains management personnel through its management trainee program, “Financial Special Forces (金融特種兵)”. This program provides opportunities for employees to acquire professional knowledge and develop leadership skills. The Bank also enhances internal training through the launch of an internal trainer program. In addition, the Bank actively recruits quality professional talent externally, including experienced business professionals and management personnel from other major commercial banks. The Bank encourages its senior management and employees to maintain regular communication and organize activities to promote cohesion.

STRATEGIES

The Group’s strategic goal is to establish its footprint across all of China while headquartered in Jilin province, and position itself as a professional financial services provider with unique values and strong competitive advantages. The Group also aims to build a leading modern PRC rural commercial banking group with strong brand value.

Strategically expand geographically and optimize operating network

The Group intends to accelerate its strategic geographic expansion, increase its market penetration and optimize its operating network. In particular, the Group plans to:

- Increase its market share in Jilin province by accelerating the establishment of branches in Changchun, Songyuan and Tonghua and otherwise increasing the number of branches in Jilin province.
- Establish and acquire new village and township banks when opportunities arise and improve the professional and standardized management of village and township banks.
- Further expand the geographic reach of the Group’s operations by acquiring rural credit cooperatives and restructuring them as rural commercial banks.
- Focus on the balanced development of physical outlets and electronic channels by transforming the Group’s outlets into modern outlets with comprehensive service offerings.

Reinforce advantages in banking services for the “three rurals” and SMEs

The Group plans to reinforce its advantages in providing banking services for the “three rurals” and SMEs. The Group will achieve this goal through:

- Taking advantage of opportunities arising from regional economic development and urbanization to meet the demand for financial services in the modern agricultural industry and in rural areas. The Group also plans to develop rural equity trading centers and platforms and rural service stations and information service stations to continually strengthen its competitive strengths and market share by introducing new products and services.
- Offering SMEs a diverse and innovative portfolio of financial products and services. The Group also plans to improve its credit approval efficiency and credit evaluation quality to cover the whole development cycle of SMEs and increase its credit market penetration in different regions of China.
- Streamlining risk management of the “three rurals” and SMEs and improving the quality and standardization of credit assessments.

Exploit the growth potential of personal financial services to promote the growth of its retail banking business

The Group intends to position itself as a professional asset manager for retail customers by providing a wide range of services to a variety of customers. The Group will achieve this goal through:

- Establishing a market-oriented product design and marketing system tailored to customer needs and broadening its product and service offerings.
- Improving its services provided to different types of customers and further developing its private banking business. The Group plans to place strong emphasis on expanding and enhancing its customer base to increase the income contribution from mid- to high-end customers.
- Establishing distribution channels such as self-service banking, online banking, mobile phone banking and WeChat banking, and building a professional retail banking team.
- Expanding its portfolio of product and service offerings and accelerating the establishment of intelligent banking, community banking and direct banking in response to changes in customer consumption patterns and demands for financial services.
- Consolidating its cooperation and resource integration with third parties and developing an Internet financial service platform consisting of P2P, consumer finance, an online loan platform, e-banking, third-party payment and direct banking.

Develop emerging businesses to promote the transformation of the growth model

The Group plans to take the following measures to enhance its product and service offerings, accelerate the transformation of its business and growth model, and develop a comprehensive financial service platform:

- Develop emerging businesses such as wealth management, international business, investment banking, private banking, insurance agency and Internet finance. The Group intends to apply for approvals to engage in new businesses to expand its business scope and market development.

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- Offer comprehensive and integrated asset management services by strengthening its research on macroeconomics and financial markets, strengthening its cooperation with other financial institutions and establishing an asset management business model for multiple markets, including the credit, currency, capital, derivative and precious metal markets.
- Strengthen partnerships with other banks, securities companies, fund companies, trust companies, insurance companies, private equity funds, financial leasing companies and other financial institutions to enhance its product and service offerings and offer comprehensive one-stop financial services.
- Provide financial products and services to the Group's subsidiary banks tailored to local market characteristics and customer needs. The Group also plans to increase communications and the integration of resources among its subsidiary banks to enhance synergies.
- Explore cross-industry business operations, establish financial leasing companies and invest in consumer finance companies to improve the Group's financial service capabilities and core competitiveness.

Further strengthen the Group's risk management and internal control

As the Group's business continues to expand, the Group plans to strengthen its risk management and internal control through the following measures:

- Enhancing its comprehensive risk management system by separating its front, middle and back offices with appropriate checks and balances.
- Progressively refining its risk measurement tools and improving its internal rating system, risk limit management system and market risk management system.
- Developing a culture of risk management procedures, maintaining a prudent risk appetite and enhancing the risk management and compliance awareness of its employees.
- Improving and strengthening the Bank's supervision of the risk management and internal control of the subsidiary banks.

Attract, develop, retain and motivate high-quality talent

The Bank believes that its ability to attract, retain, develop and motivate outstanding and experienced employees is critical to the Group's success. To achieve this, the Group plans to:

- Strengthen its management and professional teams through external recruiting and internal training. The Group will also continue to enhance its cooperation with universities to develop future talent.
- Provide professional training, transparent promotion paths and diversified career development opportunities for employees.
- Improve the Group's performance appraisal system and market-based remuneration policy to enhance employee motivation and loyalty.
- Share management talent with the Group's subsidiary banks to facilitate their sustainable and sound development.

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THE GROUP'S PRINCIPAL BUSINESSES

The Group's principal business lines are corporate banking, retail banking and treasury operations. The following table sets forth the Group's operating income from its principal business lines for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2013		2014		2015		2015		2016	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
(in millions of RMB, except percentages)										
Corporate banking ⁽¹⁾	919.8	50.6%	1,534.3	47.3%	1,372.2	32.2%	680.6	40.8%	941.7	35.5%
Retail banking	646.6	35.6	982.1	30.3	1,359.5	31.9	481.6	28.9	879.7	33.2
Treasury operations	199.6	11.0	544.8	16.8	1,352.5	31.7	424.4	25.5	714.0	26.9
Others ⁽²⁾	51.9	2.8	184.5	5.6	183.7	4.2	79.8	4.8	115.4	4.4
Total	1,817.9	100.0%	3,245.7	100.0%	4,267.9	100.0%	1,666.4	100.0%	2,650.8	100.0%

Notes:

(1) Loans to SMEs accounted for 96.6%, 96.9%, 93.1% and 92.0% of the Group's total corporate loans as of December 31, 2013, 2014 and 2015 and June 30, 2016, respectively.

(2) Primarily represent income and expenses which cannot be directly attributable or cannot be allocated to a segment on a reasonable basis.

Corporate Banking

The Group offers corporate customers a broad range of financial products and services, including loans, bill discounting, deposits and fee- and commission-based products and services. The Group's corporate customers primarily include state-owned enterprises, private enterprises, foreign-invested enterprises, government authorities, financial institutions, public services departments and non-profit organizations. As of June 30, 2016, the Group had approximately 2,051 corporate borrowers with loans totaling RMB37,830.2 million. In 2013, 2014 and 2015 and the six months ended June 30, 2015 and 2016, operating income from the Group's corporate banking business accounted for 50.6%, 47.3%, 32.2%, 40.8% and 35.5% of total operating income, respectively.

The Group seeks to grow with its corporate customers, especially SMEs with strong growth potential, and the Group focuses on developing long-term customer relationships. As of June 30, 2016, the Group had 2,022 SME customers with loans totaling RMB34,795.3 million. In August 2012, the Bank established a small enterprises financial service center and a micro enterprises financial service center to closely monitor the demand for financial services from small and micro enterprises, and to offer them customized financial solutions. In 2015, the Bank was recognized as a "Pioneer Institution in the China Banking Industry for Providing Financial Services to Small and Micro Enterprises" ("全國銀行業金融機構小微企業金融服務先進單位") by CBRC. The Group also collaborates with other financial institutions, such as securities companies, fund companies, trust companies, insurance companies, private equity funds and financial leasing companies, to provide one-stop financial services to corporate customers. As of June 30, 2016, the Group had 29 non-SME customers with loans totaling RMB3,034.9 million.

Corporate Loans

The Group offers loans to corporate customers to satisfy their capital needs for operations, machinery and equipment procurement and for infrastructure and real estate development. As of

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December 31, 2013, 2014 and 2015 and June 30, 2016, the Group's corporate loans totaled RMB14,199.2 million, RMB22,501.9 million, RMB32,610.8 million and RMB37,830.2 million, respectively, accounting for 65.0%, 65.5%, 68.1% and 71.1% of the Group's total loans and advances to customers, respectively.

The following table sets forth the Group's corporate loans by contract maturity as of the dates indicated.

	As of December 31,						As of June 30,	
	2013		2014		2015		2016	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Short-term loans (one year or less)	6,793.6	47.8%	12,480.8	55.5%	17,251.2	52.9%	20,074.2	53.1%
Medium- and long-term loans (over one year)	7,405.6	52.2	10,021.1	44.5	15,359.6	47.1	17,756.0	46.9
Total corporate loans	14,199.2	100.0%	22,501.9	100.0%	32,610.8	100.0%	37,830.2	100.0%

The following table sets forth the Group's corporate loans by borrower size as of the dates indicated.

	As of December 31,						As of June 30,	
	2013		2014		2015		2016	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Small and micro enterprises ⁽¹⁾	10,919.6	76.9%	17,008.4	75.6%	23,414.0	71.8%	25,164.3	66.5%
Medium enterprises ⁽¹⁾	2,838.0	20.0	4,807.8	21.3	6,952.8	21.3	9,631.0	25.5
Large enterprises ⁽¹⁾	251.0	1.8	488.0	2.2	2,089.5	6.4	2,873.6	7.6
Others ⁽²⁾	190.6	1.3	197.7	0.9	154.5	0.5	161.3	0.4
Total corporate loans	14,199.2	100.0%	22,501.9	100.0%	32,610.8	100.0%	37,830.2	100.0%

Notes:

(1) The classification for large, medium, small and micro enterprises are based on the Provisions on the Standards for the Classification of Small and Medium Enterprises.

(2) Mainly consist of government entities and public institutions.

SME Loans

The Group's SME customers are from a broad range of industries, primarily including wholesale and retail, manufacturing, construction, real estate, leasing and business services and agriculture industries. The Group customizes financing proposals for SMEs based on their industry, current stage of development, operating model and cash flow. The Group strives to offer an efficient credit approval process with flexible requirements for guarantees or collateral.

The Bank offers a wide variety of loan products to SMEs under the Chuang Rong Tong (創融通) and Chan Rong Tong (產融通) brands:

- Chuang Rong Tong (創融通). The Bank offers enterprises with strong growth potential short-term loans with expedited approval procedures and flexible repayment plans and

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guarantee arrangements while managing default risks. In 2012, the Bank's loan product, Shang Wu You (商無憂), offered under the Chuang Rong Tong (創融通) brand, was awarded "Featured Financial Product for Small and Micro Enterprises—National Banking Financial Institutions" ("全國銀行業金融機構小微企業金融特色產品") by CBRC.

- Chan Rong Tong (產融通). The Bank provides integrated financial solutions for upstream and downstream enterprises, including distributors and suppliers, of industry-leading corporate customers.

Furthermore, the Bank also offers Rong Zi Bao (融資寶), a loan product secured by rural housing rights, contracted land management rights and forest rights, to rural small and micro enterprise customers to meet their working capital needs. As of June 30, 2016, the Bank's Rong Zi Bao (融資寶) loans totaled RMB260.8 million. In 2011, Rong Zi Bao (融資寶) was awarded "Featured Financial Product for Small and Micro Enterprises—National Banking Financial Institutions" ("全國銀行業金融機構小微企業金融特色產品") by CBRC.

Non-SME Loans

The Group offers a wide range of loan products to non-SME customers to meet working capital, machinery and equipment procurement, fixed-asset construction, acquisition and property development and related financial needs. The Group's non-SME customers include large state-owned enterprises, listed companies, public institutions and non-profit organizations in Jilin province.

Bill Discounting

The Group purchases bank and commercial acceptance bills at discounted prices from corporate customers to fund their working capital needs. These discounted bills generally have a remaining maturity of less than six months. The Group re-discounts some of these bills to the PBOC or other financial institutions. As of June 30, 2016, the Group had a balance of RMB24.7 million in discounted bank bills, all of which were bank acceptance bills.

Corporate Deposits

The Group accepts time and demand deposits from corporate customers in Renminbi and major foreign currencies, such as U.S. dollars and Euros. The terms of corporate time deposits generally range from three months to three years. The Group's corporate deposit customers include state-owned enterprises, financial and government authorities and institutions, private enterprises, foreign-invested enterprises and non-profit organizations. As of December 31, 2013, 2014 and 2015 and June 30, 2016, the Group's corporate deposits totaled RMB12,547.4 million, RMB23,350.3 million, RMB40,638.3 million and RMB46,465.5 million, respectively. The Group's corporate deposits accounted for 34.2%, 39.0%, 43.6% and 43.4% of total customer deposits, respectively.

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The following table sets forth the Group's corporate deposits by product as of the dates indicated.

	As of December 31,						As of June 30,	
	2013		2014		2015		2016	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Demand deposits	10,942.5	87.2%	18,135.9	77.7%	23,100.7	56.8%	24,436.9	52.6%
Time deposits	1,604.9	12.8	5,214.4	22.3	17,537.6	43.2	22,028.6	47.4
Total corporate deposits	<u>12,547.4</u>	<u>100.0%</u>	<u>23,350.3</u>	<u>100.0%</u>	<u>40,638.3</u>	<u>100.0%</u>	<u>46,465.5</u>	<u>100.0%</u>

Fee- and Commission-based Products and Services

The Group offers corporate customers a wide range of fee- and commission-based products and services, primarily including consulting and financial advisory services, syndicated loans services, settlement and clearing services, entrusted loans, agency services and wealth management services.

Consulting and Financial Advisory Services

The Group's consulting and financial advisory services primarily include financing solution structuring and asset management services to corporate customers. In 2013, 2014 and 2015 and the six months ended June 30, 2015 and 2016, the Group's income from consulting and financial advisory services was RMB95.8 million, RMB173.4 million, RMB137.1 million, RMB47.8 million and RMB132.1 million, respectively.

Syndicated Loans Services

The Group acts as lead manager, agent and lender bank for syndicated loans to corporate customers to meet their larger financing needs. In 2013, 2014 and 2015 and the six months ended June 30, 2015 and 2016, the Group earned service fees for syndicated loans of RMB42.2 million, RMB97.5 million, RMB30.4 million, RMB5.0 million and RMB31.0 million, respectively.

Settlement and Clearing Services

The Group offers settlement services, including cash transfers, drafts, cheques and other negotiable instruments, to corporate customers. In 2013, 2014 and 2015 and the six months ended June 30, 2015 and 2016, the Group's domestic settlement transaction volumes were RMB679,045.0 million, RMB5,959,680.8 million, RMB9,139,685.1 million, RMB4,584,577.7 million and RMB3,585,226.9 million, respectively. As of June 30, 2016, the Group had 44,604 corporate settlement customers.

Entrusted Loans

The Group provides entrusted loans to borrowers designated by corporate customers in accordance with the uses of proceeds, principal amounts and interest rates determined by corporate customers. The Group also supervises borrowers' uses of loans and assist in collection of loans. The Group charges agency fees based on the principal amount of entrusted loans. The Group's corporate customers bear the risks of default under entrusted loans.

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Agency Services

The Group provides fee collection services for corporate customers (including enterprises and public services institutions). The Group believes this enables it to maintain close relationships with customers and enhance brand recognition.

Wealth Management Services

The Bank offers corporate customers a variety of wealth management products based on their risk and return appetites, including principal-guaranteed wealth management products and non-principal-guaranteed wealth management products. Funds raised from wealth management products are primarily invested in bonds, interbank deposits, money market instruments and investment portfolios of other fixed-income products. In 2013, 2014 and 2015 and the six months ended June 30, 2015 and 2016, the Bank's sales of wealth management products to corporate customers totaled RMB1,715.0 million, RMB715.0 million, RMB14,525.8 million, RMB4,402.5 million and RMB16,423.5 million, respectively.

Other Fee- and Commission-based Products and Services

The Group also offers other fee- and commission-based products and services to corporate customers, such as guarantee services, foreign exchange services and cash management services.

Corporate Customer Base

The Group has expanded its corporate customer base through enhanced customer services, acquisitions of rural credit cooperatives and a rural cooperative bank and establishment and acquisitions of village and township banks. The Group's corporate borrowers increased from 771 as of December 31, 2012 to 2,051 as of June 30, 2016. As the Group expands its corporate customer base, it seeks to develop customers from industries that are less affected by economic cycles and that are closely related to individual livelihood, such as public services, education, health care and other public sectors.

Retail Banking

The Group offers a broad range of products and services to retail customers, including loans, deposits, debit cards and fee- and commission-based products and services. As of June 30, 2016, the Group had over 80,522 retail borrowers with total loans and advances to customers of RMB15,386.6 million. In 2013, 2014 and 2015 and the six months ended June 30, 2015 and 2016, the operating income from the Group's retail banking business amounted to RMB646.6 million, RMB982.1 million, RMB1,359.5 million, RMB481.6 million and RMB879.7 million, respectively, accounting for 35.6%, 30.3%, 31.9%, 28.9% and 33.2% of total operating income, respectively.

Retail Loans

Retail loans consist primarily of personal business loans, personal consumption loans and residential and commercial mortgage loans. As of December 31, 2013, 2014 and 2015 and June 30, 2016, the Group's retail loans totaled RMB7,652.6 million, RMB11,639.3 million, RMB14,338.3 million and RMB15,386.6 million, respectively, accounting for 35.0%, 33.8%, 29.9% and 28.9% of total loans and advances to customers, respectively.

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The following table sets forth the Group's retail loans by product as of the dates indicated.

	As of December 31,						As of June 30,	
	2013		2014		2015		2016	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Personal business loans	5,880.7	76.9%	8,822.3	75.8%	10,793.4	75.3%	11,443.9	74.3%
Personal consumption loans	1,631.2	21.3	2,362.1	20.3	2,169.2	15.1	2,439.7	15.9
Residential and commercial mortgage loans	140.7	1.8	454.9	3.9	1,375.7	9.6	1,503.0	9.8
Total retail loans	7,652.6	100.0%	11,639.3	100.0%	14,338.3	100.0%	15,386.6	100.0%

Personal Business Loans. The Group provides retail customers with loans for their business capital needs. The Group's personal business loan customers primarily include owners of small and micro enterprises, individually-owned businesses and rural households. These loans generally have tenors of up to three years and are secured by collateral, pledges or guarantees. As of June 30, 2016, the Group's personal business loans totaled RMB11,443.9 million, representing 74.3% of total retail loans and 21.5% of total loans and advances to customers.

Personal Consumption Loans. The Group offers loans to retail customers for personal and family consumption needs, such as renovations and purchases of automobiles. These loans generally have tenors of up to two years and are generally secured by the borrowers' property or other collateral. As of June 30, 2016, the Group's personal consumption loans totaled RMB2,439.7 million, representing 15.9% of total retail loans and 4.6% of total loans and advances to customers.

Residential and Commercial Mortgage Loans. The Group provides retail customers with mortgage loans for purchases of new and second-hand residential and commercial properties. The maximum mortgage loan amount cannot exceed 80% of the purchase price of the purchased property. Mortgage loans have tenors of up to 30 years and are usually secured by the properties being purchased. As of June 30, 2016, the Group's residential and commercial mortgage loans totaled RMB1,503.0 million, representing 9.8% of total retail loans and 2.8% of total loans and advances to customers.

Retail Deposits

The Group offers retail banking customers a variety of demand deposit and time deposit products denominated in Renminbi and foreign currencies. The Group's retail time deposits denominated in Renminbi generally have maturities ranging from three months to five years. Retail time deposits denominated in foreign currencies (primarily including U.S. dollars and Euros) have maturities ranging from one month to two years. As of December 31, 2013, 2014 and 2015 and June 30, 2016, the Group's retail deposits totaled RMB22,521.3 million, RMB33,805.2 million, RMB49,032.5 million and RMB57,033.1 million, respectively, accounting for 61.3%, 56.6%, 52.6% and 53.3% of total customer deposits, respectively.

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The following table sets forth the Group's retail deposits by product as of the dates indicated.

	As of December 31,						As of June 30,	
	2013		2014		2015		2016	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Demand								
deposits	7,529.1	33.4%	10,820.0	32.0%	14,984.1	30.6%	14,475.2	25.4%
Time deposits . . .	14,992.2	66.6	22,985.2	68.0	34,048.4	69.4	42,557.9	74.6
Total retail								
deposits	22,521.3	100.0%	33,805.2	100.0%	49,032.5	100.0%	57,033.1	100.0%

Bank Card Services

Debit Cards

The Group issues Renminbi-denominated debit cards to retail customers who maintain deposit accounts with the Group. Customers may use debit cards for a variety of financial services, including cash deposits and withdrawal, transfers, settlement and bill payment. The Group's debit cards are classified into platinum, gold and basic cards based on customers' daily average financial asset balances. The Group also issues specialized debit cards with added features such as theme cards for different market segments and co-branded cards offering preferential value-added services. The Bank cooperates with Changchun Federation of Trade Unions (長春市總工會) to offer trade union member cardholders comprehensive financial services, including membership management, subsidies and allowances. In addition, the Group has cooperated with well-known domestic third-party payment companies to develop Internet payment services to enhance cardholder experience. As of June 30, 2016, the Group had issued approximately 3.5 million debit cards, which can be used in China and in over 150 foreign regions covered by the China UnionPay network.

Credit Cards

The Bank received approval to issue Renminbi denominated credit cards in September 2015 and are currently preparing to launch its credit card services.

Fee- and Commission-based Products and Services

The Group offers retail customers a wide range of fee- and commission-based products and services, primarily including wealth management services, private banking services and transfer and remittances.

Wealth Management Services

The Bank offers retail customers a variety of wealth management products based on their risk and return appetites, primarily including principal-guaranteed wealth management products and non-principal-guaranteed wealth management products. The Bank also sells insurance products and has obtained the qualification to sell fund products in February 2016. Funds raised from wealth management products are primarily invested in bonds, interbank deposits, money market instruments and other fixed-income products. In 2013, 2014 and 2015 and the six months ended June 30, 2015 and 2016, the Bank's sales of wealth management products to retail customers totaled RMB1,379.1 million, RMB3,199.9 million, RMB10,819.5 million, RMB4,054.0 million and RMB12,688.4 million, respectively.

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Private Banking Service

The Bank's private banking department, established in May 2013, provides one-stop financial services tailored for individual customers. These products and services primarily include wealth planning and customized wealth management products. In 2013, 2014 and 2015 and the six months ended June 30, 2015 and 2016, the Bank's sales of wealth management products to private banking customers totaled RMB60.5 million, RMB448.3 million, RMB2,995.9 million, RMB1,058.0 million and RMB3,886.8 million. The Bank also provides private banking customers with various value-added services, primarily including priority banking services, one-on-one consultancy services, bank fee discounts, and health consultancy services offered in cooperation with third parties.

Other Fee- and Commission-based Products and Services

The Group provides retail customers with other fee- and commission-based products and services, including transfer and remittances, collection and bank drafts.

Retail Customer Base

The Group has a broad retail customer base. The Bank's retail customers are classified as regular customers or private banking customers depending on whether they maintain an average daily financial asset balance of not less than RMB6.0 million. As of June 30, 2016, the Bank had approximately 192 private banking customers. The Group intends to expand its private banking customer base by diversifying its products and services.

The Bank has cooperated with the Jilin Supply and Marketing Cooperation Union (吉林省供銷合作社) to pilot rural financial products and services in Nongan County, Jilin province. The Bank has also established a total of 17 rural service stations and 70 information service stations in various towns and villages in Jilin province. These services stations offer rural customers comprehensive and convenient financial services such as consulting services. In addition, the Bank uses these service stations to systematically collect and assess the credit information of rural household. The Bank's access to primary data in regional markets helps it more fully understand customer needs and provide customized financial products and services, thus further expanding its customer base and enhancing its brand recognition.

Treasury Operations

In response to the challenges from the liberalization of interest rates and increasing financial disintermediation in recent years, the Group has been actively developing its treasury business. The Group's treasury operations consist primarily of money market transactions, investments in securities and other financial assets and treasury operations conducted on behalf of customers. In 2013, 2014 and 2015 and the six months ended June 30, 2015 and 2016, operating income from the Group's treasury operations was RMB199.6 million, RMB544.8 million, RMB1,352.5 million, RMB424.4 million and RMB714.0 million, respectively, accounting for 11.0%, 16.8%, 31.7%, 25.5% and 26.9% of its total operating income, respectively.

Money Market Transactions

Money market transactions play a significant role in liquidity management. The Group also earns interest income from money market transactions. Money market transactions mainly include (i) interbank deposits with other domestic banks and non-banking financial institutions, (ii) interbank placements, and (iii) interbank repurchase and reverse repurchase transactions.

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The Bank was selected as one of the Top 100 Trading Banks in the Interbank RMB Market by the China Foreign Exchange Trade System and National Interbank Funding Center for three consecutive years from 2013 to 2015, and one of the Top 100 Banks in the Interbank RMB and Foreign Exchange Market by the China Foreign Exchange Trade System and National Interbank Funding Center in 2014 and 2015. In 2016, the Bank was named the “Best Rural Financial Institution in Interbank RMB Market in 2015” by the China Foreign Exchange Trade System and National Interbank Funding Center.

Interbank Deposits

The Group accepts deposits from banks and other financial institutions and deposit funds in other financial institutions to adjust its asset and liability structure. As of December 31, 2013, 2014 and 2015 and June 30, 2016, the Group’s deposits from banks and other financial institutions totaled RMB4,581.5 million, RMB4,820.1 million, RMB1,868.3 million and RMB5,817.6 million, respectively, and the Group’s deposits at banks and other financial institutions totaled RMB3,309.3 million, RMB11,972.8 million, RMB18,640.2 million and RMB26,394.8 million, respectively.

Interbank Placement

As of December 31, 2013, 2014 and 2015 and June 30, 2016, the Group’s placements with banks and other financial institutions totaled RMB147.0 million, RMB140.0 million, RMB390.0 million and nil, respectively, and the Group’s placements from banks and other financial institutions totaled RMB8.6 million, RMB594.6 million, RMB52.5 million and RMB162.5 million, respectively.

Interbank Repurchase and Reverse Repurchase Transactions

The securities underlying the Group’s repurchase and reverse repurchase transactions are mainly RMB-dominated government bonds and policy financial bonds. As of December 31, 2013, 2014 and 2015 and June 30, 2016, the Group’s financial assets held under resale agreements totaled RMB7,228.1 million, RMB7,131.0 million, RMB17,297.4 million and RMB8,027.0 million, respectively, and the Group’s financial assets sold under repurchase agreements totaled RMB7,365.7 million, RMB4,677.6 million, RMB23,063.5 million and RMB20,580.1 million, respectively.

Investments in Securities and Other Financial Assets

The Group’s investment portfolio consists primarily of bonds and debt instruments issued by other financial institutions.

Investments in Bonds

The Group invests primarily in bonds issued by the government, the policy bank, domestic banks and other financial institutions in the PRC and other domestic institutions in the PRC. As of December 31, 2013, 2014 and 2015 and June 30, 2016, the Group’s investments in bonds totaled RMB2,187.9 million, RMB1,207.1 million, RMB9,121.4 million and RMB15,589.4 million, respectively. In 2013, 2014 and 2015 and the six months ended June 30, 2015 and 2016, the Group’s interest income from bond investments was RMB166.0 million, RMB333.8 million, RMB251.1 million, RMB90.1 million and RMB358.9 million, respectively, and the average annualized yield was approximately 5.63%, 5.53%, 3.86%, 4.96% and 4.21%, respectively.

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The following table sets forth the Group's debt securities investments by product as of the dates indicated.

	As of December 31,						As of June 30,	
	2013		2014		2015		2016	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Bonds issued by policy banks	1,198.3	54.8%	154.7	12.8%	2,553.7	28.0%	7,323.1	47.0%
Government bonds	810.2	37.0	678.7	56.2	3,091.9	33.9	6,356.1	40.8
Bonds issued by PRC banks and other financial institutions	0.1	0.0	315.0	26.1	2,221.5	24.4	507.1	3.2
Bonds issued by other PRC entities ⁽¹⁾	179.3	8.2	58.7	4.9	1,254.3	13.7	1,403.1	9.0
Total debt securities investments	<u>2,187.9</u>	<u>100.0%</u>	<u>1,207.1</u>	<u>100.0%</u>	<u>9,121.4</u>	<u>100.0%</u>	<u>15,589.4</u>	<u>100.0%</u>

Note:

(1) Primarily include corporate bonds.

In the course of investing in bonds, the Bank uses various tools to conduct scenario analyses of market risks, such as unfavorable changes in market asset prices and benchmark rates. Based on these analyses, the Bank formulates corresponding contingency plans and promptly adjusts its investment strategies. See “Risk Management—Risk Management of the Bank—Credit Risk Management—Credit Risk Management for Treasury Operations—Credit Risk Management for Investments in Securities and Other Financial Assets” for details. In addition, each subsidiary bank formulates risk management procedures and measures relating to investment in debt securities. See “Risk Management—Risk Management of the Subsidiary Banks—Credit Risk Management—Credit Risk Management for Treasury Operations” for details.

Investments in Debt Instruments Issued by Other Financial Institutions

The Group also invests in debt instruments issued by other financial institutions, primarily including asset management plans, trust plans, wealth management products, and beneficiary certificates issued by securities companies. As of December 31, 2013, 2014 and 2015 and June 30, 2016, the Group's investments in debt instruments totaled RMB6,741.5 million, RMB7,839.4 million, RMB24,850.7 million and RMB32,034.7 million, respectively. In 2013, 2014 and 2015 and the six months ended June 30, 2015 and 2016, the Group's interest income from investments in debt instruments was RMB262.4 million, RMB594.3 million, RMB966.0 million, RMB358.2 million and RMB903.2 million, respectively, and the average yield was approximately 6.57%, 6.81%, 5.02%, 5.62% and 4.52%, respectively.

During the Track Record Period, the Group did not suffer any loss from investments in debt instruments issued by other financial institutions.

The underlying assets of the asset management plans and trust plans which the Group invests in primarily include the following:

- *Bonds.* Generally, the bonds are issued by policy banks and the government, or by financial institutions and corporate bonds with a rating of “AA” or above, and are traded

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on the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the interbank bond market.

- *Portfolio wealth management products.* These portfolios are managed by trust companies, securities companies and asset management companies on a discretionary basis. The portfolios primarily consist of bonds with a rating of “AA” or above, bank deposits and fixed-income credit assets. When investing in portfolio wealth management products, the Group (i) imposes eligibility requirements for the asset manager, (ii) limits the investment discretion of the manager, and (iii) continually monitors the performance of the portfolio.
- *Bank deposits and fixed-income credit assets.* The liquidity and terms of the investments are considered in the Group’s unified assets and liabilities management. Bank deposits are backed by the credit of PRC commercial banks. A portion of the fixed-income credit assets are collateralized by assets or guaranteed by guarantors, and the remainder are subject to the Group’s unified credit management for corporate borrowers. The borrowers of the fixed-income credit assets must be from industries that comply with the government’s industry guidelines and regulatory requirements.
- *Securities-backed lending assets.* The underlying assets are secured primarily by exchange-listed stock. The Group sets stringent collateral coverage ratios, conducts daily monitoring on the prices of the exchange-listed stock through securities companies, and the Group is entitled to dispose the collateral in the event of default.

The following table sets forth the breakdown of the Group’s investments in asset management plans and trust plans in terms of underlying assets as of June 30, 2016.

	<u>Asset management plans</u>	<u>Trust plans</u>	<u>Total</u>	<u>% of total</u>
	(in millions of RMB, except percentages)			
Bonds	11,756.9	499.0	12,255.9	47.0%
Portfolio wealth management products	3,144.5	230.0	3,374.5	13.0
Bank deposits	250.0	0.0	250.0	1.0
Fixed-income credit assets	1,367.6	100.0	1,467.6	5.6
Securities-backed lending assets	8,065.1	631.8	8,696.9	33.4
Total	<u>24,584.1</u>	<u>1,460.8</u>	<u>26,044.9</u>	<u>100.0%</u>

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The table below sets forth the balances of the Group's asset management plans and trust plans by collateral type as of June 30, 2016.

	<u>Asset management plans</u>	<u>Trust plans</u>	<u>Total</u>	<u>% of total</u>
	(in millions of RMB, except percentages)			
Secured				
Pledged by bank deposits	47.9	—	47.9	0.2%
Backed by non-deposit assets				
Equity interests in listed companies	8,008.2	631.8	8,640.0	33.2
Equity interests in unlisted companies	361.1	130.0	491.1	1.9
Third-party guarantee from				
Listed companies	—	200.0	200.0	0.8
Unlisted companies	54.7	—	54.7	0.2
Subtotal	<u>8,471.9</u>	<u>961.8</u>	<u>9,433.7</u>	<u>36.3%</u>
Unsecured				
Securities companies ⁽¹⁾	7,475.2	—	7,475.2	28.6%
Asset management companies ⁽¹⁾	6,786.9	—	6,786.9	26.0
Banks ⁽¹⁾	748.3	—	748.3	2.9
Unlisted non-financial enterprises ⁽²⁾	851.8	—	851.8	3.3
Listed non-financial enterprises ⁽²⁾	—	499.0	499.0	1.9
Unlisted financial enterprises ⁽²⁾	250.0	—	250.0	1.0
Subtotal	<u>16,112.2</u>	<u>499.0</u>	<u>16,611.2</u>	<u>63.7%</u>
Total	<u>24,584.1</u>	<u>1,460.8</u>	<u>26,044.9</u>	<u>100.0%</u>

Notes:

- (1) Classified according to the issuers of multi-product plans, including plans with a general mandate to invest on a discretionary basis within a specified scope.
- (2) Classified according to the borrowers under securities held by plans that had a single investment.

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The table below sets forth the balances of the Group's asset management plans and trust plans by industry as of June 30, 2016.

	Asset management plans	Trust plans	Total	% of total
	(in millions of RMB, except percentages)			
Finance				
Asset management companies ⁽¹⁾	7,703.1	—	7,703.1	29.6%
Securities companies ⁽²⁾	7,475.2	30.0	7,505.2	28.8
Banks ⁽¹⁾	998.3	—	998.3	3.8
Electricity, water and energy	1,212.0	499.0	1,711.0	6.6
Mining	1,092.0	551.2	1,643.2	6.3
Oil and natural gas	1,131.6	—	1,131.6	4.3
Medical, healthcare and pharmaceutical	1,104.1	—	1,104.1	4.2
Coal	1,079.8	—	1,079.8	4.1
Hotel, catering, cultural and tourism	724.8	300.0	1,024.8	3.9
Forestry	308.4	80.6	389.0	1.5
Automobile and parts	359.9	—	359.9	1.4
IT devices	349.3	—	349.3	1.3
Infrastructure	269.7	—	269.7	1.0
Real estate	252.2	—	252.2	1.0
Manufacturing	224.2	—	224.2	0.9
Construction materials	199.5	—	199.5	0.8
Jewelry	100.0	—	100.0	0.5
Total	24,584.1	1,460.8	26,044.9	100.0%

Notes:

- (1) Classified according to the borrowers under securities held by plans that had a single investment, and the plan issuers for multi-product plans, including plans with a general mandate to invest on a discretionary basis within a specified scope.
- (2) Classified according to the issuers of multi-product plans, including plans with a general mandate to invest on a discretionary basis within a specified scope.

The table below sets forth the five largest borrowers under securities held by the Group's asset management plans that had a single investment as of the dates indicated.

As of December 31, 2013		
Industry	Amount	% of investments in asset management plans
(in millions of RMB, except percentages)		
Borrower A	Finance	1,100.8
		16.9%
Borrower B	Business service	700.0
		10.7
Borrower C	Hotel, catering, cultural and tourism	600.0
		9.2
Borrower D	Agriculture	500.0
		7.6
Borrower E	Manufacturing	500.0
		7.6
Total		3,400.8
		52.0%
As of December 31, 2014		
Industry	Amount	% of investments in asset management plans
(in millions of RMB, except percentages)		
Borrower A	Finance	1,248.5
		17.6%
Borrower F	Business service	640.0
		9.0
Borrower C	Hotel, catering, cultural and tourism	600.0
		8.4
Borrower E	Manufacturing	500.0
		7.0
Borrower B	Business service	450.0
		6.3
Total		3,438.5
		48.3%

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As of December 31, 2015			
	Industry	Amount	% of investments in asset management plans
	(in millions of RMB, except percentages)		
Borrower G	Finance	798.4	4.5%
Borrower H	Finance	698.6	3.9
Borrower I	Medical, healthcare and pharmaceutical	684.6	3.8
Borrower J	Electricity, water and energy	598.8	3.4
Borrower K	Manufacturing	598.8	3.4
Total		3,379.2	19.0%

As of June 30, 2016			
	Industry	Amount	% of investments in asset management plans
	(in millions of RMB, except percentages)		
Borrower L	Coal	1,079.8	4.4%
Borrower J	Electricity, water and energy	598.8	2.4
Borrower M	Oil and natural gas	582.1	2.4
Borrower G	Finance	499.0	2.0
Borrower N	Mining	493.2	2.0
Total		3,252.9	13.2%

The table below sets forth the five largest borrowers under securities held by the Group's trust plans that had a single investment (if available) as of the dates indicated.

As of December 31, 2013			
	Industry	Amount	% of investments in trust plans
	(in millions of RMB, except percentages)		
Borrower A	Construction	200.0	100.0%
Total		200.0	100.0%

As of December 31, 2014			
	Industry	Amount	% of investments in trust plans
	(in millions of RMB, except percentages)		
Borrower B	Electricity, water and energy	500.0	100.0%
Total		500.0	100.0%

As of December 31, 2015			
	Industry	Amount	% of investments in trust plans
	(in millions of RMB, except percentages)		
Borrower B	Electricity, water and energy	499.0	13.8%
Borrower C	Business Service	399.2	11.0
Borrower D	Business Service	299.4	8.3
Borrower E	Forestry	209.6	5.8
Borrower F	Business Service	100.0	2.8
Total		1,507.2	41.7%

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As of June 30, 2016			
Industry	Amount	% of investments in trust plans	
(in millions of RMB, except percentages)			
Borrower G	Mining	551.2	37.7%
Borrower B	Electricity, water and energy	499.0	34.2
Borrower H	Hotel, catering, cultural and tourism	200.0	13.7
Borrower I	Hotel, catering, cultural and tourism	100.0	6.8
Borrower E	Forestry	80.6	5.5
Total		<u>1,430.8</u>	<u>97.9%</u>

The table sets forth the Group's assets management plans, trust plans and wealth management plans by remaining maturity as of June 30, 2016.

	Asset management plans	Trust Plans	Wealth Management plans	Total	% of total
(in millions of RMB, except percentage)					
Immediately	88.4	—	37.0	125.4	0.4%
Within 1 month	2,913.8	30.0	750.6	3,694.4	11.9
1 to 3 months	3,134.7	80.6	1,010.2	4,225.5	13.7
3 months to 1 year	12,498.1	—	2,462.0	14,960.1	48.4
1 to 5 years	5,919.1	1,350.2	630.0	7,899.3	25.5
Over 5 years	30.0	—	—	30.0	0.1
Total	<u>24,584.1</u>	<u>1,460.8</u>	<u>4,889.8</u>	<u>30,934.7</u>	<u>100.0%</u>

Asset Management Plans

As of June 30, 2016, the Group had business relationship with 15 asset management companies and 7 securities companies. Relevant asset management contracts usually set out major terms and conditions of the investment scope of and execution procedures for asset management plans.

Funds in asset management plans are managed under special accounts of the relevant asset management companies and securities companies with third-party custodian banks. Asset management companies and securities companies that fail to execute investment instructions or violate the terms and conditions of asset management contracts are liable for losses on the Group's entrusted funds managed by them. Custodian banks are liable for compensation for losses suffered by the asset management companies and securities companies or the Group arising from the failure to perform custodian services under asset management contracts. Asset management companies and securities companies do not provide any guarantees in relation to their asset management plans.

As of December 31, 2013, 2014 and 2015 and June 30, 2016, the Group's investments in asset management plans totaled RMB6,541.5 million, RMB7,119.4 million, RMB17,844.2 million and RMB24,584.1 million, respectively, and the relevant investment yields were approximately 3.08% to 13.65%, 4.90% to 11.58%, 3.04% to 12.00% and 3.40% to 10.00%, respectively.

During the Track Record Period, all of the Group's counterparties for asset management plans were licensed to conduct their asset management businesses under applicable laws and regulations. As of December 31, 2013, 2014 and 2015 and June 30, 2016, the Group's investments in asset management plans issued by the five largest counterparties accounted for 98.9%, 100.0%, 52.1% and 67.3% of its total investments in asset management plans, respectively.

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The table below sets forth the Group's five largest counterparties for asset management plans as of the dates indicated.

As of December 31, 2013					
Nature	Scale of operations in terms of total assets as of December 31, 2015 ⁽¹⁾	Regulatory ratings by CSRC	Amount	% of investments in asset management plans	
(in millions of RMB, except percentages)					
Company A	Listed Securities Company	276,793.3	AA	4,418.6	67.5%
Company B	Listed Securities Company	484,126.0	AA	1,010.8	15.5
Company C	Asset Management Company controlled by Government-owned Entities	N/A ⁽³⁾	N/A ⁽²⁾	503.1	7.7
Company D	Securities Company controlled by Government-owned Entities	32,071.5	BBB	434.0	6.6
Company E	Securities Company controlled by Government-owned Entities	40,500.7	A	100.0	1.6
Total				6,466.5	98.9%

As of December 31, 2014					
Nature	Scale of operations in terms of total assets as of December 31, 2015 ⁽¹⁾	Regulatory ratings by CSRC	Amount	% of investments in asset management plans	
(in millions of RMB, except percentages)					
Company B	Listed Securities Company	484,126.0	AA	3,438.5	48.3%
Company A	Listed Securities Company	276,793.3	AA	1,632.8	22.9
Company F	Listed Securities Company	121,673.1	A	1,178.1	16.6
Company G	Listed Securities Company	71,856.0	A	650.0	9.1
Company H	Asset Management Company controlled by Government-owned Entities	N/A ⁽⁴⁾	A	220.0	3.1
Total				7,119.4	100.0%

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As of December 31, 2015					
Nature	Scale of operations in terms of total assets as of December 31, 2015 ⁽¹⁾	Regulatory ratings by CSRC	Amount	% of investments in asset management plans	
(in millions of RMB, except percentages)					
Company I	Private Securities Company	7,251.7	BB	2,363.5	13.2%
Company J	Asset Management Company controlled by Government-owned Entities	N/A ⁽⁵⁾	N/A ⁽²⁾	1,950.0	10.9
Company K	Asset Management Company controlled by Government-owned Entities	N/A ⁽⁶⁾	N/A ⁽²⁾	1,862.3	10.4
Company F	Listed Securities Company	121,673.1	A	1,639.5	9.2
Company H	Asset Management Company controlled by Government-owned Entities	N/A ⁽⁴⁾	A	1,483.1	8.4
Total				9,298.4	52.1%
As of June 30, 2016					
Nature	Scale of operations in terms of total assets as of December 31, 2015 ⁽¹⁾	Regulatory ratings by CSRC	Amount	% of investments in asset management plans	
(in millions of RMB, except percentages)					
Company I	Private Securities Company	7,251.7	BB	5,288.7	21.5%
Company L	A Subsidiary of a Listed Securities Company	2,717.8	AA	3,873.4	15.7
Company J	Asset Management Company controlled by Government-owned Entities	N/A ⁽⁵⁾	N/A ⁽²⁾	3,585.1	14.6
Company F	Listed Securities Company	121,673.1	A	2,085.5	8.5
Company M	Asset Management Company controlled by Government-owned Entities	N/A ⁽⁷⁾	N/A ⁽²⁾	1,713.2	7.0
Total				16,545.9	67.3%

Notes:

- (1) Source: CSRC and each company's 2015 annual report prepared on an unconsolidated basis.
- (2) Asset management companies are generally not rated by the PRC regulatory authorities in the PRC.
- (3) There is no publicly available and reliable data on the company's total assets as of December 31, 2015. The company's registered capital is RMB500.0 million.
- (4) There is no publicly available and reliable data on the company's total assets as of December 31, 2015. The company's registered capital is RMB500.0 million.
- (5) There is no publicly available and reliable data on the company's total assets as of December 31, 2015. The company's registered capital is RMB100.0 million.
- (6) There is no publicly available and reliable data on the company's total assets as of December 31, 2015. The company's registered capital is RMB30.5 million.
- (7) There is no publicly available and reliable data on the company's total assets as of December 31, 2015. The company's registered capital is RMB100.0 million.

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In order to manage counterparty risk, the Group has established strict standards for reviewing asset management companies and securities companies. The Group uses a centralized risk management system to manage the risks relating to asset management plans. For a description of the Group’s risk management measures and procedures related to its investments in asset management plans, see “Risk Management—Risk Management of the Bank—Credit Risk Management—Credit Risk Management for Treasury Operations—Credit Risk Management for Investments in Securities and Other Financial Assets”.

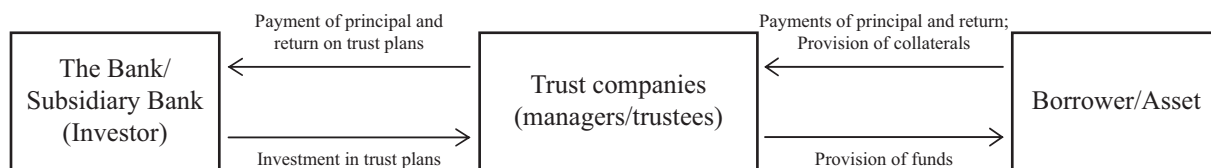
Trust Plans

As of June 30, 2016, the Group invested in 28 trust plans managed by 7 trust companies.

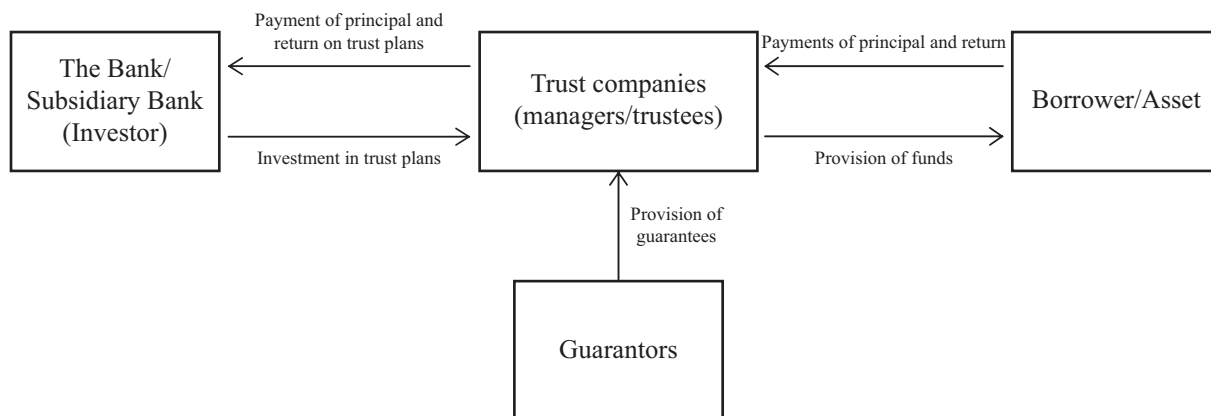
Trust companies manage the proceeds from trust plans in accordance with the trust instrument. Borrowers’ obligations owed to the trust companies are secured by mortgages or pledges or by irrevocable joint and several guarantees provided by guarantors. Borrowers must pay the principal and interest according to the terms and conditions of the trust plan.

The following chart shows the relationship among the parties involved in the Group’s investments in trust plans:

In cases where borrowers provide collaterals to the trust companies:



In cases where third party entities provide guarantees to the trust companies:



Under the Trust Law of the PRC (中華人民共和國信託法), the trust property is independent of the property owned by a trustee and may not be included in the property owned by the trustee or become a part of the property owned by the trustee. Therefore, any amounts realized from security rights of a trust investment plan may not be used to repay the trustee’s own debt.

As of December 31, 2013, 2014 and 2015 and June 30, 2016, the Group’s trust plan investments totaled RMB200.0 million, RMB500.0 million, RMB3,613.9 million and RMB1,460.8

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million, respectively, and the investment yield was approximately 10.50%, 12.57%, 3.90% to 9.05% and 4.60% to 10.55%, respectively.

During the Track Record Period, all of the Group's counterparties for trust plans were licensed to conduct their trust businesses under applicable laws and regulations. As of December 31, 2013, 2014 and 2015 and June 30, 2016, the Group's investment in the trust plans managed by the five largest counterparties accounted for 100.0%, 100.0%, 100.0% and 97.9% of its total investment in trust plans, respectively.

The table below sets forth the Group's five largest trust company counterparties (if available) as of the dates indicated.

As of December 31, 2013					
Nature	Scale of operations in terms of total assets as of December 31, 2015 ⁽¹⁾	Regulatory ratings/ Credit ratings	Amount	% of investments in trust plans	
(in millions of RMB, except percentages)					
Company A	State-owned	4,858.0	N/A ⁽²⁾	200.0	100.0%
Total			200.0	100.0%	
As of December 31, 2014					
Nature	Scale of operations in terms of total assets as of December 31, 2015 ⁽¹⁾	Regulatory ratings/ Credit ratings	Amount	% of investments in trust plans	
(in millions of RMB, except percentages)					
Company B	Controlled by a Commercial Bank	13,003.4	N/A ⁽²⁾	500.0	100.0%
Total			500.0	100.0%	
As of December 31, 2015					
Nature	Scale of operations in terms of total assets as of December 31, 2015 ⁽¹⁾	Regulatory ratings/ Credit ratings	Amount	% of investments in trust plans	
(in millions of RMB, except percentages)					
Company C	State-owned	5,106.7	N/A ⁽²⁾	1,524.1	42.2%
Company D	State-owned	6,740.8	N/A ⁽²⁾	689.0	19.1
Company E	State-owned	9,159.0	N/A ⁽²⁾	502.4	13.9
Company B	Controlled by a Commercial Bank	13,003.4	N/A ⁽²⁾	499.0	13.8
Company A	State-owned	5,182.2	N/A ⁽²⁾	399.4	11.0
Total			3,613.9	100.0%	

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As of June 30, 2016

Nature	Scale of operations in terms of total assets as of December 31, 2015 ⁽¹⁾ (in millions of RMB, except percentages)	Regulatory ratings/ Credit ratings	Amount	% of investments in trust plans	
Company A	State-owned	4,858.0	N/A ⁽²⁾	551.2	37.7%
Company B	Controlled by a Commercial Bank	13,003.0	N/A ⁽²⁾	499.0	34.2
Company F	State-owned	6,550.3	N/A ⁽²⁾	200.0	13.7
Company G	State-owned	5,050.0	N/A ⁽²⁾	100.0	6.8
Company D	State-owned	6,740.8	N/A ⁽²⁾	80.6	5.5
Total				1,430.8	97.9%

Notes:

(1) Source: each company's 2015 annual report prepared on an unconsolidated basis.

(2) There is no publicly available and reliable regulatory or credit rating.

The Group's investments in trust plans are mainly secured by borrowers' property and land mortgages, corporate shares or accounts receivable or are guaranteed by third parties. For collateral, the Group accepts only properties or land with clear legal ownership, the value of which is assessed and determined by a designated valuer. The Group also generally caps the mortgage rate (i.e. the ratio of borrowing amount to the value of collateral) at 70%. The Group reviews the business operations, financial situation, credit quality and repayment capability of guarantors to ensure that they can fulfill guarantor responsibilities.

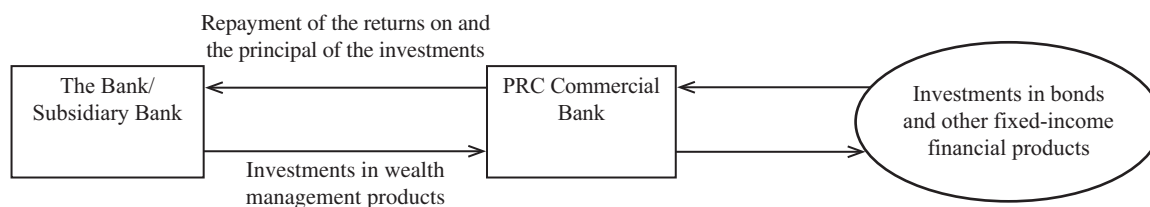
For details of the Group's risk management measures and procedures for investments in trust plans, see "Risk Management—Risk Management of the Bank—Credit Risk Management—Credit Risk Management for Treasury Operations—Credit Risk Management for Investments in Securities and Other Financial Assets", and "Risk Management—Risk Management of the Subsidiary Banks—Credit Risk Management—Credit Risk Management for Treasury Operations" for details.

Wealth Management Products

As of June 30, 2016, the Group invested in 26 wealth management products issued by 12 PRC commercial banks.

These commercial banks, as the issuers and managers of wealth management products, then invest the proceeds in bonds and fixed-income financial products. The commercial banks generally pay the Group investment yields at predetermined intervals and repay the principal upon the maturity of the products. Commercial banks receive commission fees and/or administration fees.

The following chart shows the relationship among the parties involved in investments in wealth management products issued by PRC commercial banks:



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As of December 31, 2014 and 2015 and June 30, 2016, the Group's investments in wealth management products were RMB220.0 million, RMB1,822.6 million and RMB4,889.8 million, respectively, with investment yields of approximately 5.30%, 2.80% to 4.15% and 2.40% to 7.00% respectively. As of June 30, 2016, the Group's investments in principal-guaranteed and non-principal-guaranteed wealth management products totaled RMB3,675.8 million and RMB1,214.0 million, respectively, accounting for 75.2% and 24.8% of its total investments in wealth management products.

During the Track Record Period, all of the Group's counterparties for investments in wealth management products were licensed PRC commercial banks. As of December 31, 2014 and 2015 and June 30, 2016, the Group's investments in wealth management products issued by the top five counterparties accounted for 100.0%, 98.3% and 77.6% of its total investments in wealth management products.

The table below sets forth the Group's five largest counterparties for wealth management products as of the dates indicated.

As of December 31, 2014					
Nature	Scale of operations in terms of total assets as of December 31, 2015 ⁽¹⁾	Credit ratings ⁽²⁾	Amount	% of investments in wealth management products	
(in millions of RMB, except percentages)					
Company A	City commercial bank	244,359.6	AA+	200.0	90.9%
Company B	Rural financial institution	224,629.0	AA+	20.0	9.1
Total				220.0	100.0%
As of December 31, 2015					
Nature	Scale of operations in terms of total assets as of December 31, 2015 ⁽¹⁾	Credit ratings ⁽²⁾	Amount	% of investments in wealth management products	
(in millions of RMB, except percentages)					
Company C	Joint-stock commercial bank	3,167,710.0	AAA	700.1	38.4%
Company D	Rural financial institution	N/A ⁽³⁾	A-	501.0	27.5
Company E	Rural financial institution	62,600.0	AA-	280.3	15.4
Company F	Rural financial institution	8,110.2	A	250.3	13.7
Company G	Joint-stock commercial bank	5,298,880.0	AAA	60.0	3.3
Total				1,791.7	98.3%

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As of June 30, 2016					
Nature	Scale of operations in terms of total assets as of December 31, 2015 ⁽¹⁾	Credit ratings ⁽²⁾	Amount	% of investments in wealth management products	
(in millions of RMB, except percentages)					
Company H	Branch of a joint-stock commercial bank ⁽⁴⁾	N/A ⁽⁵⁾	AAA	1,266.1	25.9%
Company I	Rural financial institution	170,511.9	AA+	800.2	16.4
Company J	Joint-stock commercial bank	1,031,650.4	AAA	725.0	14.9
Company C	Joint-stock commercial bank	3,167,710.0	AAA	500.8	10.2
Company E	Rural financial institution	62,600.0	AA-	<u>500.8</u>	<u>10.2</u>
Total				<u>3,792.9</u>	<u>77.6%</u>

Notes:

- (1) Source: each company's 2015 annual report prepared on a consolidated basis.
- (2) Source: publicly available rating reports on third party websites.
- (3) There is no publicly available and reliable data on the company's total assets as of December 31, 2015. The company's registered capital is RMB400.0 million.
- (4) Company H is a branch of Company J. Under the PRC laws, there is no registered capital for a branch of a company.
- (5) There is no publicly available and reliable data on the company's total assets as of December 31, 2015.

For details of risk management measures and procedures for the Group's investment in wealth management products, see "Risk Management—Risk Management of the Bank—Credit Risk Management—Credit Risk Management for Treasury Operations—Credit Risk Management for Investments in Securities and Other Financial Assets", and "Risk Management—Risk Management of the Subsidiary Banks—Credit Risk Management—Credit Risk Management for Treasury Operations".

Beneficiary Certificates Issued by Securities Companies

The Group has been investing in marketable securities issued by securities companies with fixed principal, return and term since 2015. As of June 30, 2016, the Group's investments in beneficiary certificates issued by securities companies totaled RMB1,100 million, with investment yields ranging from approximately 5.60% to 6.90%.

For details of risk management measures and procedures for the Group's investment in beneficiary certificates issued by securities companies, see "Risk Management—Risk Management of the Bank—Credit Risk Management—Credit Risk Management for Treasury Operations—Credit Risk Management for Investments in Securities and Other Financial Assets", and "Risk Management—Risk Management of the Subsidiary Banks—Credit Risk Management—Credit Risk Management for Treasury Operations".

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Treasury Operations Conducted on Behalf of Customers

In the Bank's treasury operations conducted on behalf of customers, the Bank manages funds received from the issuance of wealth management products to corporate and retail customers. In 2013, 2014 and 2015 and the six months ended June 30, 2015 and 2016, the Bank sold wealth management products totaling RMB3,094.1 million, RMB3,914.9 million, RMB25,345.3 million, RMB8,456.5 million and RMB29,111.9 million, respectively. The following table sets forth the breakdown of the Bank's wealth management products by size of each tranche for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2013		2014		2015		2015		2016	
	Tranches in issue	Amount	Tranches in issue	Amount	Tranches in issue	Amount	Tranches in issue	Amount	Tranches in issue	Amount
	(in millions of RMB, except tranches)									
Less than RMB10 million	4	32.1	12	103.3	46	348.5	18	137.6	33	237.5
Over RMB10 million but less than RMB50 million	28	861.3	63	1,672.5	152	3,999.4	60	1,611.6	140	3,745.0
Over RMB50 million but less than RMB100 million	14	1,181.5	13	951.9	61	4,545.9	40	2,892.3	68	5,902.9
Over RMB100 million but less than RMB500 million	3	1,019.2	8	1,187.2	74	15,701.5	18	3,815.0	81	17,250.5
Over RMB500 million	—	—	—	—	1	750.0	—	—	3	1,976.0
Total	49	3,094.1	96	3,914.9	334	25,345.3	136	8,456.5	325	29,111.9

The Bank classifies wealth management products issued by the Bank into five categories based on risk levels in accordance with the Measures for the Administration of the Sale of Wealth Management Products of Commercial Banks (商業銀行理財產品銷售管理辦法). In 2013, 2014 and 2015 and the six months ended June 30, 2015 and 2016, risk profiles of wealth management products that the Bank issued were classified into tier-one risk (principal-guaranteed) or tier-two risk (non-principal guaranteed but with lower probability of loss and uncertain yield).

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The Bank invests its proceeds raised from its wealth management products issued primarily in bonds and debt instruments issued by financial institutions and interbank deposits. As of December 31, 2013, 2014 and 2015 and June 30, 2016, the Bank's investments in non-standard credit assets accounted for 25.3%, nil, 2.4% and 2.5% of the Bank's total investments using proceeds raised from its wealth management products, respectively, and accounted for 0.5%, nil, 0.3% and 0.4% of the Bank's total assets as of the same date, respectively, both in compliance with the CBRC requirements. The following table sets forth the breakdown of the balance of the Bank's wealth management products by type of investment as of the dates indicated.

	As of December 31,						As of June 30,	
	2013		2014		2015		2016	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Bonds	337.0	56.1%	1,344.0	95.4%	7,407.0	65.9%	14,043.2	67.1%
Debt instruments issued by financial institutions								
Standard assets	58.0	9.7	64.2	4.6	3,569.0	31.7	6,359.4	30.4
Non-standard assets	152.0	25.3	—	—	265.6	2.4	515.6	2.5
Subtotal	210.0	35.0	64.2	4.6	3,834.6	34.1	6,875.0	32.9
Interbank deposits	53.5	8.9	—	—	—	—	—	—
Total	600.5	100.0%	1,408.2	100.0%	11,241.6	100.0%	20,918.2	100.0%

The following table sets forth a breakdown of the wealth management products the Bank managed as of the dates indicated.

	As of December 31,						As of June 30,	
	2013		2014		2015		2016	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of RMB, except percentages)							
Principal-guaranteed category	118.6	19.8%	1,178.1	83.7%	8,243.7	73.3%	12,274.9	58.7%
Non-principal guaranteed category	481.9	80.2	230.1	16.3	2,997.9	26.7	8,643.3	41.3
Total	600.5	100.0%	1,408.2	100.0%	11,241.6	100.0%	20,918.2	100.0%

During the Track Record Period, the Bank issued wealth management products with tenors ranging from one month to three years. The Bank operated and managed each of the wealth management products separately in accordance with the CBRC requirements. Each product is under independent management with separate accounts and audits. During the Track Record Period, all wealth management products issued by the Bank maintained normal operations, and the Bank did not default in paying the contractual principal and interest and the Bank did not record losses on any of its non-principal guaranteed wealth management products.

PRICING

Based on PRC regulatory requirements, the Bank and each subsidiary bank have established a competitive product pricing system. When pricing products, the Bank and each subsidiary bank consider factors such as capital costs, management costs, risk exposures, expected yield and market factors. The Bank and each subsidiary bank also assess the contributions of the relevant customers to

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their business, overall market conditions and prices of similar products and services offered by competitors. The pricing policies and benchmark prices of the Bank are mainly determined by its assets and liabilities management committee. The business department of the Bank sets specific prices for the relevant products and services according to the relevant authorization granted.

Loans

Prior to July 20, 2013, interest rates for RMB-denominated loans were based on the PBOC benchmark interest rate and interest rates for RMB-denominated corporate and retail loans were no less than 70% of the PBOC benchmark interest rate. On July 20, 2013, the PBOC abolished the lower limits on interest rates for financial institution RMB-denominated loans. Accordingly, the Bank and each subsidiary bank have the discretion to determine interest rates for loans (other than personal residential mortgage loans). The interest rates for personal residential mortgage loans and residential mortgage loans to second-time home buyers may not be less than 70% and 110%, respectively, of the PBOC benchmark interest rate. Interest rates for foreign currency denominated loans are generally not subject to PRC regulatory restrictions.

Different pricing for corporate loans is determined based on customers' business size, contribution from customers, collateral provided and the industries in which the customers operate. The Bank and each subsidiary bank have stronger bargaining power for the pricing of loans to SME customers as compared to large enterprises. When determining floating interest rates, various factors, including credit ratings and forms of security, are taken into account.

Deposits

The relevant interest rates on deposits are determined by reference to the benchmark interest rates set by the PBOC and market interest rates, and in accordance with the Bank's or the relevant subsidiary bank's assets and liabilities management strategies.

Interest rates for RMB-denominated demand and time deposits were previously subject to the upper limit of the PBOC benchmark interest rates. In October 2015, the PBOC abolished the upper limit for interest rates for RMB-denominated deposits of commercial banks and rural cooperative financial institutions, etc.

Fee- and Commission-based Products and Services

In addition to determining the prices of products and services in accordance with government guidelines (mainly including the basic Renminbi settlement services as required by the CBRC and NDRC), the Bank and each subsidiary bank usually determine and adjust the prices of their fee- and commission-based products and services based on market conditions, costs of products and services and the prices of comparable products and services provided by their competitors.

MARKETING

The Group has established an integrated marketing system and bank-wide marketing strategies, pursuant to which outlets organize specific marketing activities and collect customer information in their respective regions. The Group's account managers are responsible for developing and maintaining customer relationships and marketing products and services. As of the Latest Practicable Date, the Group had approximately 1,300 account managers. The Group advertises its products and services through outdoor, television, Internet, print and other media advertisements. The Group also conducts promotional activities, including sponsoring sporting events and popular entertainment

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shows, based on the preference of targeted customer groups to raise brand awareness. In addition, the Group has entered into strategic cooperation with local universities, enterprises, labor unions, governments and public services providers to expand its customer base and improve brand awareness.

DISTRIBUTION NETWORK

The Group distributes its products and services through a variety of channels. As of June 30, 2016, the Group had an aggregate of 353 outlets, of which 103 outlets were operated by the Bank and the rest by the Group's subsidiary banks under their own names. The following chart illustrates the geographical coverage of the Group's network in China as of June 30, 2016.



The following table sets forth the Group's number of outlets by location as of the dates indicated.

	As of December 31,						As of June 30,	
	2013		2014		2015		2016	
Region	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Jilin province	121	80.1%	213	81.3%	267	79.2%	275	77.9%
Other regions ⁽¹⁾	30	19.9	49	18.7	70	20.8	78	22.1
Total	151	100.0%	262	100.0%	337	100.0%	353	100.0%

Note:

(1) Include Heilongjiang, Guangdong, Hebei, Shandong, Anhui, Hubei, Hainan, Tianjin and Shaanxi.

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The Group has gradually shifted the focus of its outlet operations from providing traditional banking services to providing comprehensive financial services. In addition, the Bank established two flagship sub-branches equipped with state-of-the-art technology. The Bank was the first rural commercial bank in China and first financial institution in Jilin province to provide robot bank lobby managers and 3-D printing, and was also the first financial institution in Jilin's rural credit bank system to offer 24-hour automatic banking and automatic safe deposit boxes and remote video self-service loan application machines.

The Group has increased its promotion of electronic banking, including:

- *Self-service banking:* The Group provides convenient banking services to customers at lower operation costs by using self-service facilities. Self-service facilities are available at service outlets, self-service zones, commercial complexes, hospitals, schools and other public places. As of June 30, 2016, the Group had 87 self-service outlets, 259 self-service zones and 959 self-service facilities.
- *Telephone and SMS banking:* The Group provides customers with account management, status reminders, transfer and remittance and consultation and other services around the clock through an interactive self-service voice system, live customer service, and SMS interaction. As of June 30, 2016, the Group had over 800,000 SMS banking customers.
- *Internet banking:* The Group provides customers with account management, transfer and remittance, interbank receipt, online loan application and online payment services through the Internet. As of June 30, 2016, the Group had approximately 230,000 internet banking customers.
- *Mobile phone banking:* The Group provides customers with mobile phone banking services, including account inquiry and management, transfer and remittance, fee payment and mobile phone payment services. As of June 30, 2016, the Group had over 330,000 mobile phone banking customers.
- *WeChat banking:* Through WeChat, the Group's customers can access information relating to its products, services and promotions, manage accounts, search for its outlet locations and reserve counter services. As of June 30, 2016, the Group had approximately 78,800 Wechat banking customers.
- *Remote video banking:* The Group offers remote videoconference counter services for retail customers.

RURAL COMMERCIAL BANKS AND VILLAGE AND TOWNSHIP BANKS

Overview

In 2010, the CBRC began encouraging financial institutions to acquire rural credit cooperatives. This, along with development trends concerning rural financial services, led the Bank to acquire Changbai Mountain Rural Credit Cooperative and establish Changbai Mountain Rural Commercial Bank in 2011, making it one of the first PRC rural commercial banks to acquire and restructure a rural financial institution.

In 2015, the CBRC began encouraging the acquisitions of village and township banks by PRC commercial banks with relatively larger business scale and experience in managing village and

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township banks. Encouraged by government policies, the Bank acquired Lingshui Dasheng Village and Township Bank in December 2015 and Sanya Phoenix Village and Township Bank in June 2016.

The Bank must meet certain conditions and criteria imposed by the PRC regulatory authorities before it can acquire a PRC banking financial institution. See “Supervision and Regulation—Licensing Requirements—Acquisition of Domestic Banking Financial Institutions by Rural Commercial Banks” for details. All of the Bank’s acquisitions have been approved by the relevant PRC regulatory authorities.

The Bank has discretion in selecting acquisition targets. In evaluating a prospective acquisition target, the Bank considers a variety of factors, including one or more of the following:

- financial condition and results of operation;
- government support;
- growth potential;
- business scale;
- geographic location;
- customer base;
- corporate culture;
- compliance history;
- experience and skill of management;
- capital requirements;
- competitive position; and
- costs associated with effecting the business combination.

In January 2010, the Bank established its first village and township bank in Heilongjiang. The Bank focuses on establishing and acquiring village and township banks in areas with strong economic fundamentals, developed regional transportation networks and robust development potential, including the Binhai New Area of Tianjin, Yangtze River Economic Zone, the Bohai Economic Rim and the Pearl River Delta. As of June 30, 2016, the Bank established 30 village and township banks, and acquired 2 village and township banks.

The Bank believes that its selective acquisitions and establishment of rural commercial banks and village and township banks have enabled the Group to expand its strategic network and customer base, and enhance its competitiveness. As of June 30, 2016, the Bank controlled and consolidated 5 rural commercial banks that were restructured from rural credit cooperatives and a rural cooperative bank that the Bank acquired, and 32 village and township banks that the Bank established and acquired. They consist of:

- 1 rural commercial bank and 20 village and township banks, in which the Bank owned more than 50% equity interest. See “—Financial Contribution of the Subsidiary Banks—Majority-owned Subsidiary Banks” for details of the contribution of each of these majority-owned rural commercial banks and village and township banks to the Group’s results of operations and financial condition; and
- 4 rural commercial banks and 12 village and township banks, in which the Bank owned not more than 50% equity interest. The Bank controlled and consolidated these rural commercial banks and village and township banks because they satisfied the criteria for

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consolidation under the applicable accounting standards. See “Financial Information—Critical Accounting Estimates and Judgments—Determination of Consolidation Scope”. See “—Financial Contribution of the Subsidiary Banks—Non-majority-owned Subsidiary Banks” for details of the contribution of each of these non-majority owned rural commercial banks and village and township banks to the Group’s results of operations and financial condition.

From December 31, 2014 to December 10, 2015, the Bank also controlled and consolidated Jilin Shulan Rural Commercial Bank, which contributed to 5.6% of the Group’s total assets as of December 31, 2014, and 2.6% and 1.7% of the Group’s operating income and net profit in 2015 (without taking into account adjustments for intra-group transactions), respectively. On December 10, 2015, the Bank sold all of the Bank’s interest in this bank to an independent third party.

From March 30, 2014 to January 8, 2015, the Bank controlled and consolidated Haikou United Rural Commercial Bank, which contributed to 3.2% of the Group’s total assets as of December 31, 2014, and 1.9% and 0.7% of the Group’s operating income and net profit for 2014 (without taking into account adjustments for intra-group transactions), respectively. On January 8, 2015, the Bank deconsolidated this bank because the acting-in-concert agreement with minority shareholders was terminated by mutual consent.

Rural Commercial Banks

As of June 30, 2016, the Bank controlled and consolidated five rural commercial banks that were restructured from rural credit cooperatives and a rural cooperative bank the Bank acquired. The following table sets forth the total assets, loans and deposits of and the Bank’s equity interests in these rural commercial banks as of June 30, 2016:

<u>Name</u>	<u>Total Assets</u>	<u>Loans</u>	<u>Deposits</u>	<u>The Group’s Equity Interest</u>
	(in millions of RMB, except percentages)			
Changbai Mountain Rural Commercial Bank	4,432.2	1,667.8	2,417.0	38.8%
Liaoyuan Rural Commercial Bank	5,563.5	2,206.7	3,486.9	100.0%
Jilin Dehui Rural Commercial Bank	12,344.4	4,452.1	8,490.5	45.0%
Jilin Gongzhuling Rural Commercial Bank	12,937.2	5,489.0	9,930.1	30.0%
Jilin Chuncheng Rural Commercial Bank	5,200.0	1,565.5	3,448.5	30.0%

In 2013, 2014 and 2015 and the six months ended June 30, 2015 and 2016, the Group’s operating income attributable to these rural commercial banks was RMB192.6 million, RMB718.9 million, RMB839.2 million, RMB294.1 million and RMB633.5 million, respectively, accounting for 10.6%, 22.2%, 19.7%, 17.7% and 23.9%, respectively, of the Group’s total operating income.

The Group’s rural commercial banks offer a broad range of financial products and services to corporate and retail customers. These products and services include commercial and consumer loans, bill discounting, customer deposits and fee- and commission-based products and services, such as settlement services, remittance services and bank card services. Some rural commercial banks also engage in money market transactions and invest in debt securities.

Village and Township Banks

As of June 30, 2016, the Bank controlled and consolidated a total of 32 village and township banks in Jilin province, Heilongjiang, Hebei, Tianjin, Shandong, Anhui, Hubei, Shaanxi, Guangdong and Hainan.

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As of June 30, 2016, these village and township banks had total assets of RMB31,287.3 million, total deposits of RMB24,071.3 million and total loans of RMB12,347.3 million. In 2013, 2014 and 2015 and the six months ended June 30, 2015 and 2016, the Group's operating income attributable to these village and township banks was RMB325.2 million, RMB612.8 million, RMB1,072.1 million, RMB380.4 million and RMB564.6 million, respectively, accounting for 17.9%, 18.9%, 25.1%, 22.8% and 21.3% of the Group's total operating income, respectively.

The Bank's village and township banks provide local corporate and retail customers with a broad range of financial products and services. These products and services include commercial and consumer loans, bill discounting, customer deposits and fee- and commission-based products and services, such as settlement services, remittance services and bank card services. Some village and township banks also engage in money market transactions and invest in debt securities.

In 2010, the Bank established a village and township bank management department to help village and township banks to establish strategic development plans, provide research, technology and human resource support and supervise risk management. In addition, the Group and other PRC banks have formed a strategic development alliance for village and township banks headquartered in Tianjin Municipality to promote information exchange and resource sharing among PRC village and township banks. The Bank has also established four service centers in Jilin province, Hebei, Hubei and Guangdong to support the Bank's village and township bank operations.

Management of the Subsidiary Banks

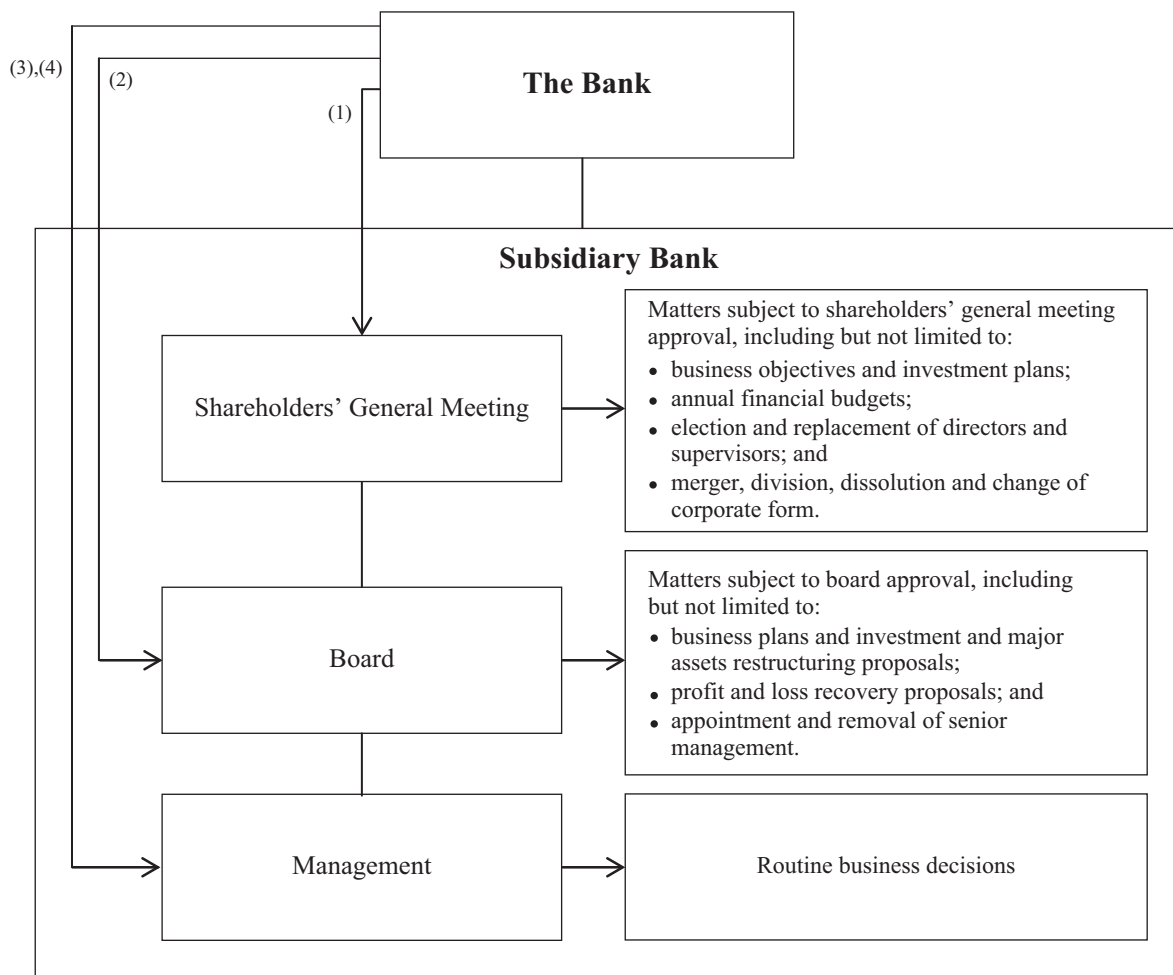
Each of the Group's subsidiary banks (whether majority-owned or non-majority-owned) is a separate legal entity regulated by CBRC. In accordance with the Guidance of CBRC on Further Promoting the Healthy Development of Village and Township Banks (中國銀監會關於進一步促進村鎮銀行健康發展的指導意見), the Bank must ensure the autonomous operation of the village and township banks and may not manage them in the same way as the Bank manages its branches and sub-branches.

Each of the Group's subsidiary banks enjoys a high level of autonomy, and maintains its own IT, human resource, risk management and internal control systems. See “—Information Technology” and “Risk Management—Risk Management of the Subsidiary Banks” for details. Each subsidiary bank manages its own human resource systems. Each subsidiary bank operates under its own brand name in accordance with The Provisions on Administration of Enterprise Name Registration (企業名稱登記管理規定), which require that a legal entity's name include its geographical location and the industry it engages in, and reflect its operating features. See “Supervision and Regulation—Other Requirements—Company Name” for details. In addition, the use of their own brand name also helps to enhance customer affinity with and recognition of the banks' products and services. To the best knowledge and belief of the Bank's directors, giving high levels of autonomy to the subsidiary banks and controlling these subsidiary banks through acting-in-concert agreements are not uncommon in the PRC banking industry.

The Bank is involved in the management of each subsidiary bank by guiding and monitoring the formulation and implementation of its financial and operating policies to ensure they are aligned with the Bank through its control of more than 50% of the voting rights, including through acting-in-concert agreements, in each bank and the Bank's representatives on their board of directors. Through the Bank's board representatives, the Bank also participates in each subsidiary bank's decision-making

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process to appoint and remove its president and other key personnel nominated by the president (such as the vice president and personnel responsible for financial, credit extension and audit related matters) based on their track record in implementing each subsidiary bank's business strategies and risk management and internal control policies. The Bank's directors confirm that the Bank had control over the financial and operating policies of the subsidiary banks during the Track Record Period. The Sole Sponsor concurs with such view. As of the Latest Practicable Date, the Bank had nominated the chairman and a majority of the directors of all of the subsidiary banks. The Bank does not closely monitor the daily operations of the subsidiary banks and allows them to make routine business decisions so as to ensure their autonomous operations. The following table sets forth the general decision making process of the subsidiary banks.



Notes:

- (1) The Bank controls more than 50% of the voting rights, including through acting-in-concert agreements, in each subsidiary bank.
- (2) The Bank has right to nominate the chairman and a majority of the directors of each subsidiary bank in accordance with their articles of association.
- (3) The Bank sends or designates risk management personnel to rural commercial banks and village and township banks to guide and monitor the implementation of their risk management measures and processes.
- (4) The Bank has established a village and township bank management department to help village and township banks establish strategic development plans, provide research, technology and human resource support and supervise risk management.

The Bank assists the subsidiary banks in achieving growth in their financial performance and market value by providing strategic guidance, offering training and designating professionals to improve employee competencies, and sharing experience in innovative products and services to diversify their businesses. For example, the Bank assists the village and township banks to issue debit

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cards. In addition, the Bank has established a village and township bank management department and four service centers to guide and support the operations of the village and township banks. See “—Rural Commercial Banks and Village and Township Banks—Village and Township Banks” for details.

Financial Performance of Acquired Rural Commercial Banks and Village and Township Banks

The following table sets forth the percentage contribution from entities that the Bank acquired during the Track Record Period on a cumulative basis and from the Group’s own business operations to the Group’s financial performance for the periods indicated.

	Year ended December 31,									Six months ended June 30,					
	2013			2014			2015			2015			2016		
	Net interest income ⁽³⁾	Net fee and commission income ⁽³⁾	Operating income ⁽³⁾	Net interest income ⁽³⁾	Net fee and commission income ⁽³⁾	Operating income ⁽³⁾	Net interest income ⁽³⁾	Net fee and commission income ⁽³⁾	Operating income ⁽³⁾	Net interest income ⁽³⁾	Net fee and commission income ⁽³⁾	Operating income ⁽³⁾	Net interest income ⁽³⁾	Net fee and commission income ⁽³⁾	Operating income ⁽³⁾
	(in percentages)														
Entities acquired during the Track Record Period ⁽¹⁾	—	—	—	13.7	2.3	12.9	16.6	7.1	14.2	13.6	7.6	12.4	18.9	24.2	17.5
Own operations ⁽²⁾	100.0	100.0	100.0	86.3	97.7	87.1	83.4	92.9	85.8	86.4	92.4	87.6	81.1	75.8	82.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Notes:

- (1) The Bank acquired Jilin Dehui Rural Commercial Bank, Jilin Shulan Rural Commercial Bank, Haikou United Rural Commercial Bank, Jilin Gongzhuling Rural Commercial Bank, Jilin Chuncheng Rural Commercial Bank, Lingshui Dasheng Village and Township Bank and Sanya Phoenix Village and Township Bank during the Track Record Period. Jilin Shulan Rural Commercial Bank and Haikou United Rural Commercial Bank were subsequently disposed of or unconsolidated during the Track Record Period.
- (2) Include Changbai Mountain Rural Commercial Bank and Liaoyuan Rural Commercial Bank, which were acquired in 2011 and 2012, respectively.
- (3) Calculated based on the financial statements of the Bank and each subsidiary bank without taking into account adjustments for intra-group transactions.

Entities acquired during the Track Record Period and the Group’s own operations contributed to 29.3% and 70.7%, respectively, of the increase in operating income from 2013 to 2014, 18.5% and 81.5%, respectively, of the increase in operating income from 2014 to 2015, and 26.2% and 73.8%, respectively, of the increase in operating income from the six months ended June 30, 2015 to the same period in 2016 (without taking into account adjustments for intra-group transactions).

Financial Contribution of Subsidiary Banks

As of June 30, 2016, the Group had 37 subsidiary banks, among which 21 are majority-owned and 16 are non-majority-owned.

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Majority-owned Subsidiary Banks

As of June 30, 2016, the Bank controlled and consolidated 1 rural commercial bank and 20 village and township banks, in which the Bank owned more than 50% equity interest. The following tables set forth the percentage contribution of each majority-owned rural commercial bank and village and township bank to the Group's net interest income, net fee and commission income, operating income and profit for the periods indicated.

	Year ended December 31,											
	2013			2014			2015					
	Net interest income ⁽⁵⁾	Net fee and commission income ⁽⁵⁾	Operating income ⁽⁵⁾	Profit for the year ⁽⁵⁾	Net interest income ⁽⁵⁾	Net fee and commission income ⁽⁵⁾	Operating income ⁽⁵⁾	Profit for the year ⁽⁵⁾	Net interest income ⁽⁵⁾	Net fee and commission income ⁽⁵⁾	Operating income ⁽⁵⁾	Profit for the year ⁽⁵⁾
	(in percentages)											
Liaoyuan Rural Commercial Bank	7.0%	0.3%	5.6%	8.3%	5.9%	0.2%	6.5%	7.7%	4.6%	1.6%	4.2%	5.1%
Jilin Fengman Huimin Village and Township Bank	0.1	(0.0)	0.0	0.0	2.0	0.0	1.6	0.8	3.2	4.2	2.7	2.0
Changchun Nangan Huimin Village and Township Bank	2.9	0.8	2.5	1.5	2.3	0.9	2.1	1.3	2.3	3.4	2.3	1.7
Da'an Huimin Village and Township Bank	1.6	0.3	1.4	0.7	1.3	0.1	1.1	0.5	1.4	0.1	1.3	1.1
Qingdao Pingdu Huimin Village and Township Bank	1.6	0.0	1.4	0.5	1.4	0.1	1.2	0.5	1.8	0.0	1.4	1.0
Qianan Huimin Village and Township Bank	1.3	0.2	1.1	0.3	1.2	0.1	1.1	0.4	1.4	0.2	1.1	0.9
Lujiang Huimin Village and Township Bank	1.7	(0.1)	1.6	1.2	1.1	(0.0)	1.0	0.8	0.8	0.1	0.8	0.8
Wuchang Huimin Village and Township Bank	1.1	0.1	0.9	0.7	0.8	0.1	0.7	0.5	0.9	0.1	0.8	0.8
Wenan County Huimin Village and Township Bank	1.2	(0.0)	1.0	0.2	1.1	0.1	0.9	0.4	1.0	0.2	1.0	0.8
Huadian Huimin Village and Township Bank	0.1	(0.0)	0.0	(0.6)	1.0	(0.0)	0.8	0.4	1.3	(0.0)	1.1	0.7
Anci District Huimin Village and Township Bank	1.5	0.0	1.2	0.2	1.3	0.0	1.0	0.4	1.1	0.1	1.0	0.5
Gaomi Huimin Village and Township Bank	1.7	(0.0)	1.6	1.1	1.3	0.0	1.2	0.5	1.3	0.1	1.0	0.3
Hanshan Huimin Village and Township Bank	0.7	(0.0)	0.6	0.2	0.5	(0.0)	0.5	0.2	0.5	0.0	0.5	0.2
Shuangcheng Huimin Village and Township Bank	1.3	0.1	1.1	0.6	0.8	0.0	0.6	0.2	0.8	0.1	0.6	0.2
Tongcheng Huimin Village and Township Bank	0.3	(0.0)	0.2	(0.5)	0.4	0.0	0.3	(0.0)	0.3	(0.0)	0.3	0.1
Guangzhou Huangpu Huimin Village and Township Bank	— ⁽¹⁾	— ⁽¹⁾	— ⁽¹⁾	— ⁽¹⁾	0.4	0.0	0.4	0.1	0.5	1.0	0.5	(0.1)
Qingyuan Qingxin Huimin Village and Township Bank	— ⁽²⁾	— ⁽²⁾	— ⁽²⁾	— ⁽²⁾	0.1	(0.0)	0.1	(0.3)	0.4	(0.0)	0.1	(0.2)
Wuhua Huimin Village and Township Bank	— ⁽³⁾	— ⁽³⁾	— ⁽³⁾	— ⁽³⁾	0.1	(0.0)	0.2	(0.3)	0.4	(0.0)	0.3	(0.2)
Heyang Huimin Village and Township Bank	0.0	(0.0)	0.0	0.0	0.1	(0.0)	0.1	(0.4)	0.1	(0.0)	0.1	(0.3)
Yun'an Huimin Village and Township Bank	— ⁽⁴⁾	— ⁽⁴⁾	— ⁽⁴⁾	— ⁽⁴⁾	0.1	(0.0)	0.1	(0.2)	0.1	(0.0)	0.1	(0.3)
Jingmen Dongbao Huimin Village and Township Bank	1.5	0.0	1.3	0.6	1.2	0.0	1.1	0.7	0.9	0.1	0.9	(0.7)
Total	25.6%	1.7%	21.5%	15.0%	24.4%	1.6%	22.6%	14.2%	25.1%	11.3%	22.1%	14.4%

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	Six months ended June 30,							
	2015				2016			
	Net interest income ⁽⁵⁾	Net fee and commission income ⁽⁵⁾	Operating income ⁽⁵⁾	Profit for the period ⁽⁵⁾	Net interest income ⁽⁵⁾	Net fee and commission income ⁽⁵⁾	Operating income ⁽⁵⁾	Profit for the period ⁽⁵⁾
	(unaudited)				(in percentages)			
Liaoyuan Rural Commercial Bank	4.6%	0.4%	4.1%	4.3%	4.4%	0.2%	3.5%	4.1%
Jilin Fengman Huimin Village and Township Bank	3.1	0.1	2.7	1.0	3.9	11.0	4.0	3.6
Changchun Nangan Huimin Village and Township Bank	2.5	3.0	2.3	0.6	2.1	2.4	1.9	1.8
Da'an Huimin Village and Township Bank	1.6	0.1	1.3	0.8	1.3	1.6	1.2	0.8
Qingdao Pingdu Huimin Village and Township Bank	1.8	0.1	1.5	1.0	1.5	0.0	1.2	0.7
Qianan Huimin Village and Township Bank	1.6	0.1	1.3	1.3	1.2	0.0	0.9	0.7
Huadian Huimin Village and Township Bank	1.6	(0.0)	1.4	0.7	1.0	(0.0)	0.8	0.7
Wuchang Huimin Village and Township Bank	0.9	0.1	0.8	0.7	0.8	0.0	0.7	0.7
Gaomi Huimin Village and Township Bank	1.4	0.1	1.2	0.5	1.3	0.1	1.1	0.6
Wenan County Huimin Village and Township Bank	1.2	0.2	1.0	0.4	0.9	0.1	0.7	0.4
Lujiang Huimin Village and Township Bank	0.9	(0.0)	0.9	0.8	0.9	0.0	0.7	0.4
Jingmen Dongbao Huimin Village and Township Bank	1.1	0.0	0.9	(0.5)	0.8	0.0	0.6	0.2
Shuangcheng Huimin Village and Township Bank	0.6	0.1	0.5	(0.2)	0.7	0.0	0.6	0.2
Anci District Huimin Village and Township Bank	1.2	0.1	1.0	0.1	1.0	0.1	0.8	0.1
Hanshan Huimin Village and Township Bank	0.5	(0.0)	0.4	0.1	0.4	(0.0)	0.3	0.0
Wuhua Huimin Village and Township Bank	0.3	(0.1)	0.3	(0.4)	0.5	(0.0)	0.4	(0.1)
Tongcheng Huimin Village and Township Bank	0.4	0.0	0.4	0.1	0.3	0.0	0.2	(0.1)
Heyang Huimin Village and Township Bank	0.1	(0.0)	0.1	(0.3)	0.1	(0.0)	0.1	(0.1)
Yun'an Huimin Village and Township Bank	0.1	(0.0)	0.1	(0.2)	0.1	(0.0)	0.1	(0.2)
Guangzhou Huangpu Huimin Village and Township Bank	0.5	0.4	0.5	0.1	0.4	0.6	0.4	(0.2)
Qingyuan Qingxin Huimin Village and Township Bank	0.1	0.0	0.1	(0.4)	0.1	(0.0)	0.1	(0.3)
Total	<u>26.1%</u>	<u>4.7%</u>	<u>22.8%</u>	<u>10.5%</u>	<u>23.7%</u>	<u>16.1%</u>	<u>20.3%</u>	<u>14.0%</u>

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The following table sets forth the percentage contribution of each majority-owned rural commercial banks and village and township banks to the Group's total assets as of the dates indicated.

	As of December 31,			As of
	2013	2014	2015	June 30, 2016
	(in percentages)			
Liaoyuan Rural Commercial Bank	7.7%	4.6%	3.0%	3.5%
Jilin Fengman Huimin Village and Township Bank	0.9	3.5	3.9	2.5
Changchun Nanguan Huimin Village and Township Bank	2.6	2.2	1.7	1.6
Qingdao Pingdu Huimin Village and Township Bank	1.2	1.5	1.3	1.0
Da'an Huimin Village and Township Bank	1.0	1.1	0.9	1.0
Gaomi Huimin Village and Township Bank	1.2	1.2	0.9	0.9
Qianan Huimin Village and Township Bank	1.0	1.0	0.8	0.9
Anci District Huimin Village and Township Bank	1.1	1.0	0.7	0.8
Shuangcheng Huimin Village and Township Bank	0.7	0.7	0.7	0.7
Huadian Huimin Village and Township Bank	0.6	1.1	0.7	0.7
Lujiang Huimin Village and Township Bank	1.0	0.8	0.6	0.5
Wenan County Huimin Village and Township Bank	0.8	0.8	0.6	0.5
Wuchang Huimin Village and Township Bank	0.7	0.7	0.6	0.5
Guangzhou Huangpu Huimin Village and Township Bank	— ⁽¹⁾	0.4	0.5	0.5
Jingmen Dongbao Huimin Village and Township Bank	0.8	0.7	0.5	0.4
Wuhua Huimin Village and Township Bank	— ⁽³⁾	0.3	0.3	0.4
Hanshan Huimin Village and Township Bank	0.5	0.3	0.3	0.3
Tongcheng Huimin Village and Township Bank	0.3	0.2	0.2	0.2
Yun'an Huimin Village and Township Bank	— ⁽⁴⁾	0.1	0.1	0.1
Heyang Huimin Village and Township Bank	0.1	0.2	0.1	0.1
Qingyuan Qingxin Huimin Village and Township Bank	— ⁽²⁾	0.1	0.1	0.1
Total	<u>22.2%</u>	<u>22.5%</u>	<u>18.5%</u>	<u>17.2%</u>

Notes:

- (1) The Bank has controlled and consolidated Guangzhou Huangpu Huimin Village and Township Bank since February 7, 2014.
- (2) The Bank has controlled and consolidated Qingyuan Qingxin Huimin Village and Township Bank since January 23, 2014.
- (3) The Bank has controlled and consolidated Wuhua Huimin Village and Township Bank since January 13, 2014.
- (4) The Bank has controlled and consolidated Yun'an Huimin Village and Township Bank since January 27, 2014.
- (5) Extracted from the financial statements of each subsidiary bank without taking into account adjustments for intra-group transactions.

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Non-majority-owned Subsidiary Banks

As of June 30, 2016, the Bank controlled and consolidated 4 rural commercial banks and 12 village and township banks in which the Bank owned not more than 50% equity interest. The following tables set forth the percentage contribution of each non-majority-owned rural commercial bank and village and township bank to the Group's net interest income, net fee and commission income, operating income and profit for the periods indicated.

	Year ended December 31,											
	2013				2014				2015			
	Net interest income ⁽¹³⁾	Net fee and commission income ⁽¹³⁾	Operating income ⁽¹³⁾	Profit for the year ⁽¹³⁾	Net interest income ⁽¹³⁾	Net fee and commission income ⁽¹³⁾	Operating income ⁽¹³⁾	Profit for the year ⁽¹³⁾	Net interest income ⁽¹³⁾	Net fee and commission income ⁽¹³⁾	Operating income ⁽¹³⁾	Profit for the year ⁽¹³⁾
	(in percentages)											
Jilin Dehui Rural Commercial Bank	— ⁽¹⁾	— ⁽¹⁾	— ⁽¹⁾	— ⁽¹⁾	11.7%	(0.1)%	11.0%	14.1%	10.2%	3.8%	8.4%	11.3%
Changbai Mountain Rural Commercial Bank	5.7	0.2	5.0	6.4	5.4	1.6	4.7	4.7	4.1	5.1	3.8	4.7
Jilin Gongzhuling Rural Commercial Bank	— ⁽²⁾	— ⁽²⁾	— ⁽²⁾	— ⁽²⁾	— ⁽²⁾	— ⁽²⁾	— ⁽²⁾	— ⁽²⁾	3.0	1.9	2.9	3.0
Songyuan Ningjiang Huimin Village and Township Bank	2.3	0.0	1.9	0.9	1.9	0.0	1.5	0.8	2.1	0.1	1.9	1.1
Changchun Gaoxin Huimin Village and Township Bank	0.1	0.1	0.1	(0.8)	0.6	0.6	0.5	0.0	1.8	1.6	1.5	0.7
Jilin Chuncheng Rural Commercial Bank	— ⁽³⁾	— ⁽³⁾	— ⁽³⁾	— ⁽³⁾	— ⁽³⁾	— ⁽³⁾	— ⁽³⁾	— ⁽³⁾	0.5	0.5	0.4	0.3
Huidong Huimin Village and Township Bank	— ⁽⁴⁾	— ⁽⁴⁾	— ⁽⁴⁾	— ⁽⁴⁾	0.1	0.0	0.1	(0.5)	0.5	0.0	0.4	(0.0)
Tianjin Binhai Huimin Village and Township Bank	— ⁽⁵⁾	— ⁽⁵⁾	— ⁽⁵⁾	— ⁽⁵⁾	0.4	(0.0)	0.4	0.3	0.6	(0.0)	0.5	(0.3)
Fuyu Huimin Village and Township Bank	— ⁽⁶⁾	— ⁽⁶⁾	— ⁽⁶⁾	— ⁽⁶⁾	— ⁽⁶⁾	— ⁽⁶⁾	— ⁽⁶⁾	— ⁽⁶⁾	0.0	(0.0)	0.0	(0.1)
Anping Huimin Village and Township Bank	0.0	0.0	0.0	0.0	0.2	(0.0)	0.2	(0.4)	0.4	(0.0)	0.3	(0.2)
Taonan Huimin Village and Township Bank	— ⁽⁷⁾	— ⁽⁷⁾	— ⁽⁷⁾	— ⁽⁷⁾	— ⁽⁷⁾	— ⁽⁷⁾	— ⁽⁷⁾	— ⁽⁷⁾	0.0	(0.0)	0.0	(0.2)
Baicheng Taobei Huimin Village and Township Bank	— ⁽⁸⁾	— ⁽⁸⁾	— ⁽⁸⁾	— ⁽⁸⁾	— ⁽⁸⁾	— ⁽⁸⁾	— ⁽⁸⁾	— ⁽⁸⁾	0.0	(0.0)	0.0	(0.2)
Leizhou Huimin Village and Township Bank	— ⁽⁹⁾	— ⁽⁹⁾	— ⁽⁹⁾	— ⁽⁹⁾	— ⁽⁹⁾	— ⁽⁹⁾	— ⁽⁹⁾	— ⁽⁹⁾	0.0	(0.0)	0.0	(0.6)
Lingshui Dasheng Village and Township Bank	— ⁽¹⁰⁾	— ⁽¹⁰⁾	— ⁽¹⁰⁾	— ⁽¹⁰⁾	— ⁽¹⁰⁾	— ⁽¹⁰⁾	— ⁽¹⁰⁾	— ⁽¹⁰⁾	— ⁽¹⁰⁾	— ⁽¹⁰⁾	— ⁽¹⁰⁾	— ⁽¹⁰⁾

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	Year ended December 31,											
	2013				2014				2015			
	Net interest income ⁽¹³⁾	Net fee and commission income ⁽¹³⁾	Operating income ⁽¹³⁾	Profit for the year ⁽¹³⁾	Net interest income ⁽¹³⁾	Net fee and commission income ⁽¹³⁾	Operating income ⁽¹³⁾	Profit for the year ⁽¹³⁾	Net interest income ⁽¹³⁾	Net fee and commission income ⁽¹³⁾	Operating income ⁽¹³⁾	Profit for the year ⁽¹³⁾
	(in percentages)											
Jilin Chuanying Huimin Village and Township Bank	— ⁽¹¹⁾	— ⁽¹¹⁾	— ⁽¹¹⁾	— ⁽¹¹⁾	— ⁽¹¹⁾	— ⁽¹¹⁾	— ⁽¹¹⁾	— ⁽¹¹⁾	— ⁽¹¹⁾	— ⁽¹¹⁾	— ⁽¹¹⁾	— ⁽¹¹⁾
Sanya Phoenix Village and Township Bank	— ⁽¹²⁾	— ⁽¹²⁾	— ⁽¹²⁾	— ⁽¹²⁾	— ⁽¹²⁾	— ⁽¹²⁾	— ⁽¹²⁾	— ⁽¹²⁾	— ⁽¹²⁾	— ⁽¹²⁾	— ⁽¹²⁾	— ⁽¹²⁾
Total	8.1%	0.3%	7.0%	6.5%	20.3%	2.1%	18.4%	19.0%	23.2%	13.0%	20.1%	19.5%

	Six months ended June 30,							
	2015				2016			
	Net interest income ⁽¹³⁾	Net fee and commission income ⁽¹³⁾	Operating income ⁽¹³⁾	Profit for the period ⁽¹³⁾	Net interest income ⁽¹³⁾	Net fee and commission income ⁽¹³⁾	Operating income ⁽¹³⁾	Profit for the period ⁽¹³⁾
	(unaudited)							
	(in percentages)							
Jilin Gongzhuling Rural Commercial Bank	— ⁽²⁾	— ⁽²⁾	— ⁽²⁾	— ⁽²⁾	10.7%	14.2%	8.7%	8.9%
Jilin Dehui Rural Commercial Bank	10.1	6.3	9.0	7.9	5.9	6.4	6.7	7.0
Changbai Mountain Rural Commercial Bank	4.9	4.4	4.6	9.5	3.8	0.5	3.0	4.2
Jilin Chuncheng Rural Commercial Bank	— ⁽³⁾	— ⁽³⁾	— ⁽³⁾	— ⁽³⁾	2.1	3.6	2.0	2.3
Changchun Gaoxin Huimin Village and Township Bank	1.4	1.5	1.2	(0.4)	1.8	0.9	1.6	1.3
Lingshui Dasheng Village and Township Bank	— ⁽¹⁰⁾	— ⁽¹⁰⁾	— ⁽¹⁰⁾	— ⁽¹⁰⁾	0.2	(0.0)	0.1	0.1
Anping Huimin Village and Township Bank	0.5	(0.0)	0.4	(0.1)	0.5	0.0	0.4	0.0
Songyuan Ningjiang Huimin Village and Township Bank	2.1	0.1	1.8	0.3	1.8	1.6	1.6	0.0
Huidong Huimin Village and Township Bank	0.5	(0.0)	0.4	(0.3)	0.5	(0.0)	0.4	(0.1)
Fuyu Huimin Village and Township Bank	— ⁽⁶⁾	— ⁽⁶⁾	— ⁽⁶⁾	— ⁽⁶⁾	0.1	(0.0)	0.1	(0.2)
Jilin Chuanying Huimin Village and Township Bank	— ⁽¹¹⁾	— ⁽¹¹⁾	— ⁽¹¹⁾	— ⁽¹¹⁾	0.1	(0.0)	0.0	(0.2)
Leizhou Huimin Village and Township Bank	0.0	(0.0)	0.0	(0.8)	0.0	(0.0)	0.0	(0.2)
Taonan Huimin Village and Township Bank	— ⁽⁷⁾	— ⁽⁷⁾	— ⁽⁷⁾	— ⁽⁷⁾	0.2	(0.0)	0.1	(0.3)
Baicheng Taobei Huimin Village and Township Bank	— ⁽⁸⁾	— ⁽⁸⁾	— ⁽⁸⁾	— ⁽⁸⁾	0.2	(0.0)	0.1	(0.2)
Tianjin Binhai Huimin Village and Township Bank	0.7	(0.0)	0.6	0.0	0.4	(0.0)	0.3	(0.6)
Sanya Phoenix Village and Township Bank	— ⁽¹²⁾	— ⁽¹²⁾	— ⁽¹²⁾	— ⁽¹²⁾	— ⁽¹²⁾	— ⁽¹²⁾	— ⁽¹²⁾	— ⁽¹²⁾
Total	20.2%	12.3%	18.0%	16.1%	28.3%	27.2%	25.1%	22.0%

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The following table sets forth the percentage contribution of each non-majority-owned rural commercial banks and village and township banks to the Group's total assets as of the dates indicated.

	As of December 31,			As of June 30,
	2013	2014	2015	2016
	Total assets⁽¹³⁾			
	(in percentages)			
Jilin Gongzhuling Rural Commercial Bank	— ⁽²⁾	— ⁽²⁾	7.4%	8.1%
Jilin Dehui Rural Commercial Bank	11.8	9.6	6.2	7.7
Jilin Chuncheng Rural Commercial Bank	— ⁽³⁾	— ⁽³⁾	2.1	3.3
Changbai Mountain Rural Commercial Bank	3.6	3.2	2.0	2.8
Songyuan Ningjiang Huimin Village and Township Bank	1.4	1.7	1.4	1.6
Changchun Gaoxin Huimin Village and Township Bank	0.7	1.4	1.5	1.6
Tianjin Binhai Huimin Village and Township Bank	— ⁽⁵⁾	0.7	0.6	0.6
Huidong Huimin Village and Township Bank	— ⁽⁴⁾	0.3	0.4	0.4
Baicheng Taobei Huimin Village and Township Bank	— ⁽⁸⁾	— ⁽⁸⁾	0.1	0.4
Taonan Huimin Village and Township Bank	— ⁽⁷⁾	— ⁽⁷⁾	0.1	0.3
Jilin Chuanying Huimin Village and Township Bank	— ⁽¹¹⁾	— ⁽¹¹⁾	— ⁽¹¹⁾	0.3
Anping Huimin Village and Township Bank	0.1	0.4	0.2	0.2
Fuyu Huimin Village and Township Bank	— ⁽⁶⁾	— ⁽⁶⁾	0.1	0.2
Lingshui Dasheng Village and Township Bank	— ⁽¹⁰⁾	— ⁽¹⁰⁾	0.1	0.1
Leizhou Huimin Village and Township Bank	— ⁽⁹⁾	— ⁽⁹⁾	0.0	0.0
Sanya Phoenix Village and Township Bank	— ⁽¹²⁾	— ⁽¹²⁾	— ⁽¹²⁾	0.0
Total	<u>17.6%</u>	<u>17.3%</u>	<u>22.2%</u>	<u>27.6%</u>

Note:

- (1) The Bank has controlled and consolidated Jilin Dehui Rural Commercial Bank since December 30, 2013.
- (2) The Bank has controlled and consolidated Jilin Gongzhuling Rural Commercial Bank since October 12, 2015.
- (3) The Bank has controlled and consolidated Jilin Chuncheng Rural Commercial Bank since October 12, 2015.
- (4) The Bank has controlled and consolidated Huidong Huimin Village and Township Bank since November 21, 2014.
- (5) The Bank has controlled and consolidated Tianjin Binhai Huimin Village and Township Bank since June 11, 2014.
- (6) The Bank has controlled and consolidated Fuyu Huimin Village and Township Bank since December 14, 2015.
- (7) The Bank has controlled and consolidated Taonan Huimin Village and Township Bank since December 11, 2015.
- (8) The Bank has controlled and consolidated Baicheng Taobei Huimin Village and Township Bank since November 23, 2015.
- (9) The Bank has controlled and consolidated Leizhou Huimin Village and Township Bank since March 25, 2015.
- (10) The Bank has controlled and consolidated Lingshui Dasheng Village and Township Bank since December 31, 2015.
- (11) The Bank has controlled and consolidated Jilin Chuanying Huimin Village and Township Bank since January 21, 2016.
- (12) The Bank has controlled and consolidated Sanya Phoenix Village and Township Bank since June 22, 2016.
- (13) Extracted from the financial statements of each subsidiary bank without taking into account adjustments for intra-group transactions.

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Key Financial Data of Top Five Subsidiary Banks

The following tables set forth the selected profit or loss data and financial position data of the Group's top five rural commercial banks and village and township banks by operating income for the periods indicated.

	Year ended December 31, 2013				As of December 31, 2013			
	Net interest income ⁽³⁾	Net fee and commission income ⁽³⁾	Operating income ⁽³⁾	Operating profit ⁽³⁾	Profit for the year ⁽³⁾	Loans and advances to customers ⁽³⁾	Deposits from customers ⁽³⁾	Total assets ⁽³⁾
(in millions of RMB)								
Liaoyuan Rural Commercial Bank	102.6	0.4	101.3	55.0	45.0	1,749.1	2,808.6	4,260.6
Changbai Mountain Rural Commercial Bank	83.3	0.4	91.3	47.0	34.8	1,047.7	1,657.2	1,971.1
Changchun Nanguan Huimin Village and Township Bank	43.0	1.3	45.0	10.9	8.1	657.3	1,234.1	1,422.1
Songyuan Ningjiang Huimin Village and Township Bank	33.3	0.0	34.0	6.2	4.6	427.0	732.2	789.5
Lujiang Huimin Village and Township Bank	24.3	(0.1)	28.8	8.6	6.5	283.8	528.2	575.7

	Year ended December 31, 2014				As of December 31, 2014			
	Net interest income ⁽³⁾	Net fee and commission income ⁽³⁾	Operating income ⁽³⁾	Operating profit ⁽³⁾	Profit for the year ⁽³⁾	Loans and advances to customers ⁽³⁾	Deposits from customers ⁽³⁾	Total assets ⁽³⁾
(in millions of RMB)								
Jilin Dehui Rural Commercial Bank	298.8	(0.2)	356.3	213.6	173.3	3,848.7	6,827.4	7,856.4
Liaoyuan Rural Commercial Bank	150.8	0.5	211.8	124.2	94.7	2,255.6	3,292.5	3,741.3
Changbai Mountain Rural Commercial Bank	137.8	4.8	150.9	76.4	57.8	1,272.3	1,885.8	2,601.4
Changchun Nanguan Huimin Village and Township Bank	58.1	2.7	69.5	19.0	16.1	998.7	1,646.9	1,796.1
Haikou United Rural Commercial Bank	52.9	7.2	61.5	12.2	9.1	380.7	1,294.5	2,622.8

	Year ended December 31, 2015				As of December 31, 2015			
	Net interest income ⁽³⁾	Net fee and commission income ⁽³⁾	Operating income ⁽³⁾	Operating profit ⁽³⁾	Profit for the year ⁽³⁾	Loans and advances to customers ⁽³⁾	Deposits from customers ⁽³⁾	Total assets ⁽³⁾
(in millions of RMB)								
Jilin Dehui Rural Commercial Bank	343.4	8.5	359.2	211.5	158.2	4,476.0	7,745.4	8,803.6
Liaoyuan Rural Commercial Bank	155.3	3.6	178.2	93.5	71.0	2,222.1	3,670.1	4,317.9
Changbai Mountain Rural Commercial Bank	139.3	11.4	162.9	68.7	66.2	1,415.3	2,128.1	2,885.2
Jilin Gongzhuling Rural Commercial Bank	100.6	4.2	121.7	71.6	42.5	5,212.7	7,758.0	10,506.4
Jilin Fengman Huimin Village and Township Bank	107.5	9.4	116.5	38.3	27.7	1,067.9	5,169.4	5,460.1

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	Six months ended June 30, 2015				
	Net interest income ⁽³⁾	Net fee and commission income ⁽³⁾	Operating income ⁽³⁾	Operating profit ⁽³⁾	Profit for the period ⁽³⁾
	(unaudited) (in millions of RMB)				
Jilin Dehui Rural Commercial Bank	143.2	5.1	150.2	61.2	43.9
Changbai Mountain Rural Commercial Bank	69.6	3.6	76.0	52.2	52.6
Liaoyuan Rural Commercial Bank	65.1	0.3	67.9	33.6	24.0
Jilin Shulan Rural Commercial Bank	49.1	1.1	55.9	18.5	15.3
Jilin Fengman Huimin Village and Township Bank	44.3	0.0	44.2	7.3	5.4

	Six months ended June 30, 2016					As of June 30, 2016		
	Net interest income ⁽³⁾	Net fee and commission income ⁽³⁾	Operating income ⁽³⁾	Operating profit ⁽³⁾	Profit for the period ⁽³⁾	Loans and advances to customers ⁽³⁾	Deposits from customers ⁽³⁾	Total assets ⁽³⁾
	(in millions of RMB)							
Jilin Gongzhuling Rural Commercial Bank	221.3	37.1	231.0	122.7	92.0	5,489.0	9,930.1	12,937.2
Jilin Dehui Rural Commercial Bank	121.3	16.7	176.7	94.4	72.3	4,452.1	8,490.5	12,344.4
Jilin Fengman Huimin Village and Township Bank	79.5	28.7	105.6	50.6	37.6	817.6	3,705.2	4,047.6
Liaoyuan Rural Commercial Bank	90.8	0.5	93.6	57.4	42.7	2,206.7	3,486.9	5,563.5
Changbai Mountain Rural Commercial Bank	78.8	1.2	79.4	54.1	43.6	1,667.8	2,417.0	4,432.2

The following tables set forth the selected profit or loss data and financial position data of the Group's top five rural commercial banks and village and township banks by total assets as of the dates indicated.

	Year ended December 31, 2013					As of December 31, 2013		
	Net interest income ⁽³⁾	Net fee and commission income ⁽³⁾	Operating income ⁽³⁾	Operating profit ⁽³⁾	Profit for the year ⁽³⁾	Loans and advances to customers ⁽³⁾	Deposits from customers ⁽³⁾	Total assets ⁽³⁾
	(in millions of RMB)							
Jilin Dehui Rural Commercial Bank	— ⁽¹⁾	— ⁽¹⁾	— ⁽¹⁾	— ⁽¹⁾	— ⁽¹⁾	2,833.4	5,609.1	6,530.6
Liaoyuan Rural Commercial Bank	102.6	0.4	101.3	55.0	45.0	1,749.1	2,808.6	4,260.6
Changbai Mountain Rural Commercial Bank	83.3	0.4	91.3	47.0	34.8	1,047.7	1,657.2	1,971.1
Changchun Nangan Huimin Village and Township Bank	43.0	1.3	45.0	10.9	8.1	657.3	1,234.1	1,422.1
Songyuan Ningjiang Huimin Village and Township Bank	33.3	0.0	34.0	6.2	4.6	427.0	732.2	789.5

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	Year ended December 31, 2014					As of December 31, 2014		
	Net interest income ⁽³⁾	Net fee and commission income ⁽³⁾	Operating income ⁽³⁾	Operating profit ⁽³⁾	Profit for the year ⁽³⁾	Loans and advances to customers ⁽³⁾	Deposits from customers ⁽³⁾	Total assets ⁽³⁾
	(in millions of RMB)							
Jilin Dehui Rural Commercial Bank	298.8	(0.2)	356.3	213.6	173.3	3,848.7	6,827.4	7,856.4
Jilin Shulan Rural Commercial Bank	— ⁽²⁾	— ⁽²⁾	— ⁽²⁾	— ⁽²⁾	— ⁽²⁾	2,359.5	3,895.5	4,617.0
Liaoyuan Rural Commercial Bank	150.8	0.5	211.8	124.2	94.7	2,255.6	3,292.5	3,741.3
Jilin Fengman Huimin Village and Township Bank	50.2	0.0	50.9	13.3	10.0	341.3	2,701.0	2,837.5
Haikou United Rural Commercial Bank	52.9	7.2	61.5	12.2	9.1	380.7	1,294.5	2,622.8
	Year ended December 31, 2015					As of December 31, 2015		
	Net interest income ⁽³⁾	Net fee and commission income ⁽³⁾	Operating income ⁽³⁾	Operating profit ⁽³⁾	Profit for the year ⁽³⁾	Loans and advances to customers ⁽³⁾	Deposits from customers ⁽³⁾	Total assets ⁽³⁾
	(in millions of RMB)							
Jilin Gongzhuling Rural Commercial Bank	100.6	4.2	121.7	71.6	42.5	5,212.7	7,758.0	10,506.4
Jilin Dehui Rural Commercial Bank	343.4	8.6	359.2	211.5	158.2	4,476.0	7,745.4	8,803.6
Jilin Fengman Huimin Village and Township Bank	107.5	9.4	116.5	38.3	27.7	1,067.9	5,169.4	5,460.1
Liaoyuan Rural Commercial Bank	155.3	3.6	178.2	93.5	71.0	2,222.1	3,670.1	4,317.9
Jilin Chuncheng Rural Commercial Bank	16.3	1.2	17.2	5.0	3.7	905.9	2,306.6	2,944.6
	Six months ended June 30, 2016					As of June 30, 2016		
	Net interest income ⁽³⁾	Net fee and commission income ⁽³⁾	Operating income ⁽³⁾	Operating profit ⁽³⁾	Profit for the period ⁽³⁾	Loans and advances to customers ⁽³⁾	Deposits from customers ⁽³⁾	Total assets ⁽³⁾
	(in millions of RMB)							
Jilin Gongzhuling Rural Commercial Bank	221.3	37.1	231.0	122.7	92.0	5,489.0	9,930.1	12,937.2
Jilin Dehui Rural Commercial Bank	121.3	16.7	176.7	94.4	72.3	4,452.1	8,490.5	12,344.4
Liaoyuan Rural Commercial Bank	90.8	0.5	93.6	57.4	42.7	2,206.7	3,486.9	5,563.5
Jilin Chuncheng Rural Commercial Bank	43.5	9.3	52.8	31.6	24.0	1,565.5	3,448.5	5,200.0
Changbai Mountain Rural Commercial Bank	78.8	1.2	79.4	54.1	43.6	1,667.8	2,417.0	4,432.2

Notes:

- (1) The Bank has controlled and consolidated Jilin Dehui Rural Commercial Bank since December 30, 2013.
- (2) The Bank has controlled and consolidated Jilin Shulan Rural Commercial Bank from December 31, 2014 to December 10, 2015.
- (3) Extracted from the financial statements of each subsidiary bank without taking into account adjustments for intra-group transactions.

INFORMATION TECHNOLOGY

The Bank believes that the use of information technology (“IT”) is crucial to the effective operation and performance of the Group’s business and the Group’s future success and growth. Major operational and management functions that rely on information technology include general operations, customer service, product management, risk management and financial management.

Operation and Safety of IT Systems

Jilin Technology, a wholly-owned subsidiary of Jilin Province Rural Credit Union, develops, operates and maintains the core operating systems (primarily including general business system, payment system, encrypted platform, business channels and credit management system) of the Bank, and the 5 rural commercial banks and 13 of the village and township banks that the Bank controls and consolidates. The core operating systems of the other 19 village and township banks that the Bank controls and consolidates are developed, operated and maintained by two renowned IT service providers. All of the Group's IT service providers are regulated by CBRC. The Group also entrusts Jilin Technology and the two IT service providers to manage and maintain the databases of the Bank and the Group's subsidiary banks.

The Group does not have an integrated IT systems for all its subsidiary banks principally because (i) all of the subsidiary banks acquired by the Bank already had their own pre-existing IT systems; (ii) none of the subsidiary banks had suffered any material IT system failures during the Track Record Period; (iii) the Bank has not been required by the relevant governmental authorities to unify the IT systems of the subsidiary banks; and (iv) all of the IT services providers are regulated by CBRC and are experienced in handling, managing and maintaining IT systems for PRC banks that are similar to the Group's subsidiary banks.

The Group does not have an integrated IT system and risk management system for all of the village and township banks established by the Bank because (i) the scale of the village and township banks is relatively small and the businesses of those banks are relatively simple; and the Bank must ensure the autonomous operation of each of its village and township banks and may not manage them in the same way as it manages its branches and sub-branches in accordance with the Guidance of the CBRC on Further Promoting the Healthy Development of Village and Township Banks; (ii) the Bank requires its village and township banks to upload financial data through a consolidated financial reporting system on a monthly, quarterly, semi-annual and annual basis to monitor and assess the Group's overall risk exposure; (iii) none of the village and township banks had suffered any material IT system failure during the Track Record Period; and (iv) substantial costs may be incurred if the Bank integrates the IT system and risk management system used by its village and township banks.

The Bank and the subsidiary banks entered into maintenance service agreements of ten years, three years and three years, respectively, with Jilin Technology and the two IT service providers. Pursuant to these agreements, they agreed to compensate the Bank and the relevant subsidiary banks for any reasonably foreseeable losses from their failure to fulfill their contractual obligations, and indemnify the Bank and the relevant subsidiary banks against data breaches. They also undertook to preserve the confidentiality of the data they receive from the Bank and the relevant subsidiary banks and to return and/or destroy the data received upon the termination of the service agreements. The Bank believes the arrangements of the Bank and the subsidiary banks with Jilin Technology and the two IT service providers are in line with the practice of other PRC rural commercial banks, and enable them to better manage IT risks and improve customer services.

The Bank also engages a reputable third-party developer to develop a proprietary secondary operating system, primarily including intermediary business platform, integrated distribution platform, a system for certificates of deposit, an online loan system and a data platform.

The Bank and each subsidiary bank evaluate their IT services providers from time to time to ensure the services meet their internal control standards. During the Track Record Period and up to the

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Latest Practicable Date, none of the Bank nor any of the Group's subsidiary banks had switched IT service providers because of service quality issues, or had any disputes with their IT service providers. The Bank and the subsidiary banks do not expect to have material technical barriers to switching operating systems or difficulty in finding other service providers to manage operating systems that are compatible with their existing database, or have any difficulty in renewing the existing service agreements in light of the long term business relationship with the IT service providers.

The Group has a dedicated IT service team of 53 professions. They coordinate with the Group's IT service providers for the operation and maintenance of the Group's operating systems, including daily operation and maintenance, online testing, emergency drills, and providing feedback for problems encountered during the operation of the systems.

To ensure business continuity, the Bank and the subsidiary banks concurrently back up all of their core operational data to the data centers of their IT service providers and to disaster recovery centers in Jilin province, Beijing, Shanghai, Shandong and Shaanxi. This enables them to deal with disruptions, achieve real-time data transfer and avoid data loss.

In addition to stringent safety measures adopted by IT service providers, the Bank and each subsidiary bank have also implemented safeguards to maintain the confidentiality, integrity and availability of the information resources. These safeguards include firewalls, anti-virus measures, data encryption, user authentication and authorization, intrusion prevention and detection. As of the Latest Practicable Date, none of the Bank nor any of the Group's subsidiary banks had suffered any material IT system failures.

IT Risk Management

To manage IT risks, the Bank has established a three-tier system that includes IT department, risk management department and audit department. In addition, each subsidiary bank has formulated comprehensive procedures and policies to manage IT risks. See "Risk Management—Risk Management of the Bank—IT Risk Management" and "Risk Management—Risk Management of the Subsidiary Banks—IT Risk Management".

COMPETITION

The banking industry in China is becoming increasingly competitive. The principal competitive factors include capital strength, risk management, asset quality, distribution network, customer base, brand recognition, quality of products and services and pricing. The Group mainly faces competition from other banks, including state-owned commercial banks, joint stock commercial banks, city commercial banks and other small and medium-sized rural financial institutions that operate in the areas where it operates businesses. The Group also competes with non-bank financial institutions. For example, the Group competes with small loan companies in providing financing for small and micro enterprises and with insurance companies in attracting customer funds. Internet finance service providers also exert competitive pressures on the Group's businesses. Some competitors have larger client bases, more extensive experience and greater financial resources than the Group does. The Group faces competition in attracting and retaining talent. The Group's ability to compete effectively depends on whether it can attract, retain and motivate talent.

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EMPLOYEES

As of June 30, 2016, the Group had 5,455 employees. The table below sets forth its number of full-time employees by function as of the same date:

	<u>Number of Employees</u>	<u>Percentage</u>
Retail banking	2,961	54.3%
Management	810	14.8%
Finance and accounting	479	8.8%
Corporate banking	446	8.2%
Risk management, internal audit and legal and compliance	158	2.9%
Treasury operations	110	2.0%
Information technology	53	1.0%
Others ⁽¹⁾	438	8.0%
Total	<u>5,455</u>	<u>100.0%</u>

Note:

(1) Primarily include general office and security office.

As of June 30, 2016, more than 48.7% of its employees had a bachelor's degree or higher.

The Group's full-time employees participate in various employee benefit plans, such as pension insurance, medical insurance, work related injury insurance, unemployment insurance, maternity insurance, housing fund and corporate annuity funds. In addition, the Group provides supplementary medical insurance to its employees.

The Group conducts performance evaluations of employees annually to provide feedback on performance. Compensation for full-time employees typically consists of a base salary and a discretionary bonus. The Group determines employee discretionary bonuses at the end of each year based on employee performance and its results of operations.

The Group focuses on employee career development and provide training programs tailored to employees in different business lines. The Bank has built a team of 100 trainers through its internal trainer program. The Bank also collaborates with PRC institutions of higher education to recruit and train employees. For example, the Bank has established a simulated banking and training center to enhance employee professional skills. The Bank emphasizes internal recruiting and employee training. In 2015, the Bank launched "Financial Special Forces" (金融特種兵), a management training program to select and train outstanding management personnel and provide employees with opportunities to enhance professional knowledge and develop leadership skills.

The Bank and each subsidiary bank has a labor union established in accordance with PRC laws and regulations. The Bank believes that the Bank and each subsidiary bank has maintained a good working relationship with its employees. As of the Latest Practicable Date, none of the Bank nor any of the Group's subsidiary banks had experienced any labor strikes or other labor disturbances that materially affected the Group's operations or public image.

In addition to full-time employees, as of June 30, 2016, the Group also had 471 contract staff from third-party human resources agencies. These contract staff are not the Group's employees. Instead, they have entered into employment contracts with third-party human resources agencies. They generally serve in non-key positions, such as bank tellers and customer service officers. The Bank and

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the subsidiary banks make advance payments to the third-party agencies, who then pay salaries to and make social security contributions for independent contract staff.

PROPERTIES

The Bank's headquarters is located at 504 Xinhua Main Street, Jiutai District, Changchun, Jilin, the PRC.

Owned Properties

Buildings

As of the Latest Practicable Date, the Group owned and occupied 481 properties with an aggregate GFA of approximately 227,786.1 square meters in the PRC. These properties were mainly used as premises for business operations and offices. As of the Latest Practicable Date, the Group had not obtained title certificates for 158 properties with a total GFA of approximately 75,688.0 square meters, representing approximately 33.2% of the total GFA of the properties it owned and occupied. The Group had obtained letters from the competent local authorities concerning 113 properties with a total GFA of approximately 37,479.8 square meters (representing 49.5% of the total GFA of the properties with defective titles), confirming, among other things, that the absence of title certificates was not the Group's fault and the Group would not be forced to relocate due to the title defects. The Group had also obtained letters from the developers of the 20 properties with defective titles, with a total GFA of approximately 29,120.6 square meters (representing 38.5% of the total GFA of the properties with defective titles), undertaking that they will complete the procedures for obtaining building ownership certificates or separation of state-owned land use right certificates within the prescribed periods, and to compensate the Group for any actual loss suffered if they fail to do so. See below for details.

- The Group has obtained building ownership certificates and corresponding land use rights certificates through transfer or lease for 323 properties with a total GFA of approximately 152,098.1 square meters (representing approximately 66.8% of the total GFA of the properties the Group owned and occupied). King & Wood Mallesons, the Bank's PRC legal adviser, is of the view that the Group has legal title to these properties and the land use rights for the land occupied by these properties, and that the Group has the right to legally occupy, use, transfer, lease, pledge or otherwise dispose of such properties.
- The Group has obtained building ownership certificates and corresponding land use rights certificates for two properties with a total GFA of approximately 612 square meters (representing approximately 0.3% of the total GFA of properties the Group owned and occupied). However, the Group obtained these land use rights by government allocation. These properties were mainly used as premises for business operations and offices. King & Wood Mallesons, the Bank's PRC legal adviser, is of the view that there is no substantial legal impediment on the Group's occupation and use of such properties, but the Group may only transfer, lease or pledge such properties after the Group obtains land use rights for the land occupied by such properties through legal transfer or lease.
- The Group has obtained building ownership certificates and corresponding collectively-owned land use right certificates for five properties with a total GFA of approximately 1,039.8 square meters (representing approximately 0.5% of the total GFA of the properties the Group owned and occupied). These properties were mainly used as premises for

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business operations and offices. King & Wood Mallesons, the Bank's PRC legal adviser, is of the view that there is no substantial legal impediment for the Group to occupy and use these properties.

- The Group has obtained building ownership certificates for 90 properties with a total GFA of approximately 36,111.2 square meters (representing approximately 15.9% of the total GFA of the properties the Group owned and occupied). However, the Group has not obtained corresponding land use rights certificates for these properties. These properties were mainly used as premises for business operations and offices. Among these, the Group has not obtained land use right certificates for 20 properties with a total GFA of approximately 12,369.6 square meters (representing approximately 5.4% of the total GFA of the properties the Group owned and occupied) because they could not be separated by the real estate developers. The Group has not obtained land use right certificates for 70 properties with a total GFA of approximately 23,741.7 square meters (representing approximately 10.4% of the total GFA of the properties the Group owned and occupied) because the required procedures for property construction have not been completed, the original owners are unwilling to cooperate for historical reasons. Among the above 90 properties, the Group has obtained a letter from the competent local land and resources administrative authorities for 84 properties with a total GFA of 32,277.8 square meters (representing approximately 14.2% of the total GFA of the properties the Group owned and occupied) confirming that (i) the absence of corresponding land use right certificates for the land occupied by these properties is not due to reasons caused by the Group (ii) the application procedures for the land use right certificates for the land occupied by these properties are in progress; (iii) the Group can continue to occupy and use the above land prior to the issue of land use rights certificates for the land occupied by such properties, the current legal status of the above land will not have any impact on the Group's use of the land in the course of its daily operation and the competent land and resources administrative authorities will not impose any administrative penalty on the Group due to its use of such land; (iv) there is not any challenge from any third party to the Group's occupation and use of the above land, and there has not been any application for land use right certificates of the land occupied by such properties submitted by any third parties; (v) the Group is not exposed to any risk that may be forced to relocate due to the current legal status of the above land. King & Wood Mallesons, the Bank PRC legal adviser, is of the view that there is no substantial legal impediment on the Group's occupation and use of such properties, but the Group may not freely transfer, pledge or otherwise dispose of these properties until the Group obtains the relevant land use rights certificates. In the event that the land on which these properties stand is auctioned or disposed of as a result of any action taken by the owner of the land use rights, these properties will also be auctioned or disposed. As a result, the Group could lose ownership of these properties, but the Group will be entitled to the proceeds of any such auction or disposal. As these properties are distributed in different regions, the possibility of all or most of the land use rights and properties being auctioned or disposed concurrently is relatively low.
- The Group has obtained land use rights certificates through transfer for three properties with a total GFA of approximately 164 square meters (representing approximately 0.1% of the total GFA of the properties the Group owned and occupied). However, the Group has not obtained the corresponding building ownership certificates for these properties. These properties were mainly used as premises for business operations and offices. the Group

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has obtained a letter from the competent local land and resources administrative authorities for confirming that (i) the absence of the above building ownership certificates is not due to reasons caused by the Group (ii) the application procedures for the above building ownership certificates are in progress; (iii) the Group can continue to occupy and use the above land prior to the issue of the above building ownership certificates, the current legal status of the above land will not have any impact on the use of the land by the Group in the course of its daily operation and the competent housing administrative authorities will not impose any administrative penalty on the Group's due to its use of such land; (iv) there is not any challenge from any third party to the Group's occupation and use of the above land, and there has not been any application for building ownership certificates of the above properties submitted by any third parties; (v) the Group is not exposed to any risk that it may be forced to relocate due to the current legal status of the above properties. King & Wood Mallesons, the Bank's PRC legal adviser, is of the view that the Group will not have the right to legally occupy, use, transfer, lease, pledge or otherwise dispose of these properties until the Group obtains the relevant building ownership certificates of these properties.

- The Group has obtained land use rights certificates through government allocation for two properties with a total GFA of approximately 326 square meters (representing approximately 0.1% of the total GFA of the properties the Group owned and occupied). These properties were mainly used as premises for business operations and offices. However, the Group has not obtained the corresponding building ownership certificates for these properties. These properties are mainly used as outlets or offices. King & Wood Mallesons, the Bank's PRC legal adviser, is of the view that the Group will not have the right to legally occupy, use, transfer, lease, pledge or otherwise dispose of these properties and land until it obtains the relevant building ownership certificates of these properties and the land use rights certificates for the land occupied by such buildings through transfer or lease.
- The Group has purchased 20 properties with a total GFA of approximately 29,120.6 square meters (representing approximately 12.8% of the total GFA of the properties the Group owned and occupied). These properties were mainly used as premises for business operations and offices. The Group has not yet obtained building ownership certificates for these properties or the land use right certificates for the land occupied by these properties. The real estate developers of the aforesaid 20 properties have provided letters to prove they are in the process of completing the initial registration and promise to (i) complete the procedures for obtaining the building ownership certificates within 30 days upon the completion of the initial registration; (ii) apply for land use right certificates for the Group upon satisfaction of conditions and within 30 days of the beginning of the application period for the separation of state-owned land use rights certificates with the competent local land authorities; (iii) compensate for any actual loss suffered by the Group if it fails to complete the procedures for the obtaining of building ownership certificates or separation of state-owned land use right certificates within the above prescribed periods. King & Wood Mallesons, the Bank's PRC legal adviser, is of the view that the sellers of the above 20 properties have obtained legal and valid pre-sale permits and the Group has made payments for the acquisitions according to the contracts. The relevant sale and purchase contracts comply with the applicable PRC laws.

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- The Group has not obtained building ownership certificates or land use rights certificates for 36 properties with a total GFA of approximately 8,314.3 square meters (representing approximately 3.7% of the total GFA of the properties the Group owned and occupied) due to historical reasons. These properties were mainly used as premises for business operations and offices. Among these properties, the Group has obtained a letter from the competent local housing administrative authorities and land and resources administrative authorities for 26 properties with a total GFA of approximately 5,038.0 square meters (representing approximately 2.2% of the total GFA of the properties the Group owned and occupied), confirming that (i) the absence of the building ownership certificates for these properties and the land use right certificates for the land occupied by these properties is not due to any reason caused by the Group (ii) application procedures for building ownership certificates for these properties and the land use right certificates for the land occupied by these properties are in progress; (iii) the Group can continue to occupy and use the above properties and land prior to the issue of building ownership certificates for these properties and land use rights certificates for the land occupied by these properties, the current legal status of the above land will not have any impact on using the land in the course of the Group daily operation and the competent authorities will not impose any administrative penalty on the Group due to its use of such properties and land; (iv) there is not any challenge from any third party on the occupation and use of these properties and land occupied by these properties, and there has not been any application for the building ownership certificates of these properties or the land use right certificates of the land occupied by these properties submitted by any third parties; (v) the Group is not exposed to any risk that it may be forced to relocate due to the current legal status of such properties and the land occupied by such properties. King & Wood Mallesons, the Bank's PRC legal adviser, is of the view that the Group will not have the right to legally occupy, use, transfer, lease, pledge or otherwise dispose of these properties until the Group obtains the relevant building ownership certificates of such properties and the land use rights certificates for the land occupied by such properties through transfer or lease.

Land

The Group has occupied one parcel of land of approximately 25,827.0 square meters, and has obtained the land use right certificates for this land through transfer. King & Wood Mallesons, the Bank's PRC legal adviser, is of the view that the Group has the right to legally occupy, use, transfer, lease, pledge, or otherwise dispose of the land use rights of such land within the permitted use period.

For the abovementioned properties with title defects, the Group is actively negotiating with the competent authorities and applying for the relevant building ownership certificates and land use rights.

As of the Latest Practicable Date, the Group had not experienced any material adverse effect on its business operations as a result of the aforementioned properties with title defects. There were no such situations in which the Group was required to stop using the aforementioned properties or was subject to penalties or compensations by the relevant government authorities or any third parties. The Bank's directors are of the view that none of the properties with defective title is, individually or in the aggregate, crucial to the Group's operations, that the Bank believes the Group can replace such properties with title defects with similar alternative properties if necessary, and that the cost for such replacement will not have a material adverse effect on the Group's operations and financial condition.

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In addition, the Bank's directors are also of the view that such properties with defective titles are generally in good condition and are safe for the Group to use.

As of the Latest Practicable Date, no single property accounted for 15% or more of the Group's total assets by book value. The Bank's directors believe that this prospectus is exempt from the requirements under Chapter 5 of the Hong Kong Listing Rules and Section 342(1)(b) of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described in paragraph 34(2) in the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Leased Properties

As of June 30, 2016, the Group had leased 337 properties with an aggregate GFA of approximately 173,045.7 square meters in the PRC. These leased properties are mainly used as outlets and offices.

- Lessors of 201 leased properties (with an aggregate GFA of approximately 106,958.4 square meters, representing approximately 61.8% of the total GFA of the Group's leased properties) had valid title certificates or relevant authorization documents from owners of these properties evidencing their rights to sublet or lease such properties. King & Wood Mallesons, the Bank's PRC legal adviser, is of the view that the lessors are entitled to lease these properties and the leasing agreements are legal and valid.
- Lessors of 136 leased properties (with an aggregate GFA of approximately 66,087.3 square meters, representing approximately 38.2% of the total GFA of the Group's leased properties) have not provided valid title certificates or relevant authorization documents evidencing their rights to lease the properties. These properties are mainly used as the Group's outlets or offices. The Group has actively urged the lessors to provide the Group with title certificates. Among these properties, the lessors of 120 of these properties (with an aggregate GFA of approximately 57,250.9 square meters, representing approximately 33.1% of the total GFA of the Group's leased properties) have provided written undertakings to confirm that they have legitimate leasing rights and undertake to compensate the Group for all losses if there are defective rights for the leased properties. King & Wood Mallesons, the Bank's PRC legal adviser, is of the view that if lessors do not possess title of such properties or the relevant authorization from the owners to lease such properties, the lessors do not have rights to lease such properties. Any objection raised by any third party to the validity of the lease may affect the Group's leasing of such properties. However, the Group may still raise a claim against the lessors based on the written undertakings provided by the lessors. In addition, if the lessors enter into several leasing agreements for the same properties, the Group may be deemed as the legal lessee of such properties according to the relevant judicial interpretation.

As of June 30, 2016, the Group has entered into 337 leasing agreements with third parties in respect of leased properties. As of the Latest Practicable Date, 25 of the above leasing agreements have completed lease registration. The lessors of 290 of these leased properties have provided written undertakings to confirm that the lease registration of these leasing agreements have not been completed due to objective reasons not related to the Group. The lessors bear responsibility and will compensate the Group if its use of leased properties is affected or the Group is subject to administrative penalties due to the aforementioned reasons. King & Wood Mallesons, the Bank's PRC legal adviser, is of the

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view that the non-registration of lease agreements will not affect the validity of the lease agreements, but the relevant local housing administrative authorities can require the Group to complete registrations within a specified timeframe and the Group may be subject to a fine of between RMB1,000 and RMB10,000 for any delay in making these registrations. Therefore, the Group has the right to use such properties in accordance with the leasing agreement. The Group may be subject to the risks of fines if it is not able to complete the lease registration as required by the relevant local housing administrative authorities. However, the Group may still raise a claim against a lessor based on the written undertakings provided by the lessor. During the Track Record Period, the Group had not been subject to administrative penalties by the relevant housing administrative authorities for non-registration of lease agreements.

The Bank's directors are of the view that if the defective titles to leased properties or the non-registration of lease agreements necessitate the termination of relevant lease or the relocation of the affected properties, the Group can find alternative business premises that are legally rentable in the relevant regions. Such relocation will not have a material adverse effect on the Group's operations and financial condition. In addition, the directors of the Bank also believe that if the owner obtains the relevant building ownership certificates, there will not be any material change in the rental costs of the abovementioned properties with the defective titles. King & Wood Mallesons, the Bank's PRC legal adviser, is of the view that the relevant defects will not have a material adverse effect on the Group's operations and financial condition.

Properties to be Acquired

As of the Latest Practicable Date, the Group had entered into sale and purchase contracts to purchase 15 properties with an aggregate GFA of 18,992.9 square meters for intended uses as outlets and offices. The Group has entered into sale and purchase contracts of commodity properties with real estate developers who had obtained legal and valid pre-sale permits for these properties. King & Wood Mallesons, the Bank's PRC legal adviser, is of the view that the relevant property sale and purchase contracts entered into between the Group and the real estate developers comply with PRC laws.

INTELLECTUAL PROPERTY

The Bank operates under the name "Jiutai Rural Commercial Bank" (九台農商銀行). The Bank believes that the use of its corporate logo is crucial to its business. The Bank uses its corporate logo as a visual element that helps customers notice and remember its brand. Such logo is used in the marketing of products and services, and the promotion of the Bank's image and identity. Jilin Province Rural Credit Union, the owner of the intellectual property rights of the corporate logo, authorized all rural credit cooperatives, rural cooperative banks and rural commercial banks under its management (including the Bank) to use the corporate logo on a non-exclusive and royalty-free basis in 2006. It further authorized these entities to use a similar logo in 2014. As of the Latest Practicable Date, all these entities other than the Bank had ceased to use the corporate logo and instead operated businesses under the logo that Jilin Province Rural Credit Union authorized them to use in 2014. The Bank primarily competes with these entities in loan and deposit businesses. The Bank believes that it has a competitive edge over these entities based on its extensive geographical footprint and comprehensive product and service offerings. During the Track Record Period and up to the Latest Practicable Date, the Bank did not have any material disputes with these entities, all of which are independent third parties to the best knowledge and belief of the Bank's directors, arising from the use of the corporate logo. To mitigate possible confusion that the Bank may be associated with the entities using a similar

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logo, the Bank intends to publish its corporate group structure on its website so that the public can distinguish it from these entities based on its legal names.

The Bank continues to license its corporate logo from Jilin Province Rural Credit Union as it has built a strong brand recognition through using the logo since 2006. The Bank entered into a license agreement with Jilin Province Rural Credit Union in September 2015 to formalize the licensing arrangements. The term of the license ends in November 2019, the expiration date of logo's trademark registration. Under the supplemental agreement dated September 9, 2016 to the license, Jilin Province Rural Credit Union has agreed to renew the trademark registration for the Bank's corporate logo within 12 months of each expiration date and to authorize the Bank to continue using its corporate logo on an exclusive and royalty-free basis for each renewed term. In October 2016, Jilin Province Rural Credit Union entered into an agreement to transfer all its rights to the logo to the Bank free of charge within six months, including completing all required regulatory registrations. Upon completion of the transfer, the license agreement and the supplemental agreement to the license will automatically terminate. After the Listing, the Bank will announce the completion of the transfer in accordance with the Listing Rules.

The Group is the registered owner of 22 domain names. As of the Latest Practicable Date, the Group owned ten registered trademarks in the PRC and two registered trademarks in Hong Kong. As of the same date, the Group had submitted applications for registration of 19 trademarks in the PRC. For details of the Group's intellectual property rights, see "Appendix VII—Statutory and General Information".

LAWS AND REGULATIONS

License Requirements

As of the Latest Practicable Date, the Bank and each subsidiary bank had obtained the necessary business qualifications required for their business operations.

Legal Proceedings

The Bank and each subsidiary bank are involved in legal disputes in the ordinary course of business, which primarily include actions against borrowers for the recovery of loans. As of the Latest Practicable Date, none of the Bank nor any of the subsidiary banks were involved in any material pending lawsuits as a defendant.

As of the Latest Practicable Date, none of the Bank's directors, supervisors or senior management personnel was involved in any litigation or arbitration, nor had any of them been subject to any administrative penalty during the Track Record Period.

Regulatory Inspections and Proceedings

The Bank and each subsidiary bank are subject to inspections and reviews by the PRC regulatory authorities (including PBOC, CBRC, SAFE and SAT) and their respective local counterparts. During the Track Record Period, these inspections and reviews did not identify any significant risk or material non-compliance events relating to the Bank or any of the subsidiary banks. However, during the Track Record Period and as of the Latest Practicable Date, some of the subsidiary banks were subject to administrative penalties as a result of regulatory inspections and reviews,

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generally in the form of fines. In addition, certain routine or special inspections and reviews carried out by PRC regulators have identified deficiencies in the business operations, risk management and internal controls of the Bank and the subsidiary banks. Although the identified deficiencies have not had any material adverse effect on the Group's business, financial position or operating results, the Bank and the subsidiary banks have taken improvement and remedial measures to prevent the occurrence of similar events. See "Risk Factors—Risks Relating to the Group's Business—Substantial legal liability or significant regulatory action could materially and adversely affect the Group's results of operations or financial condition, or cause significant reputational harm and seriously harm the Group's business prospects" for the relevant risks.

Administrative Penalties

During the Track Record Period and as of the Latest Practicable Date, some of the Group's subsidiary banks were subject to administrative penalties as a result of regulatory inspections and reviews, generally in the form of fines, as set forth below:

- In November 2015, the Yanbian Branch of the CBRC imposed a fine of RMB300,000 on Changbai Mountain Rural Commercial Bank for violating regulatory prohibition on funding purchases of discounted bills with proceeds from the concurrent resale of the same bills.
- In May 2015, State Administration for Industry and Commerce of Anping County imposed a fine of RMB10,000 on a village and township bank in Anping County for adopting standard form contractual provisions that attempted to shift its obligations to customers.
- In January 2015, an inspection team from the Changchun Local Taxation Bureaus imposed a fine of RMB8,700 on a village and township bank in Changchun for its failure to withhold personal income tax in accordance with regulations.
- In October 2014, an inspection team from the Langfang Local Taxation Bureaus imposed a fine of RMB71,035.7 on a village and township bank in Langfang for errors when filing tax returns in relation to stamp duty, property tax and urban land use tax (城鎮土地使用稅).
- In August 2014, an inspection team from the Jingmen Municipal Office of State Administration of Taxation imposed a fine of RMB127.5 on a village and township bank in Jingmen for issuing non-compliant invoices.
- In July 2013, the Yanbian Branch of the CBRC imposed a fine of RMB300,000 on Changbai Mountain Rural Commercial Bank for violating regulatory prohibition on funding purchases of discounted bills with proceeds from the concurrent resale of the same bills.

Each subsidiary bank has paid the fines described above in full. King & Wood Mallesons, the Bank's legal adviser, is of the opinion that these fines will not have a material and adverse effect on the Group's business as the fines accounted for a minimal portion of the Group's latest audited net assets and have been paid in full. The directors of the Bank believe that the penalties will not have material and adverse effect on the Group's business, financial conditions and results of operations and will not hinder the Group in obtaining the approvals, licenses and authorizations or making the filings necessary for the Group's operation.

BUSINESS

With respect to tax violations, the relevant subsidiary banks have established a tax management system and provided staff with enhanced tax regulation training. The relevant subsidiary banks regularly examine their compliance with tax regulations and remedy all problems found during the inspections;

The relevant subsidiary banks have revised or deleted non-compliant standard form contractual provisions identified during the inspections and improved approval procedures for such provisions; and

Changbai Mountain Rural Commercial Bank adopted the following remedial measures after it was fined for violating the regulatory requirements for discounted bills business in July 2013:

- disciplining the responsible personnel;
- conducting self-inspection of its discounted bills business;
- reviewing and optimizing the internal policies relating to discounted bills business; and
- providing training to employees to enhance their compliance awareness.

Despite its adoption of these remedial measures, Changbai Mountain Rural Commercial Bank was found to have violated the same regulatory requirements in November 2015. Upon notification of the findings by the regulator, Changbai Mountain Rural Commercial Bank conducted an internal investigation and found that the violations were primarily caused by the failure of certain employees to strictly comply with its internal policies. To prevent the re-occurrence of similar non-compliance incidents, Changbai Mountain Rural Commercial Bank has adopted the following enhanced remedial measures:

- increasing internal sanctions for violations;
- enhancing the internal monitoring and audit procedures for its discounted bills business, including monthly self-audit by its discounted bill business department and quarterly comprehensive audit by its internal audit department; and
- improving the compliance awareness of employees through monthly training.

The Bank's directors believe that the enhanced remedial measures would be adequate and effective in preventing the re-occurrence of similar non-compliance incidents in the future on the basis that:

- Since November 2015, Changbai Mountain Rural Commercial Bank had not been imposed any penalties or regulatory sanctions by the Yanbian Branch of CBRC, or otherwise been found to have violated similar regulatory requirements in its discounted bills business; and
- the Yanbian Branch of CBRC has confirmed that it had not identified any major weakness in the risk management and internal control procedures, or any major non-compliance or risk incidents relating to the discounted bill business of Changbai Mountain Rural Commercial Bank.

The Bank believes that Changbai Mountain Rural Commercial Bank has remedied the defects identified through the above remedial measures it have adopted. The Bank's internal control consultant has expressed its view that the remedial measures that Changbai Mountain Rural Commercial Bank has adopted are effective to address the issues identified by the regulators and to prevent the re-

occurrence of similar non-compliance incidents. As of the Latest Practicable Date, neither the Bank nor Changbai Mountain Rural Commercial Bank had received any objection to the remedial measures or any request to implement further remedial measures from regulators.

Regulatory Inspection Results

Certain routine or special inspections and reviews carried out by PRC regulators have identified deficiencies in aspects of the Group's business operations, risk management and internal controls. The Group has submitted remediation reports for these deficiencies to the regulators and remedied the deficiencies. As of the Latest Practicable Date, the regulators had not raised any objection to the remedial measures set out in the remediation report and adopted by the Group nor had they requested that the Group adopt further remedial measures. The Group's major review or inspection results and major remedial measures are set out below.

CBRC

The relevant local regulatory offices of CBRC conduct routine and ad hoc inspections of the operating conditions of the Bank and the Group's subsidiary banks. Based on these inspections, the relevant local regulatory offices of CBRC issue inspection reports that include inspection results and guiding opinions.

BUSINESS

Major problems and guiding opinions expressed by the relevant local regulatory offices of CBRC during the Track Record Period and as of the Latest Practicable Date, along with the Group's corresponding remedial measures, are set forth below.

Major Problems and Guiding Opinions

Remedial Measures

Credit Risk Management

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| <ul style="list-style-type: none">• Strictly control loan concentration and the amount of loans to industries with excessive production capacity; increase extension of credit to the “three rurals” and SMEs; improve group credit management and off-site loan management.
• Improve pre-lending examinations, credit approvals, loan disbursements and post-disbursement management.
• Improve its loan classification system. | <ul style="list-style-type: none">• The Group has lowered the concentration of loans to certain customers and industries and scaled back loans to industries with excessive production capacity. The Group has also increased its extension of credit to the “three rurals” and to SMEs. The Group has strictly implemented group credit management, controlled off-balance-sheet business risk and limited the size and growth of its remote credit business to reasonable levels.
• The Group has improved its evaluation system for pre-lending examinations and strictly adhered to requirements for entrusted payments. The Group has also implemented rigorous inspection measures to improve post-disbursement examinations.
• The Group has adjusted the loan classification for certain loans to reflect actual risk exposure in relation to these loans. |
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Treasury Operations Management

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| <ul style="list-style-type: none">• Improve its management of money market transactions, including its interbank business procedures, counterparty screening mechanisms and lower the proportion of interbank deposits from individual financial institutions.
• Strictly control investments in corporate bonds issued by local government financing vehicles. | <ul style="list-style-type: none">• The Group has enhanced its internal training for and management of its interbank business. The Group has also refined the counterparty access mechanisms for its interbank business, under which its headquarters approves all extensions of credit to counterparties and conducts regular evaluations of counterparty credit risks. The Group has also adjusted its concentration of deposits in individual financial institutions.
• In accordance with regulatory requirements, the Group selectively disposed of some investments while ensuring that the Group did not suffer any losses from the dispositions. The Group has also enhanced internal control and compliance management of investments in bonds issued by local government financing vehicles. |
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BUSINESS

Major Problems and Guiding Opinions

- Improve the accuracy of accounting and audit for treasury operations.
- Stringently control the proportion of investments in non-standard financial assets.
- Lower the leverage ratio of treasury operations.

Remedial Measures

- The Group adjusted the accounting treatments for certain treasury operations and enhanced trainings for accounting personnel to improve their professional skills.
- In accordance with the requirements of regulatory authorities, the Group ended some of its investments in non-standard financial assets upon expiry without any extension or renewal. The Group did not make any new investments in non-standard financial assets until the proportion of such investments met the required level. The Group also improved its risk management of investments in non-standard financial assets.
- The Group has refined its management of asset and liability, reasonably allocated interbank liabilities and lowered the leverage ratio of treasury operations.

Operation Risk Management

- Improve its location and operational security.
- The Group has increased monitoring of its places of operation and upgraded encryption for information transmission. The Group has also improved hardware systems, including circuits, firefighting, ventilation and lighting, in its engine rooms and other areas.

Internal Control

- Refine internal rules and management of various aspects of internal control.
- The Group has further refined its internal control system and improved the implementation thereof. The Group has also strengthened its supervision and accountability systems. In addition, the Group has increased employee awareness of risk management, internal control and compliance. In order to improve audit efficiency, the Group has improved its internal audit mechanism.
- Improve its management of regulatory statistical data, including system establishment, organization and personnel, system safeguards and standards, monitoring, inspection and evaluation as well as reporting, application and storage.
- The Group has improved its management of regulatory statistical data and revised its statistics system. The Group has also improved staff training and its accountability and incentive mechanism. The Group has further improved its information systems for regulatory statistics.

BUSINESS

Major Problems and Guiding Opinions

Human Resources Management

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| <ul style="list-style-type: none">• Strengthen its rotation system.
• Improve management assessment performance indicators. | <ul style="list-style-type: none">• The Group has strictly implemented a rotation system and strengthened the execution of this system.
• The Group has revised and improved the rules for performance assessment. |
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Remedial Measures

PBOC

The local regulatory offices of PBOC conduct routine and ad hoc inspections of the operating conditions of the Bank and the Group's subsidiary banks from time to time. Based on these inspections, the local regulatory offices of PBOC issue inspection reports that include inspection results and guiding opinions.

The major problems and guiding opinions expressed by local offices of PBOC during the Track Record Period and as of the Latest Practicable Date, along with the Group's corresponding remedial measures, are set out below.

Major Problems and Guiding Opinions

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| <ul style="list-style-type: none">• Improve credit investigation system management.
• Improve the management of RMB collection and payment business, anti-counterfeit banknotes, and payment and withdrawal business.
• Improve the accuracy of reporting of international income and expenses for its foreign exchange business and the timeliness of capital account reporting.
• Strengthen anti-money laundering measures. | <ul style="list-style-type: none">• The Group has enhanced training on and implementation of its credit investigation system and improved cooperation regarding credit investigation management between its business units and risk management units.
• The Group has improved bank teller training on identifying counterfeit RMB bills. The Group has also improved the authenticity and accuracy of RMB circulation monitoring and the timeliness of reporting. The Group has further improved its internal controls for the identification of counterfeit money.
• The Group has strengthened its foreign exchange business training and also improved management of capital account information systems to enhance the accuracy and timeliness of data reporting.
• The Group has optimized anti-money laundering internal controls and improved its customer identification procedures. The Group has also provided staff training to increase anti-money laundering awareness and broaden their understanding of relevant rules and procedures. |
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Remedial Measures

BUSINESS

SAFE

The local branches of the SAFE conduct inspections of the foreign exchange business of the Bank and the subsidiary banks, and provide inspection results and remediation opinions based on their inspection.

Major Problems and Major Guiding Opinions

- Enhance accuracy of the reporting of international income and expenses data, as well as accuracy and timeliness of the reporting of capital account items data.

Major Rectification Measures Adopted

- The Group has strengthened staff trainings as well as the management, monitoring and inspection of foreign exchanges business, and further improved accuracy, timeliness and completeness of the reporting of international income and expenses and other data.

As of the Latest Practicable Date, the regulators mentioned above had not issued additional opinions on the remedial measures adopted in accordance with regulatory opinions. The Group has not received any notices requiring it to take further remedial measures or notices of penalty. According to the inspection results mentioned above, the Bank believes there are no material deficiencies in the Group's business operations, internal audit, internal controls or risk management. The above inspection results have not materially and adversely affected the Group's business, financial condition or results of operations.

Compliance with Core Indicators (Provisional)

The Bank and each subsidiary bank are required to comply with various ratios specified by the Core Indicators (Provisional) of CBRC. During the Track Record Period, certain subsidiary banks did not meet certain regulatory indicators stipulated by Core Indicators (Provisional) promulgated and administered by CBRC, in many instances for multiple times and by more than 50%. These indicators include the core liabilities, liquidity gap, cost-to-income, return on assets, return on capital and capital adequacy ratios and lending limits. See "Supervision and Regulation—Other Operational and Risk Management Ratios—Regulatory Indicator Compliance by the Subsidiary Banks" for details.

The Core Indicators (Provisional) do not stipulate any penalties for failure to comply with the regulatory indicators. In accordance with the Core Indicators (Provisional), except as otherwise provided by laws, administrative rules and department regulations, failure to meet the regulatory ratios does not constitute direct basis for administrative penalties. During the Track Record Period and as of the Latest Practicable Date, neither the Bank nor any of the subsidiary banks had been notified of administrative or regulatory penalties for failure to meet regulatory indicators.

As confirmed by the relevant regulatory authorities, no investigations, regulatory measures and administrative penalties, including suspension of operation, have been or will be imposed on the Bank or any of the subsidiary banks for failing to meet certain regulatory indicators set forth in the Core Indicators (Provisional) during the Track Record Period. King & Wood Mallesons, the Bank's PRC legal adviser, has advised the Bank that the confirmations were given by competent authorities. The Bank believes that the failure by some of the Group's subsidiary banks to meet regulatory indicators during the Track Record Period was not material to the Bank and the subsidiary banks on a consolidated basis, and that it did not have any material adverse effect on the operations and financial results of the Bank and the subsidiary banks on a consolidated basis during the Track Record Period.

BUSINESS

Non-Compliance Incidents by Employees

The Group has detected non-compliance incidents committed by its employees from time to time, which include breaches of internal rules for credit approval procedures, counter operation processes and accounting related matters. None of the Bank's directors or senior management were involved in these non-compliance incidents. The Bank believes these non-compliance incidents have not had and will not have any material adverse effect on the Group's business, financial conditions and operating results. During the Track Record Period, the Bank did not discover any material non-compliance incident which could subject its employees to criminal liability.

In the opinions of the Bank's directors, the discoveries made by regulators and the non-compliance incidents did not reveal the existence of any material deficiencies in the Group's business operations, internal audit, internal controls or risk management.

Anti-Money Laundering

No material abnormal money laundering incidents relating to the Bank or any of the Group's subsidiary banks had been identified or reported to senior management during the Track Record Period.