

## ASSETS AND LIABILITIES

*The following discussion and analysis should be read in conjunction with the Group's consolidated financial statements and accompanying notes included in the Accountant's Report set forth in Appendix I to this prospectus. The consolidated financial statements have been prepared in accordance with IFRS. The following discussion and analysis contain forward-looking statements that are subject to risks and uncertainties. The Group's actual results may differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth in "Forward-Looking Statements" and "Risk Factors".*

### ASSETS

As of December 31, 2013, 2014 and 2015 and June 30, 2016, the Group's total assets amounted to RMB55,170.5 million, RMB81,855.3 million, RMB141,953.3 million and RMB159,966.1 million, respectively. Major components of total assets include (i) loans and advances to customers, (ii) investment securities and other financial assets, (iii) deposits with banks and other financial institutions, (iv) cash and deposits with the central bank, and (v) financial assets held under resale agreements. The table below sets forth the components of total assets 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)							
Loans and advances to customers, gross . . . . .	21,858.6	39.6%	34,371.5	42.0%	47,881.7	33.7%	53,241.5	33.3%
Provision for impairment losses . . . . .	(605.3)	(1.1)	(954.5)	(1.2)	(1,404.3)	(1.0)	(1,660.2)	(1.1)
Loans and advances to customers, net . . . . .	21,253.3	38.5	33,417.0	40.8	46,477.4	32.7	51,581.3	32.2
Investment securities and other financial assets <sup>(1)</sup> . . . . .	9,428.0	17.1	9,868.3	12.1	35,013.0	24.7	48,714.5	30.5
Deposits with banks and other financial institutions . . . . .	3,309.3	6.0	11,972.8	14.6	18,640.2	13.1	26,394.8	16.5
Cash and deposits with the central bank . . . . .	11,269.7	20.4	15,605.9	19.1	19,333.6	13.6	19,943.2	12.5
Financial assets held under resale agreements . . . . .	7,228.1	13.1	7,131.0	8.7	17,297.4	12.2	8,027.0	5.0
Placements with banks and other financial institutions . . . . .	147.0	0.3	140.0	0.2	390.0	0.3	0.0	0.0
Other assets <sup>(2)</sup> . . . . .	2,535.1	4.6	3,720.3	4.5	4,801.7	3.4	5,305.3	3.3
<b>Total assets</b> . . . . .	<b>55,170.5</b>	<b>100.0%</b>	<b>81,855.3</b>	<b>100.0%</b>	<b>141,953.3</b>	<b>100.0%</b>	<b>159,966.1</b>	<b>100.0%</b>

Notes:

- (1) Include available-for-sale financial assets, financial assets at fair value through profit or loss, debt securities classified as receivables and held-to-maturity investments.
- (2) Primarily consist of property and equipment, goodwill, other receivables and prepayments, interests receivable, deferred tax assets, repossessed assets and interests in associates.

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### Loans and Advances to Customers

Loans and advances to customers are the largest component of total assets. The Group offers a variety of loan products, substantially all of which are denominated in Renminbi. Loans and advances to customers, net of provision for impairment losses, represented 38.5%, 40.8%, 32.7% and 32.2% of total assets as of December 31, 2013, 2014 and 2015 and June 30, 2016, respectively.

The following discussion is based on total loans and advances to customers before taking into account the related provision for impairment losses, unless otherwise indicated. Loans and advances to customers are reported net of provision for impairment losses in the consolidated statements of financial position.

Total loans and advances to customers increased by 57.2% from RMB21,858.6 million as of December 31, 2013 to RMB34,371.5 million as of December 31, 2014, and further increased by 39.3% to RMB47,881.7 million as of December 31, 2015. As of June 30, 2016, total loans and advances to customers amounted to RMB53,241.5 million. The increases in total loans and advances to customers were primarily attributable to (i) the Bank's acquisition of rural credit cooperatives and a rural cooperative bank, and establishment and acquisition of village and township banks, and (ii) improvement in brand awareness driven by enhanced marketing efforts and customer service capabilities. Total loans and advances to customers as a percentage of total assets increased from 39.6% as of December 31, 2013 to 42.0% as of December 31, 2014, mainly because loans accounted for a relatively higher proportion of the total assets of the rural credit cooperatives that were acquired, and village and township banks that were established. Driven by the strategies to diversify the products and service portfolio and to expand treasury operations, total loans and advances to customers as a percentage of total assets decreased from 42.0% as of December 31, 2014 to 33.7% as of December 31, 2015, and further decreased to 33.3% as of June 30, 2016.

### Loans and Advances to Customers by Product

The table below sets forth loans and advances to customers 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)							
Corporate loans . . . . .	14,199.2	65.0%	22,501.9	65.5%	32,610.8	68.1%	37,830.2	71.1%
Retail loans . . . . .	7,652.6	35.0	11,639.3	33.8	14,338.3	29.9	15,386.6	28.9
Discounted bills . . . . .	6.8	0.0	230.3	0.7	932.6	2.0	24.7	0.0
<b>Total loans and advances to customers . . . . .</b>	<b>21,858.6</b>	<b>100.0%</b>	<b>34,371.5</b>	<b>100.0%</b>	<b>47,881.7</b>	<b>100.0%</b>	<b>53,241.5</b>	<b>100.0%</b>

### Corporate Loans

Corporate loans accounted for 65.0%, 65.5%, 68.1% and 71.1% of total loans and advances to customers as of December 31, 2013, 2014 and 2015 and June 30, 2016, respectively.

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### *Corporate Loans by Contract Maturity*

The table below sets forth 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
<b>Total corporate loans . . .</b>	<b>14,199.2</b>	<b>100.0%</b>	<b>22,501.9</b>	<b>100.0%</b>	<b>32,610.8</b>	<b>100.0%</b>	<b>37,830.2</b>	<b>100.0%</b>

Short-term loans as a percentage of total corporate loans increased from 47.8% as of December 31, 2013 to 53.1% as of June 30, 2016, mainly due to (i) increased market demand for short-term loans, and (ii) the adjustments to the maturity profile of the Group's loan portfolio to enhance liquidity management and balance risk and return.

### *Corporate Loans by Size of Borrowers*

The table below sets forth corporate loans by size of borrowers 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 <sup>(1)</sup> . . . . .	10,919.6	76.9%	17,008.4	75.6%	23,414.0	71.8%	25,164.3	66.5%
Medium enterprises <sup>(1)</sup> . . . . .	2,838.0	20.0	4,807.8	21.3	6,952.8	21.3	9,631.0	25.5
Large enterprises <sup>(1)</sup> . . . . .	251.0	1.8	488.0	2.2	2,089.5	6.4	2,873.6	7.6
Others <sup>(2)</sup> . . . . .	190.6	1.3	197.7	0.9	154.5	0.5	161.3	0.4
<b>Total corporate loans . . .</b>	<b>14,199.2</b>	<b>100.0%</b>	<b>22,501.9</b>	<b>100.0%</b>	<b>32,610.8</b>	<b>100.0%</b>	<b>37,830.2</b>	<b>100.0%</b>

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.

As of December 31, 2013, 2014 and 2015 and June 30, 2016, loans to large enterprises accounted for 1.8%, 2.2%, 6.4% and 7.6% of the Group's total corporate loans, respectively. As of December 31, 2013, 2014 and 2015 and June 30, 2016, the increase in loans to large enterprises as a percentage of total corporate loans primarily reflected the growth of the Group's large enterprise customer base resulting from improvement in brand awareness driven by enhanced marketing efforts and customer service capabilities.

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### Corporate Loans by Industry

The table below sets forth corporate loans by industry 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)							
Wholesale and retail . . .	3,247.8	22.9%	4,496.2	20.0%	7,136.8	21.9%	8,745.3	23.1%
Manufacturing . . . . .	2,437.8	17.1	3,664.4	16.3	6,369.1	19.5	7,644.7	20.2
Construction . . . . .	2,128.9	15.0	2,651.3	11.8	4,022.9	12.3	4,193.4	11.1
Real estate . . . . .	1,019.5	7.2	2,514.8	11.2	2,962.5	9.1	4,101.1	10.8
Leasing and business services . . . . .	1,217.2	8.5	2,814.2	12.5	2,388.2	7.3	2,652.3	7.0
Agriculture, forestry, animal husbandry and fishery . . . . .	1,352.0	9.5	1,924.7	8.5	2,316.8	7.1	2,553.2	6.8
Transportation, storage and postal services . .	456.8	3.2	848.1	3.8	1,977.7	6.1	1,627.2	4.3
Electricity, gas and water production and supply . . . . .	349.7	2.5	683.1	3.0	1,318.3	4.0	1,466.8	3.9
Accommodation and catering . . . . .	323.6	2.3	568.2	2.5	413.8	1.3	910.6	2.4
Information transmission, computer services and software . . . . .	106.6	0.8	160.4	0.7	935.4	2.9	626.7	1.7
Education . . . . .	150.9	1.1	298.9	1.3	644.5	2.0	735.7	1.9
Resident and other services . . . . .	652.1	4.6	510.5	2.3	622.4	1.9	468.7	1.2
Water, environment and public facility management . . . . .	360.6	2.5	382.8	1.7	392.8	1.2	468.0	1.2
Health and social services . . . . .	85.8	0.6	194.4	0.9	412.4	1.3	465.5	1.2
Cultural, sports and entertainment . . . . .	80.0	0.6	134.9	0.6	132.0	0.4	328.7	0.9
Scientific research, technical services and geological prospecting . . . . .	18.0	0.1	184.8	0.8	321.9	1.0	252.7	0.7
Mining . . . . .	79.4	0.6	174.7	0.8	159.8	0.5	244.5	0.7
Finance . . . . .	105.0	0.7	89.0	0.4	77.8	0.2	197.7	0.5
Public administration, social security and social organizations . . . . .	27.5	0.2	206.5	0.9	5.7	0.0	147.4	0.4
<b>Total corporate loans . . . . .</b>	<b>14,199.2</b>	<b>100.0%</b>	<b>22,501.9</b>	<b>100.0%</b>	<b>32,610.8</b>	<b>100.0%</b>	<b>37,830.2</b>	<b>100.0%</b>

Loans to borrowers in the wholesale and retail, manufacturing, construction, real estate, leasing and business services, agriculture, forestry, animal husbandry and fishery industries represented the largest components of the Group's corporate loan portfolio. Loans to these industries accounted for

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80.2%, 80.3%, 77.2% and 79.0% of total corporate loans as of December 31, 2013, 2014 and 2015 and June 30, 2016, respectively.

As of December 31, 2013, 2014 and 2015 and June 30, 2016, loans to the wholesale and retail industry represented the largest component of the Group's loan portfolio, primarily because many of the Group's SME borrowers operated in the wholesale and retail industry. As of December 31, 2013, 2014 and 2015 and June 30, 2016, loans to borrowers in the wholesale and retail industry as a percentage of total corporate loans remained relatively stable at 22.9%, 20.0%, 21.9% and 23.1%, respectively.

As of December 31, 2013, 2014 and 2015 and June 30, 2016, loans to the manufacturing industry represented the second largest component of the Group's loan portfolio, primarily because manufacturing industry is one of Jilin province's core industries. As of December 31, 2013, 2014, 2015 and June 30, 2016, loans to borrowers in the manufacturing industry as a percentage of total corporate loans remained relatively stable at 17.1%, 16.3%, 19.5% and 20.2%, respectively.

Loans to borrowers in the construction industry as a percentage of total corporate loans decreased from 15.0% as of December 31, 2013 to 11.8% as of December 31, 2014 and remained relatively stable at 12.3% as of December 31, 2015 and 11.1% as of June 30, 2016, as the Group sought to limit its exposure to this industry in response to national macro-economic policies and changes in the regional markets.

As of December 31, 2013, 2014 and 2015 and June 30, 2016, loans to borrowers in the real estate industry accounted for 7.2%, 11.2%, 9.1% and 10.8%, respectively, of total corporate loans, primarily reflecting the adjustment of exposure to this industry in response to national macro-economic policies and changes in the regional markets.

As of December 31, 2013, 2014 and 2015 and June 30, 2016, loans to borrowers in the leasing and business services industry accounted for 8.5%, 12.5%, 7.3% and 7.0% of total corporate loans, respectively, primarily reflecting changes in the financing needs of borrowers in this industry.

### *Corporate Loans by Loan Amount*

The table below sets forth corporate loans by loan amount 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)							
Below RMB5 million . . . . .	2,228.3	15.7%	3,764.1	16.7%	4,373.5	13.4%	4,635.8	12.3%
RMB5 million to RMB10 million . . . . .	2,737.5	19.3	2,971.8	13.2	4,014.8	12.3	3,801.6	10.0
RMB10 million to RMB50 million . . . . .	7,863.0	55.4	11,440.1	50.8	15,167.6	46.5	16,026.1	42.4
RMB50 million to RMB100 million . . . . .	1,370.4	9.6	3,399.8	15.1	5,965.1	18.3	8,000.9	21.1
RMB100 million to RMB500 million . . . . .	—	—	926.1	4.2	3,089.8	9.5	5,365.8	14.2
<b>Total corporate loans . . . . .</b>	<b><u>14,199.2</u></b>	<b><u>100.0%</u></b>	<b><u>22,501.9</u></b>	<b><u>100.0%</u></b>	<b><u>32,610.8</u></b>	<b><u>100.0%</u></b>	<b><u>37,830.2</u></b>	<b><u>100.0%</u></b>

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As of December 31, 2013, 2014 and 2015 and June 30, 2016, 9.6%, 19.3%, 27.8 % and 35.3% of the Group's corporate loans had a single loan balance of more than RMB50 million, primarily reflecting improvement in brand awareness driven by enhanced marketing efforts and customer service capabilities, which led to the growth of the Group's large enterprise customer base.

### *Retail Loans*

Retail loans accounted for 35.0%, 33.8%, 29.9% and 28.9% of total loans and advances to customers as of December 31, 2013, 2014 and 2015 and June 30, 2016, respectively.

### *Retails Loans by Product*

The table below sets forth 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
<b>Total retail loans . . . . .</b>	<b><u>7,652.6</u></b>	<b><u>100.0%</u></b>	<b><u>11,639.3</u></b>	<b><u>100.0%</u></b>	<b><u>14,338.3</u></b>	<b><u>100.0%</u></b>	<b><u>15,386.6</u></b>	<b><u>100.0%</u></b>

As of December 31, 2013, 2014 and 2015 and June 30, 2016, personal business loans are the largest component of retail loans, driven by the continual efforts to support the financing needs of SME business owners (including sole proprietors), and the expansion of the distribution network. As of December 31, 2013, 2014 and 2015 and June 30, 2016, personal business loans as a percentage of total retail loans remained relatively stable at 76.9%, 75.8%, 75.3% and 74.3%, respectively.

Personal consumption loans as a percentage of total retail loans decreased from 21.3% as of December 31, 2013 to 15.9% as of June 30, 2016. The decrease was primarily due to the adjustment of the Group's loan portfolio to balance risk and return.

As of December 31, 2013, 2014 and 2015 and June 30, 2016, residential and commercial mortgage loans represented 1.8%, 3.9%, 9.6% and 9.8% of total retail loans, respectively. The increase in residential and commercial mortgage loans as a percentage of total retail loans was mainly due to the adjustment of the Group's loan portfolio to increase the proportion of long-term loans (including residential and commercial mortgage loans).

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### *Retail Loans by Loan Amount*

The table below sets forth retail loans by loan amount 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)							
Below								
RMB500,000 . . . .	2,952.5	38.6%	4,583.1	39.4%	4,932.0	34.4%	5,315.8	34.6%
RMB500,000 to								
RMB1 million . . .	674.3	8.8	1,081.4	9.3	1,515.7	10.6	1,725.0	11.2
RMB1 million to								
RMB10 million . .	3,525.0	46.1	5,402.1	46.4	7,244.0	50.5	7,618.1	49.5
Over RMB10								
million . . . . .	500.8	6.5	572.7	4.9	646.6	4.5	727.7	4.7
<b>Total retail loans . . .</b>	<b><u>7,652.6</u></b>	<b><u>100.0%</u></b>	<b><u>11,639.3</u></b>	<b><u>100.0%</u></b>	<b><u>14,338.3</u></b>	<b><u>100.0%</u></b>	<b><u>15,386.6</u></b>	<b><u>100.0%</u></b>

As of December 31, 2013, 2014 and 2015 and June 30, 2016, retail loans with a single loan balance of more than RMB1 million as a percentage of total retail loans remained relatively stable at 52.6%, 51.3%, 55.0% and 54.2%, respectively.

### *Discounted Bills*

The table below sets forth discounted bills 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)							
Bank acceptance bills . . .	6.8	100.0%	205.3	89.1%	932.6	100.0%	24.7	100.0%
Commercial acceptance								
bills . . . . .	—	—	25.0	10.9	—	—	—	—
<b>Total discounted</b>								
<b>bills . . . . .</b>	<b><u>6.8</u></b>	<b><u>100.0%</u></b>	<b><u>230.3</u></b>	<b><u>100.0%</u></b>	<b><u>932.6</u></b>	<b><u>100.0%</u></b>	<b><u>24.7</u></b>	<b><u>100.0%</u></b>

Total discounted bills amounted to RMB6.8 million, RMB230.3 million, RMB932.6 million and RMB24.7 million as of December 31, 2013, 2014 and 2015 and June 30, 2016, respectively. The changes in the balance of discounted bills primarily reflected the adjustment of the development strategies for the discounted bills business in response to market changes and regulatory policies. In the first half of 2016, the Group proactively reduced its risk exposure to the discounted bills business.

Bank acceptance bills generally present lower credit risk than commercial acceptance bills, while commercial acceptance bills offer higher discount rates. Bank acceptance bills accounted for 100.0%, 89.1%, 100.0% and 100.0% of total discounted bills as of December 31, 2013, 2014 and 2015 and June 30, 2016, respectively. The change in bank acceptance bills as a percentage of total discounted bills primarily reflected the adjustment of the discounted bills portfolio to balance risk and return.

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### *Loans and Advances to Customers by Geographic Location*

The Group classifies loans and advances to customers based on the places of registration of the Bank and each subsidiary bank that originate the loan. The table below sets forth loans and advances to customers by geographic location 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)							
Jilin province . . . . .	19,619.8	89.8%	30,213.0	87.9%	42,152.4	88.0%	46,581.4	87.5%
Other Regions <sup>(1)</sup> . . . . .	2,238.8	10.2	4,158.5	12.1	5,729.3	12.0	6,660.1	12.5
<b>Total loans and advances to customers . . . . .</b>	<b>21,858.6</b>	<b>100.0%</b>	<b>34,371.5</b>	<b>100.0%</b>	<b>47,881.7</b>	<b>100.0%</b>	<b>53,241.5</b>	<b>100.0%</b>

Note:

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

The Group conducts most of its business activities in Jilin province. As of June 30, 2016, the Group had expanded its business into Heilongjiang, Guangdong, Hebei, Shandong, Anhui, Hubei, Hainan, Tianjin and Shaanxi.

Loans to these regions as a percentage of total loans and advances to customers increased from 10.2% as of December 31, 2013 to 12.5% as of June 30, 2016, primarily reflecting the Bank's establishment and acquisition of village and township banks.

### *Loans and Advances to Customers by Type of Collateral*

Collateralized loans, pledged loans and guaranteed loans in the aggregate represented 99.2%, 97.4%, 98.1% and 98.0% of total loans and advances to customers as of December 31, 2013, 2014 and 2015 and June 30, 2016, respectively. If a loan is secured by more than one form of collateral, the classification is based on the primary form of collateral. The table below sets forth loans and advances to customers by the type of collateral 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)							
Collateralized loans . . .	10,842.1	49.6%	16,506.6	48.0%	23,332.7	48.7%	25,872.9	48.6%
Pledged loans . . . . .	2,019.5	9.2	4,010.9	11.7	8,126.3	17.0	9,801.2	18.4
Guaranteed loans . . . . .	8,826.4	40.4	12,965.1	37.7	15,504.8	32.4	16,482.2	31.0
Unsecured loans . . . . .	170.6	0.8	888.9	2.6	917.9	1.9	1,085.2	2.0
<b>Total loans and advances to customers . . . . .</b>	<b>21,858.6</b>	<b>100.0%</b>	<b>34,371.5</b>	<b>100.0%</b>	<b>47,881.7</b>	<b>100.0%</b>	<b>53,241.5</b>	<b>100.0%</b>



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The table below sets forth a breakdown of collateralized loans and pledged loans by types of collateral, and guaranteed loans by types of guarantors as of June 30, 2016.

	<u>Amount</u>	<u>% of total</u>
	<u>(in millions of RMB, except percentages)</u>	
<b>Collateralized loans</b>		
Commercial properties .....	12,367.5	23.2%
Industrial properties .....	4,444.3	8.3
Houses and residential apartments .....	2,967.7	5.6
Business properties .....	2,303.3	4.3
(Transferred) Secured land use rights .....	1,745.6	3.3
Construction in progress .....	1,182.7	2.2
Warehouses .....	439.0	0.8
Forest rights .....	300.4	0.6
Inventories .....	35.2	0.1
Equipments .....	34.4	0.1
Others <sup>(1)</sup> .....	52.8	0.1
<b>Total collateralized loans</b> .....	<b><u>25,872.9</u></b>	<b><u>48.6%</u></b>
<b>Pledged loans</b>		
Equity interests in companies .....	4,631.7	8.7%
Account receivables .....	1,296.2	2.4
RMB deposit receipts .....	807.5	1.5
Operation rights of commercial vehicles .....	411.1	0.8
Financial bonds .....	408.4	0.8
Warehouse receipts and bills of lading .....	72.5	0.1
Insurance policies .....	43.5	0.1
Other transferrable rights .....	2,130.3	4.0
<b>Total pledged loans</b> .....	<b><u>9,801.2</u></b>	<b><u>18.4%</u></b>
<b>Guaranteed loans</b>		
Guarantee companies .....	9,690.5	18.2%
Privately held SMEs .....	1,361.2	2.6
Listed companies .....	855.4	1.6
State-owned enterprises .....	784.3	1.5
Privately held large enterprises .....	468.8	0.9
Individuals .....	3,322.0	6.2
<b>Total guaranteed loans</b> .....	<b><u>16,482.2</u></b>	<b><u>31.0%</u></b>

Note:

(1) Primarily include vehicles, rural residential land rights and mining rights.

The Group has been focusing on increasing the proportion of collateralized loans and pledged loans to better manage its risk exposure. As a result, collateralized loans and pledged loans as a percentage of total loans and advances to customers increased from 58.8% as of December 31, 2013 to 59.7% as of December 31, 2014, 65.7% as of December 31, 2015 and 67.0% as of June 30, 2016, respectively.

The Group has adopted more stringent credit assessment criteria for extending guaranteed loans. Corporate loans are generally guaranteed by listed companies or guarantee companies. The Bank and each subsidiary bank consider the size, credit history and risk-resistance level of a guarantee company to decide whether or not to accept its guarantees. As a result, guaranteed loans as a percentage of total loans and advances to customers decreased from 40.4% as of December 31, 2013 to 31.0% as of June 30, 2016, respectively.

## ASSETS AND LIABILITIES

The Bank and each subsidiary bank extend unsecured loans to customers with relatively high credit ratings based on their internal credit risk rating system. As of December 31, 2013, 2014 and 2015 and June 30, 2016, unsecured loans represented 0.8%, 2.6%, 1.9% and 2.0% of total loans and advances to customers.

### ***Borrower Concentration***

PRC banking laws and regulations impose a lending limit of 10% of the regulatory capital to any single borrower for the Bank and the subsidiary banks, individually, and on a consolidated or group basis. The table below sets forth the balance of loans to 10 largest single borrowers (excluding group borrowers) (on a consolidated or group basis) as of June 30, 2016, all of which were classified as performing.

Industry	Loan balance	% of total loans	% of regulatory capital <sup>(1)</sup>
(in millions of RMB, except percentages)			
Borrower A . . . Leasing and business services	750.0	1.4%	5.7%
Borrower B . . . Real estate	482.0	0.9	3.6
Borrower C . . . Wholesale and retail	410.0	0.8	3.1
Borrower D . . . Real estate	390.0	0.7	2.9
Borrower E . . . Transportation, storage and postal services	380.0	0.7	2.9
Borrower F . . . Agriculture, forestry, animal husbandry and fishery	370.0	0.7	2.8
Borrower G . . . Manufacturing	350.0	0.7	2.6
Borrower H . . . Manufacturing	350.0	0.7	2.6
Borrower I . . . Health and social services	337.0	0.6	2.5
Borrower J . . . Real estate	320.0	0.6	2.4
<b>Total</b> . . . . .	<b><u>4,139.0</u></b>	<b><u>7.8%</u></b>	<b><u>31.1%</u></b>

Note:

(1) Represents loan balances as a percentage of the Group's regulatory capital, calculated in accordance with the requirements of the Capital Administrative Measures and based on the Group's financial statements prepared in accordance with PRC GAAP. See "Financial Information—Capital Resources—Capital Adequacy".

As of June 30, 2016, the Bank had complied with the lending limits for single borrower. See "Supervision and Regulation—Other Operational and Risk Management Ratios—Regulatory Indicators of the Bank" for details.

Lingshui Dasheng Village and Township Bank, which the Bank acquired on December 31, 2015, had slightly exceeded the 10% lending limit for single borrower as of December 31, 2015. The Sanya Phoenix Village and Township Bank, which the Bank acquired on June 22, 2016, had slightly exceeded the 10% lending limit for single borrower as of June 30, 2016. Except for Sanya Phoenix Village and Township Bank, each of the other subsidiary banks had complied with the lending limits for single borrower as of June 30, 2016.

As of September 30, 2016, Lingshui Dasheng Village and Township Bank and Sanya Phoenix Village and Township Bank complied with the lending limits for single borrower.

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Under PRC banking laws and regulations, the aggregate amount of credit extended to any single group borrower may not exceed 15% of the regulatory capital of the Bank and each subsidiary bank, individually, and on a consolidated or group basis. The table below sets forth the credit amount and balance of loans extended to 10 largest group borrowers (on a consolidated or group basis) as of June 30, 2016, all of which were classified as performing.

Industry	Credit amount <sup>(1)</sup>	% of regulatory capital <sup>(2)</sup>	Loan balance	% of total loans
(in millions of RMB, except percentages)				
Group A . . . . . Real estate	995.0	7.5%	995.0	1.9%
Group B . . . . . Manufacturing	810.0	6.1	780.0	1.5
Group C . . . . . Agriculture, forestry, animal husbandry and fishery	770.0	5.8	770.0	1.4
Group D . . . . . Leasing and business services	750.0	5.7	750.0	1.4
Group E . . . . . Real estate	620.0	4.7	620.0	1.2
Group F . . . . . Real estate	613.9	4.6	613.9	1.1
Group G . . . . . Wholesale and retail	530.0	4.0	530.0	1.0
Group H . . . . . Wholesale and retail	529.0	4.0	529.0	1.0
Group I . . . . . Construction	519.5	3.9	519.5	1.0
Group J . . . . . Wholesale and retail	533.0	4.0	30.0	0.1
<b>Total</b> . . . . .	<b>6,670.4</b>	<b>50.3%</b>	<b>6,137.4</b>	<b>11.6%</b>

Notes:

- (1) Calculated pursuant to the applicable CBRC requirements by (1) adding up all on-balance-sheet credit amount and off-balance-sheet credit amount in respect of group borrower, and (2) deducting the total amount of security deposits, certificates of deposits and treasury bonds in respect of each group borrower.
- (2) Represents loan balances as a percentage of the Group's regulatory capital, calculated in accordance with the requirements of the Capital Administrative Measures and based on the Group's financial statements prepared in accordance with PRC GAAP. See "Financial Information—Capital Resources—Capital Adequacy".

As of June 30, 2016, the Bank had complied with the lending limits for single group borrower. See "Supervision and Regulation—Other Operational and Risk Management Ratios—Regulatory Indicators of the Bank" for details.

Each of the Group's subsidiary banks had complied with the lending limits for single group borrower as of June 30, 2016.

## ASSETS AND LIABILITIES

### *Maturity Profile of the Group's Loans and Advances to Customers*

The table below sets forth the loans and advances to customers by remaining maturity as of June 30, 2016.

	Due in three months or less	Due between three months and one year	Due between one and five years	Due over five years	Indefinite/ repayable on demand	Total
	(in millions of RMB)					
<b>Corporate loans</b>						
Short-term loans . . . . .	4,881.7	14,725.5	—	—	467.0	20,074.2
Medium-and long-term loans . . . . .	871.5	3,048.1	12,846.9	574.1	415.4	17,756.0
<b>Subtotal</b> . . . . .	<b>5,753.2</b>	<b>17,773.6</b>	<b>12,846.9</b>	<b>574.1</b>	<b>882.4</b>	<b>37,830.2</b>
<b>Retail loans</b>						
Personal business loans . . . . .	1,670.1	6,555.2	2,281.8	322.5	614.3	11,443.9
Personal consumption loans . . . . .	428.3	1,229.9	684.1	52.8	44.6	2,439.7
Residential and commercial mortgage loans . . . . .	4.0	15.9	84.3	1,392.3	6.5	1,503.0
<b>Subtotal</b> . . . . .	<b>2,102.4</b>	<b>7,801.0</b>	<b>3,050.2</b>	<b>1,767.6</b>	<b>665.4</b>	<b>15,386.6</b>
<b>Discounted bills</b>						
Bank acceptance bills . . . . .	19.1	3.9	—	—	1.7	24.7
Commercial acceptance bills . . . . .	—	—	—	—	—	—
<b>Subtotal</b> . . . . .	<b>19.1</b>	<b>3.9</b>	<b>—</b>	<b>—</b>	<b>1.7</b>	<b>24.7</b>
<b>Total loans and advances to customers</b> . . . . .	<b>7,874.7</b>	<b>25,578.5</b>	<b>15,897.1</b>	<b>2,341.7</b>	<b>1,549.5</b>	<b>53,241.5</b>

As of June 30, 2016, 62.8% of total loans and advances to customers had maturities of less than one year. The majority of the Group's loans were due within one year, mainly reflecting that customers usually have short-term financing needs.

### **Loan Interest Rate Profile**

Prior to July 20, 2013, China's commercial banks may set interest rates on loans and deposits within a permitted range of the PBOC benchmark interest rates. Since July 20, 2013, the PBOC removed the lower limits for RMB-denominated loans (excluding residential mortgage loans) so PRC commercial banks may freely set interest rates. Interest rates for personal residential mortgage loans must still be no less than 70% of the PBOC benchmark loan interest rates, and interest rates of residential mortgage loans for second homes must not be lower than 110% of the PBOC benchmark loan interest rates.

The Bank and each subsidiary bank generally set floating interest rates for medium- and long-term loans. Under their loan agreements with customers, the Bank and each subsidiary bank may adjust the interest rates once the PBOC benchmark interest rates change. The Bank and each subsidiary bank generally set fixed interest rates for short-term loans.

### **Asset Quality of the Group's Loan Portfolio**

The Bank and each subsidiary bank measure and manage the asset quality of their loan portfolios through their loan classification systems. The Bank and each subsidiary bank classify their loans using a five-category loan classification system based on the CBRC guidelines. In addition, the Bank has also adopted a ten-category loan classification system for corporate loans, which includes three categories of normal loans, three categories of special mention loans, two categories of substandard loans, one category of doubtful loans and one category of loss loans.

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## ASSETS AND LIABILITIES

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### *Loan Classification Criteria*

The Bank and each subsidiary bank apply a series of criteria derived from the CBRC guidelines in classifying their loan portfolios. These criteria are designed to assess the likelihood of repayment by a borrower and the collectability of principal and interest on a loan.

### *Corporate Loans and Discounted Bills*

The Bank and each subsidiary bank classify corporate loans and discounted bills (if any) based on (i) the borrower's ability to repay the loan, (ii) the borrower's repayment history, (iii) the borrower's willingness to repay the loan, (iv) the profitability of the project financed by the loan, (v) guarantees provided for the loan, (vi) legal responsibilities for repayment of the loan and (vii) loan management. Set forth below are the key factors for each loan classification, which is not intended to be a complete list of all factors the Bank and each subsidiary bank consider in classifying their loan portfolios.

*Normal.* The Bank and each subsidiary bank classify loans as "normal" if the borrowers can honor the terms of their loans. There is no reason to doubt their ability to repay principal and interest in full on a timely basis.

*Special mention.* The Bank and each subsidiary bank classify loans as "special mention" if the borrowers are currently able to service the principal and interest of loans, but there are factors that may adversely affect the borrowers' repayment ability in the future. Such loans generally have "potential defects" but have not incurred any loss. Loans classified as "special mention" are generally adversely affected by the following factors:

- decreases in cash flow and revenue or signs of insufficient liquidity;
- adverse market or industry developments that may affect the borrower's operations or ability to repay the loan;
- mergers, acquisitions, spin-offs, reorganization or asset restructuring;
- adverse changes to the borrower's principal shareholders, subsidiaries or senior management;
- budget overruns, changes in construction designs or delays in the schedules of projects financed by the loan;
- decrease in collateral value, or loss of control over the collateral;
- material adverse changes to the guarantor's operations or financial conditions; or
- failure of the borrower to use the loan for its intended purpose.

*Substandard.* The Bank and each subsidiary bank classify loans as "substandard" if the borrowers' ability to service their loans is in question and they cannot rely entirely on the income generated from normal business operations to repay principal and interest. Losses may ensue even when collateral or guarantees are invoked. Such loans generally have "apparent defects and may incur losses" which are expected to be no more than 20% of the outstanding loan balance. Loans are generally classified as "substandard" under the following circumstances:

- the borrower is experiencing prolonged financial difficulties that affect its ability to continue its business;
- the borrower is unlikely to obtain new funding and is unable to service its debt obligations to other lenders; or
- the borrower has obtained the loan through illegal means.

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## ASSETS AND LIABILITIES

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*Doubtful.* The Bank and each subsidiary bank classify loans as “doubtful” if the borrowers cannot repay principal and interest in full and significant losses will need to be recognized even when collateral or guarantees are invoked. Losses between 20% to 90% of the outstanding loan balance “will probably be incurred”. Loans are generally classified as “doubtful” under the following circumstances:

- the borrower’s operations have been wholly or partially suspended;
- the fixed asset projects financed by the loan are suspended or halted;
- the borrower is insolvent and is unable to repay the loan; or
- The Bank and each subsidiary bank have taken legal measures but expect to incur significant losses even after the exercise of legal remedies.

*Loss.* The Bank and each subsidiary bank classify loans as “loss” if principal and interest of loans cannot be recovered or only a small portion of them can be recovered after taking all possible measures or resorting to all necessary legal procedures. Significant losses of more than 90% of the outstanding loan balance will be incurred. Loans classified as “loss” generally exhibit the following characteristics:

- the borrower is bankrupt, dissolved, or has otherwise ceased its business operations;
- the borrower incurs significant losses caused by accidents or natural disasters and fails to get full reimbursement from the insurance company;
- the loan is written-off; or
- the borrower has committed fraud and is being investigated by the authorities, and the Bank and each subsidiary bank are unable to recover the loan after exhausting all possible measures.

### *Retail Loans*

In applying the loan classification criteria to retail loans, the Bank and each subsidiary bank primarily consider, among others, the type of the retail loans, the length of time by which payments of principal or interest are overdue and the collateral and guarantee provided.

The Bank and each subsidiary bank also consider the credit rating of the borrowers for the classification of loans to rural households. The Bank and each subsidiary bank adopt the same standards for classifying loans as “loss” as that of corporate loans.

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## ASSETS AND LIABILITIES

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The following table sets forth the key factors to be considered when classifying loans to rural households with excellent credit rating.

Security type	Normal	Special mention	Substandard	Doubtful
Unsecured loans	Not due, or the principal or interest overdue for less than 60 days	Principal or interest of loans overdue for 61 days to 90 days	Principal or interest of loans overdue for 91 days to 180 days	Principal or interest of loans overdue for more than 181 days
Guaranteed loans	Not due, or the principal or interest overdue for less than 60 days	Principal or interest of loans overdue for 61 days to 90 days	Principal or interest of loans overdue for 91 days to 270 days	Principal or interest of loans overdue for more than 271 days
Collateralized loans	Not due, or the principal or interest overdue for less than 90 days	Principal or interest of loans overdue for 91 days to 180 days	Principal or interest of loans overdue for 181 days to 270 days	Principal or interest of loans overdue for more than 271 days
Pledged loans	Not due, or the principal or interest overdue for less than 90 days	Principal or interest of loans overdue for 91 days to 180 days	Principal or interest of loans overdue for 181 days to 360 days	Principal or interest of loans overdue for more than 361 days

The following table sets forth the key factors to be considered when classifying loans to rural households with good credit rating.

Security type	Normal	Special mention	Substandard	Doubtful
Unsecured loans	Not due, or the principal or interest overdue for less than 30 days	Principal or interest of loans overdue for 31 days to 90 days	Principal or interest of loans overdue for 91 days to 180 days	Principal or interest of loans overdue for more than 181 days
Guaranteed loans	Not due, or the principal or interest overdue for less than 30 days	Principal or interest of loans overdue for 31 days to 90 days	Principal or interest of loans overdue for 91 days to 180 days	Principal or interest of loans overdue for more than 181 days
Collateralized loans	Not due, or the principal or interest overdue for less than 60 days	Principal or interest of loans overdue for 61 days to 90 days	Principal or interest of loans overdue for 91 days to 180 days	Principal or interest of loans overdue for more than 181 days
Pledged loans	Not due, or the principal or interest overdue for less than 90 days	Principal or interest of loans overdue for 91 days to 180 days	Principal or interest of loans overdue for 181 days to 270 days	Principal or interest of loans overdue for more than 271 days

## ASSETS AND LIABILITIES

The following table sets forth the key factors to be considered when classifying loans to rural households with general credit rating or who have not participated in credit rating.

Security type	Normal	Special mention	Substandard	Doubtful
Unsecured loans	Not due	Principal or interest of loans overdue for less than 90 days	Principal or interest of loans overdue for 91 days to 180 days	Principal or interest of loans overdue for more than 181 days
Guaranteed loans	Not due	Principal or interest of loans overdue for less than 90 days	Principal or interest of loans overdue for 91 days to 180 days	Principal or interest of loans overdue for more than 181 days
Collateralized loans	Not due, or the principal or interest overdue for less than 30 days	Principal or interest of loans overdue for 31 days to 90 days	Principal or interest of loans overdue for 91 days to 180 days	Principal or interest of loans overdue for more than 181 days
Pledged loans	Not due or the principal or interest overdue for less than 60 days	Principal or interest of loans overdue for 61 days and 90 days	Principal or interest of loans overdue for 91 days to 270 days	Principal or interest of loans overdue for more than 271 days

The following table sets forth the key factors to be considered when classifying personal residential mortgage loans and automobile loans:

Normal	Borrower is able to fully repay the principle and interests at or before maturity
Special mention	Borrower breaches his/her obligation consecutively for 3 times or payments of principal or interest are overdue for not more than 90 days
Substandard	Borrower breaches his/her obligation consecutively for 4 to 6 times or payments of principal or interest are overdue between 91 and 180 days
Doubtful	Borrower breaches his/her obligation consecutively for more than 7 times or the payments of principal or interest are overdue for more than 181 days
Loss	The classification standards are same with that of the corporate loans.

### *Loans and Advances to Customers by Loan Classification*

The following table sets forth loans and advances to customers by loan classification 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)							
Normal	21,026.5	96.2%	33,406.2	97.2%	45,683.9	95.4%	50,745.9	95.3%
Special mention	557.1	2.6	556.4	1.6	1,519.0	3.2	1,657.8	3.1
Substandard	43.2	0.2	109.7	0.3	94.3	0.2	169.8	0.3
Doubtful	231.0	1.0	298.3	0.9	583.0	1.2	666.5	1.3
Loss	0.8	0.0	0.9	0.0	1.5	0.0	1.5	0.0
<b>Total loans and advances to customers</b>	<b>21,858.6</b>	<b>100.0%</b>	<b>34,371.5</b>	<b>100.0%</b>	<b>47,881.7</b>	<b>100.0%</b>	<b>53,241.5</b>	<b>100.0%</b>
<b>Non-performing loan ratio<sup>(1)</sup></b>		<b>1.26%</b>		<b>1.19%</b>		<b>1.42%</b>		<b>1.57%</b>

Note:

(1) Calculated by dividing non-performing loans by total loans and advances to customers.



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The table below sets forth the Group's total loans and advances to customers by product under the five-category loan classification system 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)							
<b>Corporate loans</b>								
Normal	13,840.2	97.5%	22,015.0	97.8%	31,080.1	95.3%	36,240.8	95.8%
Special mention	344.4	2.4	374.2	1.7	1,139.8	3.5	1,102.2	2.9
Substandard	1.0	0.0	59.1	0.3	64.0	0.2	113.3	0.3
Doubtful	13.6	0.1	53.6	0.2	326.9	1.0	373.9	1.0
Loss	—	—	—	—	—	—	—	—
<b>Subtotal</b>	<b>14,199.2</b>	<b>100.0%</b>	<b>22,501.9</b>	<b>100.0%</b>	<b>32,610.8</b>	<b>100.0%</b>	<b>37,830.2</b>	<b>100.0%</b>
<b>Non-performing loan ratio<sup>(1)</sup></b>		<b>0.10%</b>		<b>0.50%</b>		<b>1.20%</b>		<b>1.29%</b>
<b>Retail loans</b>								
Normal	7,179.4	93.8%	11,161.1	95.9%	13,671.3	95.4%	14,482.1	94.1%
Special mention	212.7	2.8	182.0	1.6	379.1	2.6	553.9	3.6
Substandard	42.2	0.6	50.6	0.4	30.3	0.2	56.4	0.4
Doubtful	217.4	2.8	244.7	2.1	256.1	1.8	292.7	1.9
Loss	0.9	0.0	0.9	0.0	1.5	0.0	1.5	0.0
<b>Subtotal</b>	<b>7,652.6</b>	<b>100.0%</b>	<b>11,639.3</b>	<b>100.0%</b>	<b>14,338.3</b>	<b>100.0%</b>	<b>15,386.6</b>	<b>100.0%</b>
<b>Non-performing loan ratio<sup>(1)</sup></b>		<b>3.40%</b>		<b>2.54%</b>		<b>2.01%</b>		<b>2.28%</b>
<b>Discounted bills</b>								
Normal	6.8	100.0%	230.2	100.0%	932.6	100.0%	23.0	93.1%
Special mention	—	—	0.1	0.0	—	—	1.7	6.9
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
<b>Subtotal</b>	<b>6.8</b>	<b>100.0%</b>	<b>230.3</b>	<b>100.0%</b>	<b>932.6</b>	<b>100.0%</b>	<b>24.7</b>	<b>100.0%</b>
<b>Non-performing loan ratio<sup>(1)</sup></b>		<b>0.00%</b>		<b>0.00%</b>		<b>0.00%</b>		<b>0.00%</b>
<b>Total loans and advances to customers</b>	<b>21,858.6</b>	<b>100.0%</b>	<b>34,371.5</b>	<b>100.0%</b>	<b>47,881.7</b>	<b>100.0%</b>	<b>53,241.5</b>	<b>100.0%</b>
<b>Non-performing loan ratio<sup>(1)</sup></b>		<b>1.26%</b>		<b>1.19%</b>		<b>1.42%</b>		<b>1.57%</b>

Note:

(1) Calculated by dividing non-performing loans of each business line by total loans and advances to customers of such business lines.

As of December 31, 2013, 2014 and 2015 and June 30, 2016, the Group's non-performing loan ratio was 1.26%, 1.19%, 1.42% and 1.57%, respectively. The non-performing loan ratio increased from 1.19% as of December 31, 2014 to 1.42% as of December 31, 2015, and further increased to 1.57% as of June 30, 2016, primarily reflecting the operational difficulties and weakened repayment capability of borrowers due to an unfavorable economic and business environment. The non-performing loan ratio decreased from 1.26% as of December 31, 2013 to 1.19% as of December 31, 2014, primarily reflecting the enhanced credit risk management and adjustment of the Group's loan portfolio based on market conditions.

## ASSETS AND LIABILITIES

### *Changes in the Asset Quality of the Group's Loan Portfolio*

The table below sets forth the changes in the outstanding balance of non-performing loans as of the dates indicated.

	As of December 31,			As of June 30,
	2013	2014	2015	2016
	(in millions of RMB, except percentages)			
<b>Opening balance</b> .....	<b>147.0</b>	<b>275.0</b>	<b>408.9</b>	<b>678.8</b>
Addition <sup>(1)</sup> .....	213.4	212.3	447.9	222.7
Deducted by				
Recovered .....	53.1	20.6	117.8	54.0
Transfer/replacement .....	12.9	54.2	—	1.0
Write-offs .....	2.9	—	34.5	—
Disposals .....	—	—	—	—
Upgrade .....	16.5	3.6	25.7	8.7
<b>Closing balance</b> .....	<b>275.0</b>	<b>408.9</b>	<b>678.8</b>	<b>837.8</b>
<b>Total loans and advances to customers</b> .....	<b>21,858.6</b>	<b>34,371.5</b>	<b>47,881.7</b>	<b>53,241.5</b>
<b>Non-performing loan ratio</b> .....	<b>1.26%</b>	<b>1.19%</b>	<b>1.42%</b>	<b>1.57%</b>

Note:

(1) Primarily includes performing loans downgraded to non-performing loans.

The following table sets forth the migration ratio of the Group's loan portfolio for the periods indicated, calculated in accordance with applicable CBRC requirements.

	As of December 31,			As of June 30,
	2013	2014	2015	2016
	(in millions of RMB, except percentages)			
Normal and special mention loans <sup>(1)</sup> .....	2.90%	2.29%	3.10%	0.75%
Normal loans <sup>(2)</sup> .....	12.02	5.45	10.65	4.18
Special mention loans <sup>(3)</sup> .....	43.35	34.47	51.03	15.42
Substandard loans <sup>(4)</sup> .....	45.21	51.05	51.12	27.59
Doubtful loans <sup>(5)</sup> .....	0.00%	0.00%	0.58%	0.00%

Notes:

- (1) Represents migration ratios of loans classified as normal or special mention which were downgraded to other classifications. The migration ratio of normal and special mention loans represents a fraction, the numerator of which equals the sum of (i) loans classified as normal at the beginning date of the year and downgraded to non-performing classifications at the end of the year, and (ii) loans classified as special mention at the beginning date of the year and downgraded to non-performing classifications at the end of the year, and the denominator of which equals the sum of (i) the difference between the balance of normal loans at the beginning date of the year and the decrease, in the year, in the loans which were classified as normal at the beginning date of the year, and (ii) the difference between the balance of special mention loans at the beginning date of the year and the decrease in such loans in the year.
- (2) Represents the migration ratio of loans classified as normal which were downgraded to other classifications. The normal loan migration ratio represents a fraction, the numerator of which equals loans classified as normal at the beginning date of the year and downgraded to lower classifications, and the denominator of which equals the difference between the balance of normal loans at the beginning date of the year and the decrease in such loans in the year.
- (3) Represents the migration ratio of loans classified as special mention which were downgraded to other classifications. The special mention loan migration ratio represents a fraction, the numerator of which equals the loans which were classified as special mention at the beginning date of the year and downgraded to lower classifications, and the denominator of which equals the difference between the balance of special mention loans at the beginning date of the year and the decrease in such loans in the year.
- (4) Represents the migration ratio of loans classified as substandard which were downgraded to other classifications. The substandard loan migration ratio represents a fraction, the numerator of which equals the loans classified as substandard at the beginning date of the year and downgraded to other classifications, and the denominator of which equals the difference between the balance of substandard loans at the beginning date of the year and the decrease in such loans in the year.
- (5) Represents the migration ratio of loans classified as doubtful which were downgraded to other classifications. The doubtful loan migration ratio represents a fraction, the numerator of which equals the loans classified as doubtful at the beginning date of the year and downgraded to other classifications, and the denominator of which equals the difference between the balance of doubtful loans at the beginning date of the year and the decrease in such loans in the year.

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The total amount of non-performing loans increased by 48.7% from RMB275.0 million as of December 31, 2013 to RMB408.9 million as of December 31, 2014, and further increased by 66.0% to RMB678.8 million as of December 31, 2015. As of June 30, 2016, the total amount of non-performing loans amounted to RMB837.8 million. The increases in non-performing loans primarily reflected the operational difficulties and weakened repayment capability of some borrowers due to an unfavorable economic and business environment.

### *Non-performing Loans by Product*

The table below sets forth non-performing loans by product as of the dates indicated.

	As of December 31,									As of June 30,		
	2013			2014			2015			2016		
	Amount	% of total	NPL ratio <sup>(1)</sup>	Amount	% of total	NPL ratio <sup>(1)</sup>	Amount	% of total	NPL ratio <sup>(1)</sup>	Amount	% of total	NPL ratio <sup>(1)</sup>
(in millions of RMB, except percentages)												
<b>Corporate loans</b>												
Small and micro enterprises <sup>(2)</sup> . . . .	13.2	4.8%	0.12%	101.4	24.8%	0.60%	383.2	56.5%	1.64%	482.2	57.6%	1.92%
Medium enterprises <sup>(2)</sup> . . . . .	—	—	—	10.0	2.5	0.21	7.0	1.0	0.10	5.0	0.6	0.05
Large enterprises <sup>(2)</sup> . . . . .	—	—	—	—	—	—	—	—	—	—	—	—
Others <sup>(3)</sup> . . . . .	1.3	0.5	0.69	1.3	0.3	0.66	0.7	0.1	0.39	—	—	—
<b>Subtotal</b> . . . . .	<b>14.5</b>	<b>5.3%</b>	<b>0.10%</b>	<b>112.7</b>	<b>27.6%</b>	<b>0.50%</b>	<b>390.9</b>	<b>57.6%</b>	<b>1.20%</b>	<b>487.2</b>	<b>58.2%</b>	<b>1.29%</b>
<b>Retail loans</b>												
Personal business loans . . . . .	210.7	76.6%	3.58%	236.3	57.8%	2.68%	260.7	38.4%	2.42%	316.2	37.7%	2.76%
Personal consumption loans . . . . .	48.1	17.5	2.95	59.1	14.4	2.50	25.8	3.8	1.19	34.1	4.1	1.40
Residential and commercial mortgage loans . . . . .	1.7	0.6	1.21	0.8	0.2	0.17	1.4	0.2	0.10	0.3	0.0	0.02
<b>Subtotal</b> . . . . .	<b>260.5</b>	<b>94.7%</b>	<b>3.40%</b>	<b>296.2</b>	<b>72.4%</b>	<b>2.54%</b>	<b>287.9</b>	<b>42.4%</b>	<b>2.01%</b>	<b>350.6</b>	<b>41.8%</b>	<b>2.28%</b>
<b>Discounted bills</b> . . . . .	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total non-performing loans</b> . . . .	<b>275.0</b>	<b>100.0%</b>	<b>1.26%</b>	<b>408.9</b>	<b>100.0%</b>	<b>1.19%</b>	<b>678.8</b>	<b>100.0%</b>	<b>1.42%</b>	<b>837.8</b>	<b>100.0%</b>	<b>1.57%</b>

Notes:

- (1) Calculated by dividing non-performing loans by loans and advances to customers in each product category.
- (2) 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.
- (3) Mainly consist of government entities and public institutions.

The non-performing loan ratio of corporate loans increased from 0.10% as of December 31, 2013 to 0.50% as of December 31, 2014, 1.20% as of December 31, 2015 and 1.29% as of June 30, 2016, respectively, primarily due to the deteriorating financial conditions of some borrowers because of an unfavorable economic and business environment.

The non-performing loan ratio of retail loans increased from 2.01% as of December 31, 2015 to 2.28% as of June 30, 2016, which was mainly due to the deteriorating financial condition of certain borrowers of personal business loans. The non-performing loan ratio of retail loans decreased from 3.40% as of December 31, 2013 to 2.54% as of December 31, 2014 and 2.01% as of December 31, 2015, primarily due to (i) the enhanced efforts to recover non-performing loans, and (ii) the adjustment of retail loan portfolio to increase residential and commercial mortgage loans with lower default risk.

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### *Non-performing Corporate Loans by Industry*

The table below sets forth non-performing corporate loans by industry as of the dates indicated.

	As of December 31,									As of June 30,		
	2013			2014			2015			2016		
	Amount	% of total	NPL ratio <sup>(1)</sup>	Amount	% of total	NPL ratio <sup>(1)</sup>	Amount	% of total	NPL ratio <sup>(1)</sup>	Amount	% of total	NPL ratio <sup>(1)</sup>
	(in millions of RMB, except percentages)											
Manufacturing . . . . .	0.1	0.7%	0.09%	21.7	19.2%	0.59%	165.8	42.4%	2.60%	214.1	43.9%	2.80%
Real estate . . . . .	—	—	—	—	—	—	95.0	24.3	3.21	95.0	19.5	2.32
Wholesale and retail . . . . .	—	—	—	30.0	26.6	0.67	69.1	17.7	0.97	76.6	15.7	0.88
Agriculture, forestry, animal husbandry and fishery . . . . .	5.0	34.5	0.37	23.1	20.5	1.20	26.6	6.8	1.15	43.6	9.0	1.71
Mining . . . . .	0.2	1.4	0.25	0.2	0.2	0.11	—	—	—	20.5	4.2	8.38
Resident and other services . . . . .	—	—	—	8.0	7.1	1.57	17.9	4.6	2.88	12.4	2.6	2.65
Construction . . . . .	3.5	24.1	0.16	8.3	7.4	0.31	8.4	2.1	0.21	11.1	2.3	0.26
Electricity, gas and water production and supply . . . . .	4.7	32.4	1.34	4.7	4.2	0.69	4.6	1.2	0.35	7.6	1.6	0.52
Transportation, storage and postal service . . . . .	1.0	6.9	0.22	—	—	—	3.5	0.9	0.18	3.5	0.7	0.22
Information transmission, computer services and software . . . . .	—	—	—	—	—	—	—	—	—	2.0	0.4	0.32
Water, environment and public facility management . . . . .	—	—	—	—	—	—	—	—	—	0.8	0.1	0.17
Accommodation and catering . . . . .	—	—	—	16.7	14.8	2.94	—	—	—	—	—	—
Finance . . . . .	—	—	—	—	—	—	—	—	—	—	—	—
Leasing and business services . . . . .	—	—	—	—	—	—	—	—	—	—	—	—
Scientific research, technical services and geological prospecting . . . . .	—	—	—	—	—	—	—	—	—	—	—	—
Education . . . . .	—	—	—	—	—	—	—	—	—	—	—	—
Health and social services . . . . .	—	—	—	—	—	—	—	—	—	—	—	—
Cultural, sports and entertainment . . . . .	—	—	—	—	—	—	—	—	—	—	—	—
Public administration, social security and social organizations . . . . .	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total non-performing corporate loans . . . . .</b>	<b>14.5</b>	<b>100.0%</b>	<b>0.10%</b>	<b>112.7</b>	<b>100.0%</b>	<b>0.50%</b>	<b>390.9</b>	<b>100.0%</b>	<b>1.20%</b>	<b>487.2</b>	<b>100.0%</b>	<b>1.29%</b>

Note:

(1) Calculated by dividing non-performing loans by loans and advances to customers in each industry.

As of December 31, 2013, 2014 and 2015 and June 30, 2016, non-performing loans to borrowers in the manufacturing industry were RMB0.1 million, RMB21.7 million, RMB165.8 million and RMB214.1 million, respectively, accounting for 0.7%, 19.2%, 42.4% and 43.9% of total non-performing corporate loans, respectively. As of December 31, 2013, 2014 and 2015 and June 30, 2016, the non-performing loan ratio of the manufacturing industry was 0.09%, 0.59%, 2.60% and 2.80%, respectively. The increases in the proportion of non-performing loans and non-performing loan ratio during the Track Record Period were mainly due to the deteriorating financial condition of some borrowers in the industry as a result of China's slower economic growth.

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As of December 31, 2015 and June 30, 2016, non-performing loans to borrowers in the real estate industry were RMB95.0 million and RMB95.0 million, respectively, accounting for 24.3% and 19.5% of total non-performing corporate loans, respectively. As of December 31, 2015, the non-performing loan ratio of the real estate industry was 3.21%. This was mainly due to the lower profitability and repayment capability of some borrowers in the real estate industry resulting from the macro-economic policies affecting the PRC real estate industry and changes in the real estate market. The non-performing loan ratio of the real estate industry decreased to 2.32% as of June 30, 2016, mainly due to increased loans to borrowers in the real estate industry.

As of December 31, 2014 and 2015 and June 30, 2016, the non-performing loans of the wholesale and retail industry were RMB30.0 million, RMB69.1 million and RMB76.6 million, respectively, accounting for 26.6%, 17.7% and 15.7% of the Group's total non-performing corporate loans, respectively, and the non-performing loan ratio was 0.67%, 0.97% and 0.88%, respectively. The relatively high amount of non-performing loans primarily reflected the lower profitability and repayment capability of some borrowers in the wholesale and retail industry as a result of economic slowdown.

As of December 31, 2013, 2014 and 2015 and June 30, 2016, the non-performing loans of the agriculture, forestry, animal husbandry and fishery industry were RMB5.0 million, RMB23.1 million, RMB26.6 million and RMB43.6 million, respectively, accounting for 34.5%, 20.5%, 6.8% and 9.0% of the Group's total non-performing corporate loans, respectively, and the non-performing loan ratio was 0.37%, 1.20%, 1.15% and 1.71%, respectively. The increase in non-performing loan ratio mainly reflected the deteriorating business environment of some borrowers in the agriculture, forestry, animal husbandry and fishery industry.

As of December 31, 2013, 2014 and 2015 and June 30, 2016, the non-performing loans of the mining industry were RMB0.2 million, RMB0.2 million, nil and RMB20.5 million, respectively, accounting for 1.4%, 0.2%, nil and 4.2% of the Group's total non-performing corporate loans, respectively, and the non-performing loan ratio was 0.25%, 0.11%, nil% and 8.38%, respectively. The increase in non-performing loan ratio mainly reflected the deteriorating financial conditions of borrowers in the mining industry as a result of China's economic restructuring, increased production costs and decreased market prices of mineral products. The Bank and each subsidiary bank closely monitor the operation and repayment ability of borrowers in the mining industry and the development of this industry. The Bank and each subsidiary bank may reduce loans to borrowers in the mining industry if the corresponding credit risk further increases.

### *Non-performing Loans by Geographic Location*

The table below sets forth non-performing loans by geographic location as of the dates indicated.

	As of December 31,									As of June 30,		
	2013			2014			2015			2016		
	Amount	% of total	NPL ratio <sup>(1)</sup>	Amount	% of total	NPL ratio <sup>(1)</sup>	Amount	% of total	NPL ratio <sup>(1)</sup>	Amount	% of total	NPL ratio <sup>(1)</sup>
	(in millions of RMB, except percentages)											
Jilin province . . . .	270.6	98.4%	1.38%	378.4	92.5%	1.25%	583.8	86.0%	1.38%	736.7	87.9%	1.58%
Other Regions <sup>(2)</sup> . . . .	4.4	1.6	0.20	30.5	7.5	0.73	95.0	14.0	1.66	101.1	12.1	1.52
<b>Total non-performing loans . . . . .</b>	<b>275.0</b>	<b>100.0%</b>	<b>1.26%</b>	<b>408.9</b>	<b>100.0%</b>	<b>1.19%</b>	<b>678.8</b>	<b>100.0%</b>	<b>1.42%</b>	<b>837.8</b>	<b>100.0%</b>	<b>1.57%</b>

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Notes:

(1) Calculated by dividing non-performing loans by loans and advances to customers in each region.

(2) Includes Heilongjiang, Guangdong, Hebei, Shandong, Anhui, Hubei, Hainan, Tianjin and Shaanxi.

As of December 31, 2013, 2014 and 2015 and June 30, 2016, the Group's non-performing loan ratio of Jilin province was 1.38%, 1.25%, 1.38% and 1.58% respectively. During the Track Record Period, the increasing non-performing loan ratio of Jilin province mainly reflected the deteriorating financial condition of some borrowers in the region due to an adverse economic and business environment.

As of December 31, 2013, 2014 and 2015 and June 30, 2016, the non-performing loan ratio of other regions in the PRC was 0.20%, 0.73%, 1.66% and 1.52%, respectively. The increase in the non-performing loan ratio in other regions during the Track Record Period was mainly due to the lower profitability and repayment capability of some borrowers, which had relatively larger impact on some borrowers in Hubei, Shandong and Anhui.

### *Non-performing Loans by the Type of Collateral*

The table below sets forth non-performing loans by the type of collateral as of the dates indicated.

	As of December 31,									As of June 30,		
	2013			2014			2015			2016		
	Amount	% of total	NPL ratio <sup>(1)</sup>	Amount	% of total	NPL ratio <sup>(1)</sup>	Amount	% of total	NPL ratio <sup>(1)</sup>	Amount	% of total	NPL ratio <sup>(1)</sup>
	(in millions of RMB, except percentages)											
Collateralized loans . . . . .	53.5	19.5%	0.49%	130.1	31.8%	0.79%	352.5	51.9%	1.51%	453.3	54.1%	1.75%
Pledged loans . . . . .	24.6	8.9	1.22	19.2	4.7	0.48	44.8	6.6	0.55	48.9	5.8	0.50
Guaranteed loans . . . . .	166.5	60.5	1.89	193.4	47.3	1.49	230.5	34.0	1.49	273.8	32.7	1.66
Unsecured loans . . . . .	30.4	11.1	17.82	66.2	16.2	7.45	51.0	7.5	5.56	61.8	7.4	5.69
<b>Total non-performing loans . . . . .</b>	<b>275.0</b>	<b>100.0%</b>	<b>1.26%</b>	<b>408.9</b>	<b>100.0%</b>	<b>1.19%</b>	<b>678.8</b>	<b>100.0%</b>	<b>1.42%</b>	<b>837.8</b>	<b>100.0%</b>	<b>1.57%</b>

Note:

(1) Calculated by dividing non-performing loans by loans and advances to customers in each category.

The non-performing loan ratio of collateralized loans increased from 0.49% as of December 31, 2013 to 0.79% as of December 31, 2014, 1.51% as of December 31, 2015 and 1.75% as of June 30, 2016, respectively, mainly due to the increase in non-performing loans of borrowers in the manufacturing, real estate and wholesale and retail industries, which were mainly collateralized loans.

The non-performing loan ratio of pledged loans decreased from 1.22% as of December 31, 2013 to 0.50% as of June 30, 2016, primarily reflecting the enhanced efforts in the recovery of these loans.

The non-performing loan ratio of guaranteed loans increased from 1.49% as of December 31, 2015 to 1.66% as of June 30, 2016, primarily reflecting the deteriorating financial condition of certain borrowers and guarantors. The non-performing loan ratio of guaranteed loans decreased from 1.89% as of December 31, 2013 to 1.49% as of December 31, 2015, primarily reflecting the adoption of stricter

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credit assessment standards in granting guaranteed loans and the enhanced efforts in the recovery of these loans.

The non-performing loan ratio of unsecured loans decreased from 17.82% as of December 31, 2013 to 5.69% as of June 30, 2016, primarily reflecting the adoption of stricter credit assessment standards in granting unsecured loans and the enhanced efforts in the recovery of these loans.

### *Ten Largest Non-performing Borrowers*

The table below sets forth the borrowers with the ten largest non-performing loan balances outstanding as of June 30, 2016.

	Industry	Classification	Outstanding principal	% of total non-performing loans	% of regulatory capital <sup>(1)</sup>
(in millions of RMB, except percentages)					
Borrower A . . . . .	Real estate	Doubtful	75.0	9.0%	0.5%
Borrower B . . . . .	Manufacturing	Doubtful	42.5	5.1	0.3
Borrower C . . . . .	Manufacturing	Doubtful	29.7	3.5	0.2
Borrower D . . . . .	Wholesale and retail	Doubtful	20.0	2.4	0.2
Borrower E . . . . .	Real estate	Doubtful	20.0	2.4	0.2
Borrower F . . . . .	Wholesale and retail	Doubtful	20.0	2.4	0.2
Borrower G . . . . .	Manufacturing	Substandard	16.0	1.9	0.1
Borrower H . . . . .	Agriculture, forestry, animal husbandry and fishery	Substandard	15.0	1.8	0.1
Borrower I . . . . .	Manufacturing	Doubtful	15.0	1.8	0.1
Borrower J . . . . .	Manufacturing	Doubtful	14.0	1.6	0.1
<b>Total</b> . . . . .			<b>267.2</b>	<b>31.9%</b>	<b>2.0%</b>

Note:

(1) Represents loan balances as a percentage of the Group's regulatory capital, calculated in accordance with the requirements of the Capital Administrative Measures and based on the Group's financial statements prepared in accordance with PRC GAAP. See "Financial Information—Capital Resources—Capital Adequacy".

### *Loan Aging Schedule*

The table below sets forth the loan aging schedule for loans and advances to customers 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)								
Loans not overdue . . . . .	20,989.4	96.0%	33,068.3	96.2%	45,716.8	95.5%	51,216.2	96.2%
Loans past due for:								
1 to 90 days . . . . .	432.8	2.0	492.4	1.4	1,083.2	2.3	354.5	0.7
91 days to 1 year . . . . .	207.9	1.0	264.5	0.8	428.8	0.9	785.8	1.5
1 to 3 years . . . . .	142.2	0.6	361.2	1.1	451.4	0.9	587.3	1.1
3 years or more . . . . .	86.3	0.4	185.1	0.5	201.5	0.4	297.7	0.5
Subtotal . . . . .	869.2	4.0	1,303.2	3.8	2,164.9	4.5	2,025.3	3.8
<b>Total loans and advances to customers</b> . . . . .	<b>21,858.6</b>	<b>100.0%</b>	<b>34,371.5</b>	<b>100.0%</b>	<b>47,881.7</b>	<b>100.0%</b>	<b>53,241.5</b>	<b>100.0%</b>



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### *Provision for Impairment Losses on Loans and Advances to Customers*

The Bank and each subsidiary bank assess their loans for impairment, determine a level of provision for impairment losses, and recognize provision for impairment losses on loans and advances to customers in accordance with IAS 39. The Group's loans are reported net of provision for impairment losses on the consolidated financial statements.

Where there is objective evidence of impairment as a result of events occurring after the initial recognition of loans that affect the estimated future cash flows of the loans, the Bank and each subsidiary bank perform individual assessments on individually significant loans with objective evidence of impairment to determine the provision for impairment losses. The provision for impairment losses of loans is measured as the difference between the carrying amounts and the estimated recoverable amounts of the loans. The estimated recoverable amounts are the present value of the estimated future cash flows of the loans, including, among other things, the realizable value of the collateral up to the carrying amount.

Individually significant loans for which no evidence of impairment has been individually identified, including loans classified as "normal" and "special mention", are assessed collectively for the purpose of determining the provision for impairment losses. The Bank and each subsidiary bank determine the provision for impairment losses of collectively assessed loans based on their historical loss experience with similar loan portfolio and the current economic conditions.

The table below sets forth the provision for impairment losses on loans and advances to customers as of the dates indicated.

	As of December 31,									As of June 30,		
	2013			2014			2015			2016		
	Amount	Provision to loans <sup>(1)</sup>	Provision to NPLs <sup>(2)</sup>	Amount	Provision to loans <sup>(1)</sup>	Provision to NPLs <sup>(2)</sup>	Amount	Provision to loans <sup>(1)</sup>	Provision to NPLs <sup>(2)</sup>	Amount	Provision to loans <sup>(1)</sup>	Provision to NPLs <sup>(2)</sup>
	(in millions of RMB, except percentages)											
Collectively assessed . . .	561.7	2.58%	273.61%	889.3	2.60%	329.92%	1,174.0	2.47%	424.79%	1,373.5	2.60%	417.30%
Individually assessed . . .	43.6	62.53	62.53	65.2	46.79	46.77	230.3	57.22	57.22	286.7	56.37	56.37
<b>Total provision for impairment losses . . .</b>	<b>605.3</b>	<b>2.77%</b>	<b>220.09%</b>	<b>954.5</b>	<b>2.78%</b>	<b>233.40%</b>	<b>1,404.3</b>	<b>2.93%</b>	<b>206.86%</b>	<b>1,660.2</b>	<b>3.12%</b>	<b>198.18%</b>

Notes:

- (1) Calculated by dividing the amount of provision for impairment losses by total loans and advances to customers in each category.
- (2) Calculated by dividing the amount of provision for impairment losses by total non-performing loans in each category.



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### *Provision for Impairment Losses on Loans and Advances to Customers by Loan Classification*

The table below sets forth the provision for impairment losses on loans and advances to customers by loan classification as of the dates indicated.

	As of December 31,									As of June 30,		
	2013			2014			2015			2016		
	Amount	% of total	Provision to total loan ratio <sup>(1)</sup>	Amount	% of total	Provision to total loan ratio <sup>(1)</sup>	Amount	% of total	Provision to total loan ratio <sup>(1)</sup>	Amount	% of total	Provision to total loan ratio <sup>(1)</sup>
	(in millions of RMB, except percentages)											
Normal	430.4	71.1%	2.05%	699.2	73.3%	2.09%	901.4	64.2%	1.97%	1,066.4	64.2%	2.10%
Special mention	20.4	3.4	3.67	40.2	4.2	7.22	123.3	8.8	8.12	130.3	7.9	7.86
Substandard	12.7	2.1	29.29	33.4	3.4	30.44	31.7	2.2	33.58	49.6	3.0	29.21
Doubtful	140.9	23.3	60.99	180.8	19.0	60.62	346.4	24.7	59.41	412.4	24.8	61.86
Loss	0.9	0.1	100.00	0.9	0.1	100.00	1.5	0.1	100.00	1.5	0.1	100.00
<b>Total provision for impairment losses</b>	<b>605.3</b>	<b>100.0%</b>	<b>2.77%</b>	<b>954.5</b>	<b>100.0%</b>	<b>2.78%</b>	<b>1,404.3</b>	<b>100.0%</b>	<b>2.93%</b>	<b>1,660.2</b>	<b>100.0%</b>	<b>3.12%</b>

Note:

(1) Calculated by dividing the amount of provision for impairment losses by total loans and advances to customers in each category.

The table below sets forth the provision for impairment losses on loans and advances to customers by product under the five-category loan classification system as of the dates indicated.

	As of December 31,									As of June 30,		
	2013			2014			2015			2016		
	Amount	Provision to loans <sup>(1)</sup>	Provision to NPLs <sup>(2)</sup>	Amount	Provision to loans <sup>(1)</sup>	Provision to NPLs <sup>(2)</sup>	Amount	Provision to loans <sup>(1)</sup>	Provision to NPLs <sup>(2)</sup>	Amount	Provision to loans <sup>(1)</sup>	Provision to NPLs <sup>(2)</sup>
	(in millions of RMB, except percentages)											
<b>Corporate Loans</b>												
Normal	295.7	2.14%	N/A	438.3	1.99%	N/A	628.5	2.02%	N/A	744.8	2.06%	N/A
Special mention	12.7	3.69	N/A	27.7	7.40	N/A	98.2	8.62	N/A	91.4	8.29	N/A
Substandard	—	—	—	18.2	30.80	30.80	22.6	35.31	35.31	32.7	28.86	28.86
Doubtful	10.5	77.21	77.21	34.0	63.43	63.43	192.7	58.95	58.95	236.8	63.33	63.33
Loss	—	—	—	—	—	—	—	—	—	—	—	—
<b>Subtotal</b>	<b>318.9</b>	<b>2.25%</b>	<b>2,199.31%</b>	<b>518.2</b>	<b>2.30%</b>	<b>459.80%</b>	<b>942.0</b>	<b>2.89%</b>	<b>240.98%</b>	<b>1,105.7</b>	<b>2.92%</b>	<b>226.95%</b>
<b>Retail Loans</b>												
Normal	134.7	1.88%	N/A	250.9	2.25%	N/A	272.5	1.99%	N/A	321.3	2.22%	N/A
Special mention	7.7	3.62	N/A	12.5	6.87	N/A	25.1	6.62	N/A	38.8	7.00	N/A
Substandard	12.7	30.09	30.09	15.2	30.04	30.04	9.1	30.03	30.03	16.9	30.00	30.00
Doubtful	130.4	59.98	59.98	146.8	59.99	59.99	153.7	60.02	60.02	175.6	60.00	60.00
Loss	0.9	100.00	100.00	0.9	100.00	100.00	1.5	100.00	100.00	1.5	100.00	100.00
<b>Subtotal</b>	<b>286.4</b>	<b>3.74%</b>	<b>109.98%</b>	<b>426.3</b>	<b>3.66%</b>	<b>143.92%</b>	<b>461.9</b>	<b>3.22%</b>	<b>160.44%</b>	<b>554.1</b>	<b>3.60%</b>	<b>158.04%</b>
<b>Discounted Bills</b>												
Normal	—	—	N/A	10.0	4.33%	N/A	0.4	0.04%	N/A	0.3	1.44%	N/A
Special mention	—	—	N/A	—	—	N/A	—	—	N/A	0.1	—	N/A
Substandard	—	—	—	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—	—	—	—
<b>Subtotal</b>	<b>—</b>	<b>—</b>	<b>0.00%</b>	<b>10.0</b>	<b>4.33%</b>	<b>0.00%</b>	<b>0.4</b>	<b>0.04%</b>	<b>0.00%</b>	<b>0.4</b>	<b>1.54%</b>	<b>—</b>
<b>Total provision for impairment losses</b>	<b>605.3</b>	<b>2.77%</b>	<b>220.09%</b>	<b>954.5</b>	<b>2.78%</b>	<b>233.40%</b>	<b>1,404.3</b>	<b>2.93%</b>	<b>206.87%</b>	<b>1,660.2</b>	<b>3.12%</b>	<b>198.18%</b>

Notes:

(1) Calculated by dividing the amount of provision for impairment losses by total loans and advances to customers in each category.

(2) Calculated by dividing the amount of provision for impairment losses by total non-performing loans in each category.

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**ASSETS AND LIABILITIES**

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***Changes to the Provision for Impairment Losses on Loans and Advances to Customers***

The table below sets forth the changes to the provision for impairment losses on loans and advances to customers as of the dates indicated.

	<u>Amount</u> <u>(in millions of RMB)</u>
<b>As of January 1, 2013</b> .....	<b>285.5</b>
Charge for the year .....	251.3
Reverse for the year .....	(35.0)
Amounts written off as uncollectible .....	(2.9)
Recoveries of loans and advances previously written off .....	26.4
Acquisition of subsidiaries .....	80.0
<b>As of December 31, 2013</b> .....	<b>605.3</b>
Charge for the year .....	227.7
Reverse for the year .....	(42.1)
Amounts written off as uncollectible .....	—
Recoveries of loans and advances previously written off .....	17.9
Acquisition of subsidiaries .....	145.7
<b>As of December 31, 2014</b> .....	<b>954.5</b>
Charge for the year .....	418.3
Reverse for the year .....	(91.4)
Amounts written off as uncollectible .....	(39.2)
Recoveries of loans and advances previously written off .....	74.4
Acquisition of subsidiaries .....	87.7
<b>As of December 31, 2015</b> .....	<b>1,404.3</b>
Charge for the year .....	270.2
Reverse for the year .....	(16.8)
Amounts written off as uncollectible .....	(7.8)
Recoveries of loans and advances previously written off .....	7.0
Acquisition of subsidiaries .....	3.3
<b>As of June 30, 2016</b> .....	<b>1,660.2</b>

## ASSETS AND LIABILITIES

### *Provision for Impairment Losses on Loans and Advances to Customers by Product*

The table below sets forth the provision for impairment losses on loans and advances to customers by product as of the dates indicated.

	As of December 31,									As of June 30,		
	2013			2014			2015			2016		
	Amount	% of total	Provision to NPLs <sup>(1)</sup>	Amount	% of total	Provision to NPLs <sup>(1)</sup>	Amount	% of total	Provision to NPLs <sup>(1)</sup>	Amount	% of total	Provision to NPLs <sup>(1)</sup>
	(in millions of RMB, except percentages)											
<b>Corporate loans</b>												
Small and micro enterprises <sup>(2)</sup> . . .	247.0	40.8%	1,871.21%	405.2	42.5%	399.61%	722.0	51.4%	188.41%	814.0	49.0%	168.81%
Medium enterprises <sup>(2)</sup> . . .	61.7	10.2	—	99.0	10.3	990.00	170.0	12.1	2,428.57	230.2	13.9	4,604.00
Large enterprises <sup>(2)</sup> . . .	5.1	0.8	—	9.4	1.0	—	45.9	3.3	—	57.4	3.5	—
Others <sup>(3)</sup> . . . . .	5.1	0.8	391.31	4.6	0.5	353.85	4.1	0.3	585.71	4.1	0.2	—
<b>Subtotal</b> . . . . .	<b>318.9</b>	<b>52.6%</b>	<b>2,199.31%</b>	<b>518.2</b>	<b>54.3%</b>	<b>459.80%</b>	<b>942.0</b>	<b>67.1%</b>	<b>240.98%</b>	<b>1,105.7</b>	<b>66.6%</b>	<b>226.95%</b>
<b>Retail loans</b>												
Personal business loans . . . . .	123.3	20.4%	58.52%	321.8	33.7%	136.13%	374.3	26.7%	143.57%	452.5	27.3%	143.11%
Personal consumption loans . . . . .	107.7	17.8	223.91	93.1	9.8	157.53	56.7	4.0	219.77	69.0	4.1	202.35
Residential and commercial mortgage loans . . . . .	55.4	9.2	3,258.82	11.4	1.2	1,628.57	30.9	2.2	2,207.14	32.6	2.0	10,866.67
<b>Subtotal</b> . . . . .	<b>286.4</b>	<b>47.4%</b>	<b>109.98%</b>	<b>426.3</b>	<b>44.7%</b>	<b>143.92%</b>	<b>461.9</b>	<b>32.9%</b>	<b>160.44%</b>	<b>554.1</b>	<b>33.4%</b>	<b>158.04%</b>
<b>Discounted bills</b>												
Bank acceptance bills . . . . .	—	—	—	9.6	1.0%	—	0.4	0.0%	—	0.4	0.0%	—
Commercial acceptance bills . . . . .	—	—	—	0.4	0.0	—	—	—	—	—	—	—
<b>Subtotal</b> . . . . .	<b>—</b>	<b>—</b>	<b>—</b>	<b>10.0</b>	<b>1.0%</b>	<b>—</b>	<b>0.4</b>	<b>0.0%</b>	<b>—</b>	<b>0.4</b>	<b>0.0%</b>	<b>—</b>
<b>Total provision for impairment losses</b> . . . . .	<b>605.3</b>	<b>100.0%</b>	<b>220.09%</b>	<b>954.5</b>	<b>100.0%</b>	<b>233.40%</b>	<b>1,404.3</b>	<b>100.0%</b>	<b>206.86%</b>	<b>1,660.2</b>	<b>100.0%</b>	<b>198.18%</b>

Notes:

- (1) Calculated by dividing the amount of provision for impairment losses by total non-performing loans in each category.
- (2) 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.
- (3) Mainly consist of government entities and public institutions.

## ASSETS AND LIABILITIES

### *Provision for Impairment Losses on Corporate Loans by Industry*

The table below sets forth the provision on impairment losses for corporate loans by industry as of the dates indicated.

	As of December 31,									As of June 30,		
	2013			2014			2015			2016		
	Amount	% of total	Provision to NPLs <sup>(1)</sup>	Amount	% of total	Provision to NPLs <sup>(1)</sup>	Amount	% of total	Provision to NPLs <sup>(1)</sup>	Amount	% of total	Provision to NPLs <sup>(1)</sup>
	(in millions of RMB, except percentages)											
Manufacturing . . . . .	52.8	16.6%	52,800.00%	81.8	15.8%	376.96%	241.2	25.6%	145.48%	309.7	28.0%	144.65%
Wholesale and retail . . . . .	71.7	22.5	—	106.5	20.6	355.00	181.6	19.3	262.81	230.1	20.8	300.39
Real estate . . . . .	22.2	6.9	—	49.5	9.6	—	120.3	12.8	126.63	142.7	12.9	150.21
Construction . . . . .	49.1	15.4	1,402.86	58.8	11.3	708.43	91.5	9.7	1,089.29	103.3	9.3	930.63
Agriculture, forestry, animal husbandry and fishery . . . . .	32.2	10.1	644.00	56.0	10.8	242.42	79.5	8.4	298.87	76.5	6.9	175.46
Leasing and business services . . . . .	25.8	8.1	—	54.1	10.4	—	41.6	4.4	—	48.9	4.4	—
Electricity, gas and water production and supply . . . . .	11.3	3.6	240.43	20.6	4.0	438.30	30.8	3.3	669.57	37.7	3.4	496.05
Transportation, storage and postal services . . . . .	8.9	2.8	890.00	18.7	3.6	—	41.7	4.4	1,191.43	34.9	3.2	997.14
Accommodation and catering . . . . .	7.7	2.4	—	19.9	3.8	119.16	10.2	1.1	—	21.4	1.9	—
Resident and other services . . . . .	15.2	4.8	—	12.1	2.3	151.25	18.5	2.0	103.35	17.3	1.6	139.52
Information transmission, computer services and software . . . . .	2.4	0.7	—	3.0	0.6	—	30.6	3.2	—	16.5	1.5	825.00
Mining . . . . .	1.5	0.5	750.00	8.0	1.5	4,000.00	3.4	0.3	—	15.3	1.4	74.63
Education . . . . .	3.5	1.1	—	5.9	1.1	—	23.5	2.5	—	14.7	1.3	—
Health and social services . . . . .	2.0	0.6	—	3.7	0.8	—	8.7	0.9	—	9.0	0.8	—
Water, environment and public facility management . . . . .	8.1	2.5	—	6.7	1.3	—	6.5	0.7	—	8.6	0.8	1,075.00
Cultural, sports and entertainment . . . . .	1.7	0.5	—	2.5	0.5	—	2.5	0.3	—	6.3	0.6	—
Scientific research, technical services and geological prospecting . . . . .	0.5	0.2	—	3.3	0.6	—	7.4	0.8	—	5.6	0.5	—
Finance . . . . .	1.8	0.5	—	1.6	0.3	—	2.0	0.2	—	4.1	0.4	—
Public administration, social security and social organizations . . . . .	0.5	0.2	—	5.5	1.1	—	0.5	0.1	—	3.1	0.3	—
<b>Total provisions for impairment losses . . . . .</b>	<b>318.9</b>	<b>100.0%</b>	<b>2,199.31%</b>	<b>518.2</b>	<b>100.0%</b>	<b>459.80%</b>	<b>942.0</b>	<b>100.0%</b>	<b>240.98%</b>	<b>1,105.7</b>	<b>100.0%</b>	<b>226.95%</b>

Note:

(1) Calculated by dividing the amount of provision for impairment losses by non-performing loans in each industry.

## ASSETS AND LIABILITIES

### *Provision for Impairment Losses on Loans and Advances to Customers by Geographic Location*

The table below sets forth the provision for impairment losses on loans and advances to customers by geographic location as of the dates indicated.

	As of December 31,									As of June 30,		
	2013			2014			2015			2016		
	Amount	% of total	Provision to NPLs <sup>(1)</sup>	Amount	% of total	Provision to NPLs <sup>(1)</sup>	Amount	% of total	Provision to NPLs <sup>(1)</sup>	Amount	% of total	Provision to NPLs <sup>(1)</sup>
	(in millions of RMB, except percentages)											
Jilin .....	562.8	93.0%	207.95%	863.4	90.5%	228.17%	1,244.4	88.6%	213.16%	1,461.7	88.0%	198.41%
Other Regions <sup>(2)</sup> .....	42.5	7.0	968.18	91.1	9.5	298.69	159.9	11.4	168.32	198.5	12.0	196.38
<b>Total provision for impairment losses .....</b>	<b>605.3</b>	<b>100.0%</b>	<b>220.09%</b>	<b>954.5</b>	<b>100.0%</b>	<b>233.40%</b>	<b>1,404.3</b>	<b>100.0%</b>	<b>206.86%</b>	<b>1,660.2</b>	<b>100.0%</b>	<b>198.18%</b>

Notes:

(1) Calculated by dividing the amount of provision for impairment losses by non-performing loans in each region.

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

### **Investment Securities and Other Financial Assets**

As of December 31, 2013, 2014 and 2015 and June 30, 2016, the Group had investment securities and other financial assets of RMB9,428.0 million, RMB9,868.3 million, RMB35,013.0 million and RMB48,714.5 million, respectively, representing 17.1%, 12.1%, 24.7% and 30.5% of its total assets, respectively.

## ASSETS AND LIABILITIES

Investment securities and other financial assets primarily include debt securities, asset management plans, trust plans, wealth management products issued by other financial institutions, beneficiary certificates issued by securities companies and equity investments.

	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)							
<b>Debt securities investments</b>								
Available-for-sale debt securities .....	1,580.5	16.8%	327.7	3.3%	3,887.5	11.1%	12,422.1	25.6%
Held-to-maturity debt securities .....	588.1	6.2	774.6	7.8	1,376.1	3.9	1,844.5	3.8
Debt securities held for trading .....	19.3	0.2	104.8	1.1	3,857.8	11.0	1,122.8	2.3
Debt securities classified as receivables .....	—	—	—	—	—	—	200.0	0.4
<b>Subtotal</b> .....	<b>2,187.9</b>	<b>23.2%</b>	<b>1,207.1</b>	<b>12.2%</b>	<b>9,121.4</b>	<b>26.0%</b>	<b>15,589.4</b>	<b>32.1%</b>
<b>Asset management plans and trust plans</b>								
Asset management plans ..	6,541.5	69.4%	7,119.4	72.1%	17,844.2	51.0%	24,584.1	50.6%
Trust plans .....	200.0	2.1	500.0	5.1	3,613.9	10.3	1,460.8	2.8
<b>Subtotal</b> .....	<b>6,741.5</b>	<b>71.5%</b>	<b>7,619.4</b>	<b>77.2%</b>	<b>21,458.1</b>	<b>61.3%</b>	<b>26,044.9</b>	<b>53.4%</b>
<b>Wealth management products issued by other financial institutions</b> .....	<b>0.0</b>	<b>0.0%</b>	<b>220.0</b>	<b>2.2%</b>	<b>1,822.6</b>	<b>5.2%</b>	<b>4,889.8</b>	<b>10.1%</b>
<b>Subtotal</b> .....	<b>0.0</b>	<b>0.0%</b>	<b>220.0</b>	<b>2.2%</b>	<b>1,822.6</b>	<b>5.2%</b>	<b>4,889.8</b>	<b>10.1%</b>
<b>Beneficiary certificates issued by securities companies</b> .....	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,570.0</b>	<b>4.5%</b>	<b>1,100.0</b>	<b>2.2%</b>
<b>Subtotal</b> .....	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,570.0</b>	<b>4.5%</b>	<b>1,100.0</b>	<b>2.2%</b>
<b>Equity investments</b>								
Available-for-sale equity investments .....	380.0	4.0%	821.8	8.4%	1,040.9	3.0%	1,090.4	2.2%
<b>Subtotal</b> .....	<b>380.0</b>	<b>4.0%</b>	<b>821.8</b>	<b>8.4%</b>	<b>1,040.9</b>	<b>3.0%</b>	<b>1,090.4</b>	<b>2.2%</b>
<b>Others<sup>(1)</sup></b> .....	<b>118.6</b>	<b>1.3%</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Subtotal</b> .....	<b>118.6</b>	<b>1.3%</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total investment securities and other financial assets, net</b> ...	<b>9,428.0</b>	<b>100.0%</b>	<b>9,868.3</b>	<b>100.0%</b>	<b>35,013.0</b>	<b>100.0%</b>	<b>48,714.5</b>	<b>100.0%</b>

Note:

(1) Primarily consist of deposits from banks and investments of principal-guaranteed wealth management products.

Investment securities and other financial assets increased by 4.7% from RMB9,428.0 million as of December 31, 2013 to RMB9,868.3 million as of December 31, 2014, and significantly increased by 254.8% to RMB35,013.0 million as of December 31, 2015. As of June 30, 2016, investment securities and other financial assets amounted to RMB48,714.5 million. The increases in net investment securities and other financial assets were primarily due to (i) the Group's strategy to diversify its products and services and expand its treasury operations, and (ii) an increase in funds available for investment.

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## ASSETS AND LIABILITIES

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### *Debt Securities Investments*

Debt securities investments increased by 655.6% from RMB1,207.1 million as of December 31, 2014 to RMB9,121.4 million as of December 31, 2015, and further increased by 70.9% to RMB15,589.4 million as of June 30, 2016, primarily due to (i) increased demand for direct financing from enterprises, (ii) an increase in the types of investible debt securities products, and (iii) an increase in funds available for investments. Debt securities investments decreased by 44.8% from RMB2,187.9 million as of December 31, 2013 to RMB1,207.1 million as of December 31, 2014, primarily due to the disposition of certain debt securities investments in response to changes in the debt market.

The Group primarily invests in bonds issued by policy banks, government bonds and bonds issued by PRC banks and other financial institutions with lower risk and higher liquidity. As of December 31, 2013, 2014 and 2015 and June 30, 2016, debt securities issued by policy banks, government bonds and debt securities issued by PRC banks and other financial institutions accounted for 91.8%, 95.1%, 86.3% and 91.0% of total debt securities investments.

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The following table sets forth a breakdown of the Group's debt securities investments by credit ratings 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)							
<b>Bonds issued by policy banks</b>								
AAA	—	—	—	—	—	—	—	—
AA- to AA+	—	—	—	—	—	—	—	—
A- to A+	—	—	—	—	—	—	—	—
Lower than A-	—	—	—	—	—	—	—	—
Unrated <sup>(1)</sup>	1,198.3	54.8	154.7	12.8	2,553.7	28.0	7,323.1	47.0
<b>Subtotal</b>	<b>1,198.3</b>	<b>54.8%</b>	<b>154.7</b>	<b>12.8%</b>	<b>2,553.7</b>	<b>28.0%</b>	<b>7,323.1</b>	<b>47.0%</b>
<b>Government bonds</b>								
AAA <sup>(2)</sup>	—	—	—	—	1,376.7	15.1%	660.1	4.3%
AA- to AA+	—	—	—	—	—	—	—	—
A- to A+	—	—	—	—	—	—	—	—
Lower than A-	—	—	—	—	—	—	—	—
Unrated <sup>(3)</sup>	810.2	37.0	678.7	56.2	1,715.2	18.8	5,696.0	36.5
<b>Subtotal</b>	<b>810.2</b>	<b>37.0%</b>	<b>678.7</b>	<b>56.2%</b>	<b>3,091.9</b>	<b>33.9%</b>	<b>6,356.1</b>	<b>40.8%</b>
<b>Bonds issued by PRC banks and other financial institutions</b>								
AAA	—	—	—	—	—	—	—	—
AA- to AA+	—	—	—	—	—	—	—	—
A- to A+	—	—	—	—	—	—	108.4	0.7
Lower than A-	—	—	—	—	—	—	—	—
Unrated <sup>(4)</sup>	0.1	0.0	315.0	26.1	2,221.5	24.4	398.7	2.5
<b>Subtotal</b>	<b>0.1</b>	<b>0.0%</b>	<b>315.0</b>	<b>26.1%</b>	<b>2,221.5</b>	<b>24.4%</b>	<b>507.1</b>	<b>3.2%</b>
<b>Bonds issued by other PRC entities<sup>(5)</sup></b>								
AAA	—	—	—	—	213.2	2.3%	140.3	0.9%
AA- to AA+	179.3	8.2	58.7	4.9	—	—	274.4	1.8
A- to A+	—	—	—	—	160.1	1.8	298.5	1.9
Lower than A-	—	—	—	—	—	—	—	—
Unrated <sup>(6)</sup>	—	—	—	—	881.0	9.6	689.9	4.4
<b>Subtotal</b>	<b>179.3</b>	<b>8.2%</b>	<b>58.7</b>	<b>4.9%</b>	<b>1,254.3</b>	<b>13.7%</b>	<b>1,403.1</b>	<b>9.0%</b>
<b>Total debt securities investments</b>	<b>2,187.9</b>	<b>100.0%</b>	<b>1,207.1</b>	<b>100.0%</b>	<b>9,121.4</b>	<b>100.0%</b>	<b>15,589.4</b>	<b>100.0%</b>

Notes:

- (1) Primarily include bonds issued by policy banks, which are not rated by independent rating agencies.
- (2) Primarily include long-term bonds issued by China Railway Corporation and provincial government bonds.
- (3) Primarily include central government bonds and local government bonds issued and repaid by the central government, which are not rated by independent rating agencies.
- (4) Primarily include interbank certificates issued by financial institutions on the interbank market.
- (5) Primarily consist of corporate bonds.
- (6) Primarily include short-term bonds due within 270 days issued by non-financial institutions on the interbank market.

Bonds issued by other PRC entities primarily consist of corporate bonds. Bonds issued by other PRC entities as a percentage of total debt securities investments decreased from 13.7% as of December 31, 2015 to 9.0% as of June 30, 2016, primarily because the Group proactively adjusted its



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investment strategies and reduced investment in corporate bonds in view of increased corporate bond defaults in China. Bonds issued by other PRC entities as a percentage of total debt securities investments increased from 4.9% as of December 31, 2014 to 13.7% as of December 31, 2015, primarily reflecting increased investments in corporate bonds to balance risk and return. Bonds issued by other PRC entities as a percentage of total debt securities investments decreased from 8.2% as of December 31, 2013 to 4.9% as of December 31, 2014, primarily reflecting the disposition of certain debt securities investments in response to changes in the debt market.

The following table sets forth the Group's debt securities investments by fixed interest rate and floating interest rate 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)							
Fixed interest rate . . . . .	2,187.9	100.0%	1,207.1	100.0%	9,121.4	100.0%	15,589.4	100.0%
Floating interest rate . . . . .	—	—	—	—	—	—	—	—
<b>Total debt securities investments . . . . .</b>	<b><u>2,187.9</u></b>	<b><u>100.0%</u></b>	<b><u>1,207.1</u></b>	<b><u>100.0%</u></b>	<b><u>9,121.4</u></b>	<b><u>100.0%</u></b>	<b><u>15,589.4</u></b>	<b><u>100.0%</u></b>

As of December 31, 2013, 2014 and 2015 and June 30, 2016, all of the Group's debt securities investments were denominated in Renminbi and issued by domestic issuers.

The table below sets forth the Group's debt securities investments by remaining maturity as of June 30, 2016.

	No fixed maturity	Overdue	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due over 5 years	Total
	(in millions of RMB)						
Bonds issued by policy banks . . . . .	—	—	—	—	4,129.6	3,193.5	7,323.1
Government bonds . . . . .	—	—	260.5	101.8	2,143.5	3,850.3	6,356.1
Bonds issued by PRC banks and other financial institutions . . . . .	—	—	398.6	—	0.1	108.4	507.1
Bonds issued by other PRC entities <sup>(1)</sup> . . . . .	—	—	439.6	369.3	594.2	—	1,403.1
<b>Total debt securities . . . . .</b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>1,098.7</u></b>	<b><u>471.1</u></b>	<b><u>6,867.4</u></b>	<b><u>7,152.2</u></b>	<b><u>15,589.4</u></b>

Note:

(1) Primarily consist of corporate bonds.

### *Asset Management Plans*

The Group's investment in asset management plans increased by 8.8% from RMB6,541.5 million as of December 31, 2013 to RMB7,119.4 million as of December 31, 2014, and further increased by 150.7% to RMB17,844.2 million as of December 31, 2015. As of June 30, 2016, investment in asset management plans amounted RMB24,584.1 million. The increases were mainly due to (i) an increase in investment in asset management plans of other financial institutions, primarily driven by the growth in the scale of principal-guaranteed wealth management products issued, and (ii) diversification of the investment portfolio to enhance returns.

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### ***Trust Plans***

The Group's investment in trust plans decreased by 59.6% from RMB3,613.9 million as of December 31, 2015 to RMB1,460.8 million as of June 30, 2016. The decrease was mainly due to (i) the maturity of some investments, and (ii) the disposition of some investments based on market conditions. The Group's investment in trust plans increased by 150.0% from RMB200.0 million as of December 31, 2013 to RMB500.0 million as of December 31, 2014, and further increased by 622.8% to RMB3,613.9 million as of December 31, 2015. The increases were mainly due to (i) an increase in investment in fixed-income products such as bonds and money market instruments through trust companies, driven primarily of the growth in the scale of principal-guaranteed wealth management products issued, and (ii) diversification of the investment portfolio to enhance returns.

### ***Wealth Management Products Issued by Other Financial Institutions***

As of December 31, 2014 and 2015 and June 30, 2016, the Group's investment in wealth management products issued by other financial institutions amounted to RMB220.0 million, RMB1,822.6 million and RMB4,889.8 million, respectively. The increase in the investment in wealth management products issued by other financial institutions reflected increased investment in these products to seek higher investment returns within controllable risks.

### ***Beneficiary Certificates Issued by Securities Companies***

The Group invests in beneficiary certificates issued by securities companies to diversify its investment portfolio and to enhance returns. As of December 31, 2015 and June 30, 2016, the Group's investment in beneficiary certificates amounted to RMB1,570.0 million and RMB1,100.0 million, respectively. The decrease in the investment in beneficiary certificates reflected the decreased investments in these products due to their decreased market yield.

### ***Equity Investments***

As of December 31, 2013, 2014 and 2015 and June 30, 2016, equity investments accounted for 4.0%, 8.4%, 3.0% and 2.2% of investment securities and other financial assets, respectively. Equity investments primarily include equity investments in Jilin Huancheng Rural Commercial Bank Co., Ltd., Changchun Rural Commercial Bank Co., Ltd., Jilin Yushu Rural Commercial Bank Co., Ltd., Shanxi Houma Rural Commercial Bank Co., Ltd., Heihe Rural Commercial Bank Co., Ltd. and Jilin Province Rural Credit Union.

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### *Maturity Profile of the Group's Investment Portfolio*

The table below sets forth investment securities and other financial assets by remaining maturity as of June 30, 2016.

	Immediately due	Due in 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due over 5 years	Undefined	Total
	(in millions of RMB)						
Held-to-maturity investments . . .	—	110.0	101.8	607.1	1,025.6	—	1,844.5
Available-for-sale financial assets . . . . .	125.4	3,584.6	7,084.0	7,608.8	6,025.3	1,090.4	25,518.5
Financial assets at fair value through profit or loss . . . . .	—	5,073.5	7,216.8	976.6	130.8	—	13,397.7
Debt securities classified as receivables . . . . .	—	550.0	2,267.7	5,136.1	—	—	7,953.8
<b>Total investment securities and other financial assets . . . . .</b>	<b>125.4</b>	<b>9,318.1</b>	<b>16,670.3</b>	<b>14,328.6</b>	<b>7,181.7</b>	<b>1,090.4</b>	<b>48,714.5</b>

### *Carrying Value and Market Value*

All investment financial assets classified as available-for-sale financial assets and financial assets at fair value through profit or loss are stated at fair value. The table below sets forth the carrying value and market value of held-to-maturity investments as of the dates indicated.

	As of December 31,						As of June 30,	
	2013		2014		2015		2016	
	Carrying Value	Fair value	Carrying Value	Fair value	Carrying Value	Fair value	Carrying Value	Fair value
	(in millions of RMB)							
Held-to-maturity investments . . . . .	588.1	549.7	774.6	765.1	1,376.1	1,400.3	1,844.5	1,868.8

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### *Investment Concentration*

The table below sets forth the Group's ten largest holdings of investment securities and other financial assets as of June 30, 2016.

	Nature	Risk level	Carrying value	% of total investment portfolio	% of total shareholders' equity <sup>(1)</sup>	Fair value
(in millions of RMB, except percentages)						
Investment A . . .	Government bonds	Unrated <sup>(2)</sup>	1,134.1	2.3%	12.4%	1,134.1
Investment B . . .	Government bonds	Unrated <sup>(2)</sup>	920.9	1.9	10.0	920.9
Investment C . . .	Government bonds	Unrated <sup>(2)</sup>	826.4	1.7	9.0	826.4
Investment D . . .	Portfolio wealth management products	Non-principal-guaranteed	713.6	1.5	7.8	712.0
Investment E . . .	Portfolio wealth management products	Non-principal-guaranteed	579.7	1.2	6.3	580.9
Investment F . . .	Portfolio wealth management products	Non-principal-guaranteed	576.0	1.2	6.3	576.0
Investment G . . .	Bonds issued by policy banks	Unrated <sup>(3)</sup>	511.2	1.0	5.6	511.2
Investment H . . .	Portfolio wealth management products	Non-principal-guaranteed	509.5	1.0	5.6	509.5
Investment I . . .	Portfolio wealth management products	Principal-guaranteed	500.1	1.0	5.5	500.1
Investment J . . .	Portfolio wealth management products	Principal-guaranteed	500.1	1.0	5.5	500.1
<b>Total</b> . . . . .			<b>6,771.6</b>	<b>13.8%</b>	<b>74.0%</b>	<b>6,771.2</b>

Notes:

- (1) For a calculation of total shareholders' equity, see "Financial Information—Capital Resources—Shareholders' Equity".
- (2) Primarily include central government bonds and local government bonds issued and repaid by the central government, which are not rated by independent rating agencies.
- (3) Bonds issued by policy banks are not rated by independent rating agencies.

### **Other Components of Assets**

Other components of assets primarily include (i) deposits with banks and other financial institutions, (ii) cash and deposits with the central bank, and (iii) financial assets held under resale agreements.

As of December 31, 2013, 2014 and 2015 and June 30, 2016, deposits with banks and other financial institutions accounted for 6.0%, 14.6%, 13.1% and 16.5% of total assets, respectively. Deposits with banks and other financial institutions increased by 261.8% from RMB3,309.3 million as of December 31, 2013 to RMB11,972.8 million as of December 31, 2014, and further increased by 55.7% to RMB18,640.2 million as of December 31, 2015. As of June 30, 2016, deposits with banks and other financial institutions amounted to RMB26,394.8 million. The increases were mainly due to (i) the consolidation of the financial results (including deposits with banks and other financial institutions) of rural credit cooperatives and a rural cooperative bank that were acquired, and the village and township banks that were established and acquired, (ii) an increase in funds available for

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investment resulting from an increase in deposits from customers, and (iii) enhanced cooperation with other banks and financial institutions.

Cash and deposits with the central bank primarily consist of cash, statutory deposit reserves and surplus deposit reserves. Statutory deposit reserves represent the minimum level of cash deposits that the Bank and each subsidiary bank required to deposit with the PBOC, which is determined as a percentage of total deposits from customers. Surplus deposit reserves are deposits with the PBOC in excess of statutory deposit reserves. Cash and deposits with the central bank increased by 38.5% from RMB11,269.7 million in 2013 to RMB15,605.9 million in 2014, and further increased by 23.9% to RMB19,333.6 million as of December 31, 2015. As of June 30, 2016, cash and deposits with the central bank amounted to RMB19,943.2 million. The increases in cash and deposits with the central bank were primarily attributable to an increase in statutory deposit reserves resulting from increased deposits from customers.

Financial assets held under resale agreements amounted to RMB7,228.1 million, RMB7,131.0 million, RMB17,297.4 million and RMB8,027.0 million as of December 31, 2013, 2014 and 2015 and June 30, 2016, primarily reflecting the adjustment of the scale of reverse repurchase transactions to manage liquidity and balance risk and return.

### LIABILITIES AND SOURCES OF FUNDS

As of December 31, 2013, 2014 and 2015 and June 30, 2016, total liabilities amounted to RMB50,490.7 million, RMB74,021.0 million, RMB130,096.1 million and RMB147,499.2 million, respectively. Major components of liabilities include (i) deposits from customers, (ii) financial assets sold under repurchase agreements, (iii) debt securities issued, and (iv) deposits from banks and other financial institutions. The table below sets forth the components of total liabilities 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)							
Deposits from customers . . . . .	36,739.3	72.8%	59,771.7	80.8%	93,302.8	71.7%	106,998.8	72.5%
Financial assets sold under repurchase agreements . . . . .	7,365.7	14.6	4,677.6	6.3	23,063.5	17.7	20,580.1	14.0
Debt securities issued . . . . .	697.3	1.4	2,389.3	3.2	9,074.2	7.0	11,248.0	7.6
Deposits from banks and other financial institutions . . . . .	4,581.5	9.1	4,820.1	6.5	1,868.3	1.5	5,817.6	3.9
Borrowing from the central bank . . . . .	35.9	0.1	203.0	0.3	293.6	0.2	364.0	0.3
Placements from banks and other financial institutions . . . . .	8.6	0.0	594.6	0.8	52.5	0.0	162.5	0.1
Others <sup>(1)</sup> . . . . .	1,062.4	2.0	1,564.7	2.1	2,441.2	1.9	2,328.2	1.6
<b>Total liabilities . . . . .</b>	<b>50,490.7</b>	<b>100.0%</b>	<b>74,021.0</b>	<b>100.0%</b>	<b>130,096.1</b>	<b>100.0%</b>	<b>147,499.2</b>	<b>100.0%</b>

Note:

(1) Primarily consist of accrued staff costs and taxes payables.

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Deposits from customers are the largest component of total liabilities, representing 72.8%, 80.8%, 71.7% and 72.5% of total liabilities as of December 31, 2013, 2014 and 2015 and June 30, 2016, respectively.

### Deposits from Customers

The Group provides demand and time deposit products to corporate and retail customers. The table below sets forth deposits from customers by product and customer type 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)							
<b>Corporate deposits</b>								
Demand deposits . . . . .	10,942.5	29.8%	18,135.9	30.3%	23,100.7	24.8%	24,436.9	22.8%
Time deposits . . . . .	1,604.9	4.4	5,214.4	8.7	17,537.6	18.8	22,028.6	20.6
Subtotal . . . . .	<u>12,547.4</u>	<u>34.2%</u>	<u>23,350.3</u>	<u>39.0%</u>	<u>40,638.3</u>	<u>43.6%</u>	<u>46,465.5</u>	<u>43.4%</u>
<b>Retail deposits</b>								
Demand deposits . . . . .	7,529.1	20.5%	10,820.0	18.1%	14,984.1	16.1%	14,475.2	13.5%
Time deposits . . . . .	14,992.2	40.8	22,985.2	38.5	34,048.4	36.5	42,557.9	39.8
Subtotal . . . . .	<u>22,521.3</u>	<u>61.3%</u>	<u>33,805.2</u>	<u>56.6%</u>	<u>49,032.5</u>	<u>52.6%</u>	<u>57,033.1</u>	<u>53.3%</u>
<b>Others<sup>(1)</sup> . . . . .</b>	<u>1,670.6</u>	<u>4.5%</u>	<u>2,616.2</u>	<u>4.4%</u>	<u>3,632.0</u>	<u>3.8%</u>	<u>3,500.2</u>	<u>3.3%</u>
<b>Total deposits from customers . . . . .</b>	<u>36,739.3</u>	<u>100.0%</u>	<u>59,771.7</u>	<u>100.0%</u>	<u>93,302.8</u>	<u>100.0%</u>	<u>106,998.8</u>	<u>100.0%</u>

Note:

(1) Primarily consist of pledged deposits held as collateral and fiscal deposits.

Total deposits from customers increased by 62.7% from RMB36,739.3 million as of December 31, 2013 to RMB59,771.7 million as of December 31, 2014, and further increased by 56.1% to RMB93,302.8 million as of December 31, 2015. As of June 30, 2016, total deposits from customers amounted to RMB106,998.8 million. The increases were primarily attributable to (i) the consolidation of the financial results (including deposits from customers) of rural credit cooperatives and a rural cooperative bank that were acquired, and the village and township banks that were established and acquired, (ii) expansion of the branch network, and (iii) enhanced marketing efforts to increase deposits.

Retail deposits accounted for 61.3%, 56.6%, 52.6% and 53.3% of total deposits from customers as of December 31, 2013, 2014 and 2015 and June 30, 2016, respectively. Corporate deposits represented 34.2%, 39.0%, 43.6% and 43.4% of the Group's total deposits from customers as of December 31, 2013, 2014 and 2015 and June 30, 2016, respectively. The decrease in retail deposits as a percentage of total deposits from customers and the increase in corporate deposits as a percentage of total deposits from customers was primarily due to the enhanced corporate customer service capabilities.

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### *Deposits from Customers by Currency*

The table below sets forth deposits from customers by currency 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)							
<b>RMB-denominated</b>								
Corporate deposits . . .	12,547.4	34.2%	23,350.3	39.0%	40,631.6	43.6%	46,462.0	43.4%
Retail deposits . . . . .	22,521.3	61.3	33,805.2	56.6	49,026.9	52.6	57,025.9	53.3
Others <sup>(1)</sup> . . . . .	1,670.6	4.5	2,616.2	4.4	3,632.0	3.8	3,500.2	3.3
<b>Subtotal . . . . .</b>	<b>36,739.3</b>	<b>100.0%</b>	<b>59,771.7</b>	<b>100.0%</b>	<b>93,290.5</b>	<b>100.0%</b>	<b>106,988.1</b>	<b>100.0%</b>
<b>Foreign currency-denominated</b>								
Corporate deposits . . .	—	—	—	—	6.7	0.0%	3.5	0.0%
Retail deposits . . . . .	—	—	—	—	5.6	0.0	7.2	0.0
Others <sup>(1)</sup> . . . . .	—	—	—	—	0.0	0.0	0.0	0.0
<b>Subtotal . . . . .</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>12.3</b>	<b>0.0%</b>	<b>10.7</b>	<b>0.0%</b>
<b>Total deposits from customers . . . . .</b>	<b>36,739.3</b>	<b>100.0%</b>	<b>59,771.7</b>	<b>100.0%</b>	<b>93,302.8</b>	<b>100.0%</b>	<b>106,998.8</b>	<b>100.0%</b>

Note:

(1) Primarily consist of pledged deposits held as collateral and fiscal deposits.

### *Deposits from Customers by Geographic Location*

The Group classifies deposits from customers based on the places of registration of the Bank and the subsidiary banks that take the deposit. There is generally a high correlation between the location of the customers and the places of registration of the Bank and the subsidiary banks taking the deposit. The table below sets forth deposits from customers by geographic location 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)							
Jilin . . . . .	32,693.1	89.0%	51,887.6	86.8%	83,146.2	89.1%	96,669.8	90.3%
Other Regions <sup>(1)</sup> . . . . .	4,046.2	11.0	7,884.1	13.2	10,156.6	10.9	10,329.0	9.7
<b>Total deposits from customers . . . . .</b>	<b>36,739.3</b>	<b>100.0%</b>	<b>59,771.7</b>	<b>100.0%</b>	<b>93,302.8</b>	<b>100.0%</b>	<b>106,998.8</b>	<b>100.0%</b>

Note:

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

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### *Maturity Profile of Deposits from Customers*

The table below sets forth the Group's deposit products by remaining maturity as of June 30, 2016.

	Demand deposit		Due less than 3 month		Due over 3 months up to 12 months		Due over 1 year up to 5 years		Due over 5 years		Total	
	Amount	% of total deposits	Amount	% of total deposits	Amount	% of total deposits	Amount	% of total deposits	Amount	% of total deposits	Amount	% of total deposits
(in millions of RMB, except percentages)												
Corporate deposits . . . . .	24,436.9	22.8%	5,304.1	5.0%	14,908.5	13.9%	1,780.2	1.7%	35.8	0.0%	46,465.5	43.4%
Retail deposits . . . . .	14,475.3	13.5	10,723.3	10.0	16,354.6	15.3	15,272.8	14.3	207.1	0.2	57,033.1	53.3
Others <sup>(1)</sup> . . . . .	2,292.5	2.2	319.7	0.3	754.9	0.7	133.1	0.1	0.0	0.0	3,500.2	3.3
<b>Total deposits from customers . . . . .</b>	<b>41,204.7</b>	<b>38.5%</b>	<b>16,347.1</b>	<b>15.3%</b>	<b>32,018.0</b>	<b>29.9%</b>	<b>17,186.1</b>	<b>16.1%</b>	<b>242.9</b>	<b>0.2%</b>	<b>106,998.8</b>	<b>100.0%</b>

Note:

(1) Primarily consist of pledged deposits held as collateral and fiscal deposits.

### **Debt Securities Issued**

As of June 30, 2016, the balance of outstanding debt securities amounted to RMB11,248.0 million, including interbank certificates, tier-two capital bonds and subordinated fixed rate bonds.

### *Interbank Certificates*

From January 1, 2016 to June 30, 2016, the Bank issued several tranches of zero-coupon interbank certificates, with an aggregate face value of RMB13,470.0 million. The interbank certificates have a term of one month to one year and bear effective interest rates between 2.69% and 4.18%.

### *Tier-two Capital Bonds*

In April 2015, the Bank issued tier-two capital bonds in an aggregate principal amount of RMB800.0 million. The bonds have a term of 10 years and bear an interest rate of 6.30% per annum. The Bank has an option to redeem the bonds on April 13, 2020 at par.

### *Subordinated Fixed Rate Bonds*

In December 2012, the Bank issued an aggregate principal amount of RMB700.0 million subordinated fixed rate bonds. The bonds have a term of 10 years and bear an interest rate of 7.00% per annum. The Bank has an option to redeem the bonds on December 31, 2017 at par.

### **Other Components of Liabilities**

Other components of liabilities primarily include (i) financial assets sold under repurchase agreements, and (ii) deposits from banks and other financial institutions.

Financial assets sold under repurchase agreements amounted to RMB7,365.7 million, RMB4,677.6 million, RMB23,063.5 million and RMB20,580.1 million as of December 31, 2013, 2014 and 2015 and June 30, 2016, primarily reflecting the adjustment of the scale of reverse repurchase transactions to manage liquidity and balance risk and cost.



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## ASSETS AND LIABILITIES

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Deposits from banks and other financial institutions as a percentage of total liabilities decreased from 9.1% as of December 31, 2013 to 3.9% as of June 30, 2016, primarily because the Group reduced fund raising through deposits from banks and other financial institutions as a result of increased deposits from customers and the issuance of bonds.