



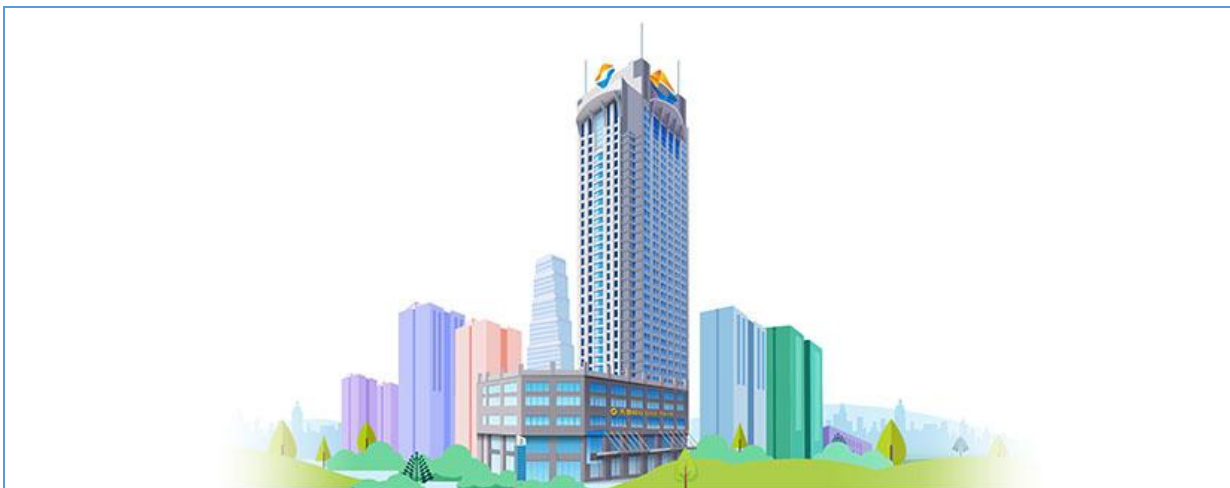
**QILU BANK**

NEEQ : 832666

齐鲁银行股份有限公司

QILU BANK CO.,LTD.

English abbreviations : QLB



**Summary of the Annual Report**

\_\_\_\_\_ 2017 \_\_\_\_\_

## I. Important Notice

- 1.1 This Summary is extracted from the full text of the 2017 Annual Report. For details, please read the full text of the annual report published on the information disclosure platform ([www.neeq.com.cn](http://www.neeq.com.cn) or [www.neeq.cc](http://www.neeq.cc)) designated by the National Equities Exchange and Quotations Co. Ltd.
- 1.2 The Board of Directors, the Board of Supervisors and the directors, supervisors and Senior Management members of this Company warrant the materials included in this Report don't contain any false records, misleading statements or material omissions, and bear the joint and several liability for the authenticity, accuracy and integrity of the contents thereof.
- 1.3 All the directors of the Company have attended the meetings of the Board of Directors held to review the annual report.
- 1.4 Ernst Young Hua Ming LLP has issued a standard unqualified auditors report for the Company.
- 1.5 Contact information

|   |   |
|---|---|
| Information Disclosure Manager / Secretary of the Board of Director | Cui Xiang   |
| Position  | Executive Director, Vice President, Secretary of the Board of Director, CFO |
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| Address and zip code  | 176 Shunhe Street, Shizhong District, Jinan City, Shandong Province 250001  |
| Website designated by the Company for its information disclosure    | <a href="http://www.neeq.com.cn">http://www.neeq.com.cn</a>                 |
| Place where the annual report is available                          | Board Office  |

## II. Major Financial Data, Share Structure and Shareholders

### 2.1 Major financial data

Unit: RMB

|  | End of 2017 | End of 2016 | +/-% at the end of 2017 as |
|--|-------------|-------------|----------------------------|
|--|-------------|-------------|----------------------------|

|  |                 |                 | compared to the<br>end of 2016 |
|--|-----------------|-----------------|--------------------------------|
| Total assets   | 236,295,240,579 | 207,167,871,029 | 14.06%                         |
| Net assets attributable to shareholders of listed company  | 18,265,375,500  | 12,779,717,254  | 42.92%                         |
| Operating income   | 5,425,826,306   | 5,153,985,826   | 5.27%                          |
| Net profit attributable to shareholders of listed company  | 2,014,857,278   | 1,641,930,023   | 22.71%                         |
| Net profit attributable to shareholders of listed company after deduction of non-reoccurring profit/loss | 1,995,073,236   | 1,619,526,563   | 23.19%                         |
| Net cash flows from operating activities   | 5,346,976,766   | 16,129,093,842  | -66.85%                        |
| Weighted average return on equity  | 17.18%          | 15.92%          | -                              |
| Basic earnings per share (in RMB)  | 0.66            | 0.58            | 13.79%                         |
| Diluted earnings per share (in RMB)  | 0.66            | 0.58            | 13.79%                         |
| Net assets per share attributable to shareholders of listed company (in RMB)                             | 3.95            | 3.80            | 3.95%                          |

## 2.2 Ordinary share structure

Unit: Share

| Share nature                                |   | At the beginning of 2017 |             | 2017 Variable  | At the end of 2017 |             |
|---|---|--------------------------|-------------|----------------|--------------------|-------------|
|   |   | Number                   | Percentage% |                | Number             | Percentage% |
| Shares not subject to restrictions on sales | Total number of shares not subject to restrictions on sales | 2,454,699,769            | 86.410%     | +1,001,915,642 | 3,456,615,411      | 83.842%     |
|   | Including: Controlling shareholder and actual controller    | -                        | -           | -              | -                  | -           |
|   | Directors, supervisors and senior management                | 22,318                   | 0.001%      | +40,000        | 62,318             | 0.002%      |
|   | Core staff members  | -                        | -           | -              | -                  | -           |
| Shares subject to restrictions on sales     | Total number of shares subject to                           | 386,050,231              | 13.590%     | +280,084,358   | 666,134,589        | 16.158%     |

|  |  |                      |          |                       |                      |          |
|--|--|----------------------|----------|-----------------------|----------------------|----------|
|  | restrictions on sales                                    |                      |          |                       |                      |          |
|  | Including: Controlling shareholder and actual controller | -                    | -        | -                     | -                    | -        |
|  | Directors, supervisors and senior management             | 855,992              | 0.030%   | -125,930              | 730,062              | 0.018%   |
|  | Core staff members                                       | -                    | -        | -                     | -                    | -        |
| <b>Total share capital</b>             |  | <b>2,840,750,000</b> | <b>-</b> | <b>+1,282,000,000</b> | <b>4,122,750,000</b> | <b>-</b> |
| <b>Number of ordinary shareholders</b> |  | <b>4,286</b>         |          |                       |                      |          |

Note: Tao Wenzhe, assistant governor of the bank, was qualified by the CBRC Shangdong Office in December 26, 2017. The stock restriction procedure was completed in January 26, 2018

### 2.3 Top 10 ordinary shareholders

Unit: Share

| Serial No. | Shareholder name                                  | Number of shares held at the beginning of the period | Changes in shares held | Number of shares held at the end of the period | Shareholding ratio % at the end of the period | Number of shares subject to restrictions on sales held at the end of the period | Number of shares not subject to restrictions on sales held at the end of the period |
|------------|---|--|------------------------|--|---|---|---|
| 1          | Commonwealth Bank of Australia                    | 568,150,000  | +168,974,358           | 737,124,358                                    | 17.88%  | 263,374,358   | 473,750,000   |
| 2          | Jinan State-Owned Assets Operation Co.,Ltd        | 422,500,000  | 0                      | 422,500,000                                    | 10.25%  | 0   | 422,500,000   |
| 3          | Yanzhou Coal Mining Co.,Ltd                       | 246,210,000  | +111,110,000           | 357,320,000                                    | 8.67%   | 357,320,000   | 0   |
| 4          | Jinan Urban Construction&Investment Group Co, Ltd | 11,708,785   | +248,000,000           | 259,708,785                                    | 6.30%   | 0   | 259,708,785   |
| 5          | Chongqing Huayu Group Co, Ltd                     | 0  | +254,795,642           | 254,795,642                                    | 6.18%   | 0   | 254,795,642   |
| 6          | Jinan West City Property Co.,Ltd                  | 183,170,000  | 0                      | 183,170,000                                    | 4.44%   | 0   | 183,170,000   |
| 7          | JiGang Group Co.,Ltd                              | 117,000,000  | +52,800,000            | 169,800,000                                    | 4.12%   | 0   | 169,800,000   |
| 8          | Jinan Xicheng                                     | 48,835,058   | +104,700,000           | 153,535,058                                    | 3.72%   | 0   | 153,535,058   |

|              |                                   |                      |                       |                      |               |                    |                      |
|--------------|-----------------------------------|----------------------|-----------------------|----------------------|---------------|--------------------|----------------------|
|              | Investment&Development Co.Ltd     |                      |                       |                      |               |                    |                      |
| 9            | Shandong Tri-Cel Property Co.,Ltd | 99,000,000           | +44,820,000           | 143,820,000          | 3.49%         | 0                  | 143,820,000          |
| 10           | SinoTruk Group Co.,Ltd            | 89,314,059           | +40,000,000           | 129,314,059          | 3.14%         | 0                  | 129,314,059          |
| <b>Total</b> |                                   | <b>1,785,887,902</b> | <b>+1,025,200,000</b> | <b>2,811,087,902</b> | <b>68.19%</b> | <b>620,694,358</b> | <b>2,190,393,544</b> |

Notes to the relations between shareholders above:

Jinan state-owned Assets Operation Co, Ltd and Jinan Urban Construction & Investment Group Co.,Ltd are under common control by Jinan Urban Investment Group Co, Ltd, and Jinan Xicheng Property Co, Ltd. and Jinan Xicheng Investment& Development Co, Ltd are under common control by Jinan Urban Construction Group Co, Ltd.;The other top 10 shareholders have no relations with one another.

## 2.4 Property right and controlling relationship between the Company and its controlling shareholder and actual controller

The Bank has no controlling shareholder or actual controller.

# III. Matters relating to the Financial Report

## 3.1 Changes in accounting policies and estimates or correction of major accounting errors

☒Applicable ☐Inapplicable

1. Changes in the presentation of the gain/loss on asset disposal. According to the requirements of the *Notice of the Ministry of Finance on Changing the Format of Financial Statement of General Enterprises*(C.K.[2017] No.30), the Group separately presents the item "gain on asset disposal" in the item "operating profit" of the income statement, and presents the gain/loss on non-current asset disposal in "gain on asset disposal"instead of "non-operating income" and "non-operating expenses"; the Group has retrospectively restated the comparative income statement. The change of accounting policy has no impact on the consolidated or the Company's net profit and equity of shareholders

2. Changes in presentation of government subsidies. According to the requirements of the *Notice on Issuing and Revising the Accounting Standards for Business Enterprises No. 16 - Government Subsidies*(C.K.[2017] No.15), the Group separately presents the item "other income" in the item "operating profit" of the income statement, and presents the government subsidies relating to enterprises' daily activities in "other income" instead of "non-operating income"; in compliance with the requirements on consistency set out in the Standards, the Group handles government subsidies existing before January 1, 2017 by the prospective application approach, and adjusts the government subsidies newly added from January 1, 2017 to the date of implementing the Standards (June 12,2017) according to the Standards. The change of accounting policy has no impact on the consolidated or the Company's net profit and equity of shareholders.

### 3.2 Retrospective adjustment or restatement necessary for correction of accounting errors

√Applicable    □Inapplicable

Unit: RMB

| Accounting item        | End of 2016(same period of 2016) |                                 | End of 2015(same period of 2015) |                                 |
|------------------------|----------------------------------|---------------------------------|----------------------------------|---------------------------------|
|                        | Before adjustment or restatement | After adjustment or restatement | Before adjustment or restatement | After adjustment or restatement |
| Gain on asset disposal | -                                | 11,172,528                      | -                                | -                               |
| Non-operating income   | 37,642,401                       | 26,255,148                      | -                                | -                               |
| Non-operating expenses | 5,739,705                        | 5,524,980                       | -                                | -                               |

### 3.3 Changes in the scope of consolidated statements

√Applicable    □Inapplicable

In 2016, only one subsidiary, i.e. Zhangqiu Qilu Rural Bank Co. Ltd, was included in the consolidated statements of the Bank. On December 4, 2017, the Bank acquired 80% to 100% stakes in 15 rural banks from Commonwealth Bank of Australia by Issuing 168,974,358 shares through private placement, with a total consideration of RMB659 million. These rural banks have been included in the 2017 consolidated statements of the Bank.

Particulars of the subsidiaries included in the consolidated statements of the Bank are as follows:

| Serial No. | Name                             | Registered place   | Business nature    | Registered capital (RMB10,000) | Shareholding percentage |          |       | Voting right percentage |
|------------|----------------------------------|--------------------|--------------------|--------------------------------|-------------------------|----------|-------|-------------------------|
|            |                                  |                    |                    |                                | Direct                  | Indirect | Total |                         |
| 1          | Zhangqiu Qilu Rural Bank Co.,Ltd | Zhangqiu, Shandong | Financial industry | 10,406                         | 41%                     | -        | 41%   | 41%                     |
| 2          | Jiyuan Qilu Rural Bank Co.,Ltd   | Jiyuan, Henan      | Financial industry | 12,000                         | 80%                     | -        | 80%   | 80%                     |
| 3          | Dengfeng Qilu Rural Bank Co.,Ltd | Dengfeng, Henan    | Financial industry | 7,000                          | 80%                     | -        | 80%   | 80%                     |
| 4          | Lankao Qilu Rural Bank Co.,Ltd   | Lankao, Henan      | Financial industry | 5,000                          | 80%                     | -        | 80%   | 80%                     |
| 5          | Yichuan Qilu Rural Bank Co.,Ltd  | Yichuan, Henan     | Financial industry | 6,000                          | 80%                     | -        | 80%   | 80%                     |
| 6          | Mianchi Qilu Rural Bank Co.,Ltd  | Mianchi, Henan     | Financial industry | 5,000                          | 80%                     | -        | 80%   | 80%                     |
| 7          | Yongcheng Qilu Rural             | Yongcheng,         | Financial          | 8,000                          | 100%                    | -        | 100%  | 100%                    |

|    |  |                  |                    |       |      |   |      |      |
|----|--|------------------|--------------------|-------|------|---|------|------|
|    | Bank Co.,Ltd                                   | Henan            | industry           |       |      |   |      |      |
| 8  | Wenxian Qilu Rural Bank Co.,Ltd                | Wenxian, Henan   | Financial industry | 4,000 | 100% | - | 100% | 100% |
| 9  | Xinji Qilu Rural Bank Co.,Ltd                  | Xinji, Hebei     | Financial industry | 5,000 | 100% | - | 100% | 100% |
| 10 | Handan Yongnian Qilu Rural Bank Co.,Ltd        | Yongnian, Hebei  | Financial industry | 4,000 | 100% | - | 100% | 100% |
| 11 | Cixian Qilu Rural Bank Co.,Ltd                 | Cixian, Hebei    | Financial industry | 4,200 | 100% | - | 100% | 100% |
| 12 | Shijiazhuang Luancheng Qilu Rural Bank Co.,Ltd | Luancheng, Hebei | Financial industry | 6,000 | 100% | - | 100% | 100% |
| 13 | Handan Hanshan Qilu Rural Bank Co.,Ltd         | Hanshan, Hebei   | Financial industry | 6,000 | 100% | - | 100% | 100% |
| 14 | Weixian Qilu Rural Bank Co.,Ltd                | Weixian, Hebei   | Financial industry | 5,000 | 100% | - | 100% | 100% |
| 15 | Shexian Qilu Rural Bank Co.,Ltd                | Shexian, Hebei   | Financial industry | 6,000 | 100% | - | 100% | 100% |
| 16 | Cheng'an Qilu Rural Bank Co.,Ltd               | Cheng'an, Hebei  | Financial industry | 4,000 | 100% | - | 100% | 100% |

### 3.4 Statement on non-standard audit opinions

☐ Applicable    ☒ Inapplicable

Qilu Bank Co. Ltd

Board of Directors

April 24, 2018