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中国平安保险(集团)股份有限公司
Ping An Insurance (Group) Company of China, Ltd.
(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2318)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is made pursuant to Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

“The Announcement of Ping An Insurance (Group) Company of China, Ltd. in relation to the Disclosure of 2014 First Quarterly Report of Ping An Bank”, which is published by Ping An Insurance (Group) Company of China, Ltd. on the website of Shanghai Stock Exchange and certain designated newspapers (except the attachment) in the PRC, is reproduced herein for your reference.

By order of the Board
Yao Jun
Company Secretary

Shenzhen, PRC, April 23, 2014

As at the date of this announcement, the Executive Directors of the Company are Ma Mingzhe, Sun Jianyi, Ren Huichuan, Ku Man, Yao Jason Bo and Lee Yuansiong; the Non-executive Directors are Fan Mingchun, Lin Lijun, Li Zhe, Soopakij Chearavanont, Yang Xiaoping and Lu Hua; the Independent Non-executive Directors are Tang Yunwei, Lee Carmelo Ka Sze, Woo Ka Biu Jackson, Stephen Thomas Meldrum, Yip Dicky Peter, Wong Oscar Sai Hung and Sun Dongdong.

Stock Code: 601318
Stock Code: 113005

Stock Short Name: China Ping An
Stock Short Name: Ping An Convertible Bonds

Serial No.: Lin 2014-012

**THE ANNOUNCEMENT OF
PING AN INSURANCE (GROUP) COMPANY OF CHINA, LTD.
IN RELATION TO
THE DISCLOSURE OF 2014 FIRST QUARTERLY REPORT OF
PING AN BANK**

The board of directors and all directors of Ping An Insurance (Group) Company of China, Ltd. (hereinafter referred to as the "Company") confirm that there are no false representations and misleading statements contained in, or material omissions from this announcement, and severally and jointly accept the responsibility for the truthfulness, accuracy and completeness of the contents of this announcement.

Ping An Bank Co., Ltd. (hereinafter referred to as "Ping An Bank"), a subsidiary of the Company, proposes to publish the "2014 First Quarterly Report of Ping An Bank" on the website of Shenzhen Stock Exchange (www.szse.cn) on April 24, 2014. Please also refer to the "2014 First Quarterly Report of Ping An Bank" disclosed by the Company as the attachment of this announcement on the website of Shanghai Stock Exchange (www.sse.com.cn) for details.

The Board of Directors
Ping An Insurance (Group) Company of China, Ltd.
April 23, 2014

Ping An Bank Co., Ltd.

2014 First Quarterly Report

§1 Important Notes

1.1 The board of directors (hereinafter referred to as the “Board”), the supervisory committee (hereinafter referred to as the “Supervisory Committee”), the directors, the supervisors and senior management of Ping An Bank Co., Ltd. (hereinafter referred to as the “Bank”) guarantee the authenticity, accuracy and completeness of the contents of this report, in which there are no false representations and misleading statements contained, or material omissions, and the several and joint responsibilities are assumed as well.

1.2 The 3rd meeting of the 9th session of the Board of the Bank considered the 2014 First Quarterly Report. 16 directors were expected to attend the meeting, amongst which, 15 directors were present in person. Shao Ping, a Director, was unable to attend the meeting due to his personal business, and appointed Hu Yuefei, a Director, to exercise voting rights on his behalf. The report was approved unanimously at the meeting.

1.3 Sun Jianyi (the Bank’s Chairman), Shao Ping (the Bank’s President), Sun Xianlang (the Bank’s Vice President and Chief Financial Officer) and Zhu Minhao (head of the Accounting Department) guarantee the authenticity, accuracy and completeness of the financial statement contained in the 2014 First Quarterly Report.

1.4 This quarterly financial statement of the Bank has not been audited; however, PricewaterhouseCoopers Zhong Tian LLP conducted AUP towards certain items and the compiling procedures of financial statement.

1.5 Definitions

Terms	Definition
Ping An Bank, the Bank, the Company	The Shenzhen Development Bank Co., Ltd. (the “Shenzhen Development Bank” or “SDB”), which completed the integration with the original Ping An Bank Co., Ltd. (“Original Ping An Bank”) through absorption merger and changed its name to Ping An Bank.
Shenzhen Development Bank, SDB	A nationwide joint-stock commercial bank established on December 22, 1987, which changed its name to Ping An Bank following the absorption merger of the Original Ping An Bank.
Original Ping An Bank	A cross-regional joint-stock commercial bank established in June 1995 and deregistered on June 12, 2012.
PAG Ping An Group	Ping An Insurance (Group) Company of China, Ltd.

§2 Key Financial Data and Changes of Stockholders

2.1 Key Accounting Data and Financial Indicators

Whether the financial data for prior periods has been adjusted or restated because of Accounting Policy Alternative or Accounting Error Correction and otherwise?

Yes No

(In RMB million)

Item	31 March 2014	31 December 2013	Change from the end of the reporting period over the end of previous year
Total assets	2,097,102	1,891,741	10.86%
Shareholders' equity	117,300	112,081	4.66%
Share capital	9,521	9,521	-
Net asset per share (Yuan)	12.32	11.77	4.66%
Item	January - March 2014	January - March 2013	Increase/decrease as compared with the same period of last year
Operating income	16,100	10,802	49.05%
Net profit	5,054	3,589	40.82%
Net profit less non-recurring gains/losses	5,065	3,588	41.16%
Net cash flow from operating activities	60,097	14,119	325.65%
Net cash flow from operating activities per share (Yuan)	6.31	1.72	266.86%
Basic EPS (Yuan)	0.53	0.44	20.45%
Diluted EPS (Yuan)	0.53	0.44	20.45%
Basic EPS less non-recurring gains/losses (Yuan)	0.53	0.44	20.45%
Average return on total assets (un-annualized)	0.25%	0.21%	+0.04 percentage points
Average return on total assets (annualized)	1.01%	0.84%	+0.17 percentage points
Fully diluted net return on assets (un-annualized)	4.31%	4.04%	+0.27 percentage points
Fully diluted net return on assets (annualized)	15.26%	14.42%	+0.84 percentage points
Weighted average return on net asset (un-annualized)	4.41%	4.14%	+0.27 percentage points
Weighted average return on net asset (annualized)	16.54%	15.61%	+0.93 percentage points
Weighted average return on net asset less non-recurring gains/losses (un-annualized)	4.42%	4.14%	+0.28 percentage points
Weighted average return on net asset less non-recurring gains/losses (annualized)	16.58%	15.60%	+0.98 percentage points

Notes: EPS and Net cash flow from operating activities per share of January-March 2013, had both been recalculated based on 8,197 million shares, i.e. the total share capital after dividend for the year 2012.

Have the share capital ever changed and influenced the amount of the owners' equity because of new issue of shares, additional issue, allotment, exercising the stock option, or repurchasing, etc. from the end of the reporting period to the disclosure date of the quarterly report ?

Yes No

Items and Amounts of non-recurring gains/losses

Applicable Not applicable

(In RMB million)

Items of non-recurring gains/losses	January - March 2014
Gains/losses on disposal of non-current assets	(6)
Losses on contingency	-
Other non-operating income and expense except the above items	(9)
Impact on income tax of above adjustments	4
Total	(11)

Notes: Non-recurring gains/losses are calculated based on the definition of CSRC Announcement 2008 No.43—Explanatory Announcement of Information Disclosure by Companies Publicly Offering Securities No.1 - Non-recurring Gains/Losses.

Notes for the Company's extraordinary gain or loss items as defined in the Explanatory Announcement of Information Disclosure by Companies Publicly Offering Securities No.1 - Non-recurring Gains/Losses and the non-recurring gains/losses items as illustrated in the Explanatory Announcement of Information Disclosure by Companies Publicly Offering Securities No.1 - Non-recurring Gains/Losses defined as the recurring gains/losses items

Applicable Not applicable

(In RMB million)

Item	31 March 2014	31 December 2013	31 December 2012	Change from the end of the reporting period over the end of previous year
I. Total deposits	1,382,649	1,217,002	1,021,108	13.61%
Including: Corporate deposits	1,145,420	1,005,337	839,949	13.93%

Retail deposits	237,229	211,665	181,159	12.08%
II. Total loans	890,349	847,289	720,780	5.08%
Including: Corporate Loans	555,922	521,639	494,945	6.57%
General corporate loans	546,860	509,301	484,535	7.37%
Discounted bills	9,062	12,338	10,410	(26.55%)
Retail loans	245,401	238,816	176,110	2.76%
Receivables for credit cards	89,026	86,834	49,725	2.52%
Provision for impairment of loans	(16,335)	(15,162)	(12,518)	7.74%
Loans and advances, net	874,014	832,127	708,262	5.03%

2.2 Supplementary financial ratios

(Unit: %)

Indicator		Standard level of indicator	31 March 2014	31 December 2013	31 December 2012
According to Administrative Measures for the Capital of Commercial Banks (Trial)	Capital adequacy ratio	≥ 8.9	10.79	9.90	Not Applicable
	Tier one capital adequacy ratio	≥ 6.9	8.70	8.56	Not Applicable
	Core tier one capital adequacy ratio	≥ 5.9	8.70	8.56	Not Applicable
According to Measures for the Management of Capital Adequacy Ratios of Commercial Banks and etc.	Capital adequacy ratio	≥ 8	11.92	11.04	11.37
	Core capital adequacy ratio	≥ 4	9.54	9.41	8.59
Non-performing loan (NPL) rate		≤ 5	0.91	0.89	0.95
Provision coverage		Not Applicable	201.55	201.06	182.32
Provision/loan ratio		Not Applicable	1.83	1.79	1.74
Cost/income ratio (excluding business tax)		Not Applicable	37.65	40.77	39.41
Deposit-loan spread		Not Applicable	5.11	4.47	4.33
Net interest spread (NIS)		Not Applicable	2.23	2.14	2.19
Net interest margin (NIM)		Not Applicable	2.42	2.31	2.37
Loan/deposit ratio	RMB and foreign	≤ 75	64.42	69.67	70.64

(including discounted bills)	currency					
Loan/deposit ratio (excluding discounted bills)	RMB and foreign currency	Not Applicable	63.75	68.64	69.61	
Liquidity ratio	RMB	≥25	63.22	50.00	51.31	
	Foreign currency	≥25	71.29	44.33	88.90	
	RMB and foreign currency	≥25	63.89	49.56	51.99	
Ratio of loans to the single largest client to net capital		≤10	4.27	4.73	2.95	
Ratio of loans to top 10 clients to net capital		Not Applicable	19.91	20.88	15.60	
Pass loans flow rate		Not Applicable	1.04	4.78	2.03	
Special Mention loans flow rate		Not Applicable	9.73	37.77	53.38	
Substandard loans flow rate		Not Applicable	18.20	43.61	43.28	
Doubtful loans flow rate		Not Applicable	45.69	88.70	78.22	

Notes: According to the *Notification on Matters Related to the Implementation of the Rules Governing Capital Management of Commercial Banks (Trial) in Transitional Period* issued by CBRC, the applicable standard levels of indicators for 2014 are presented.

2.3 Total number of shareholders, the shareholding status of the Top 10 shareholders and the Top 10 unrestricted shareholders at the end of the reporting period

(Unit: Share)

Total number of shareholders at the end of the reporting period	319,109	Total share capital as of the trading day before disclosure	9,520,745,656			
Shareholding of Top 10 shareholders						
Name of shareholder	Capacity	Shareholding (%)	Total number of shares held	Number of restricted shares held	Pledged or frozen	
					Status	Number
Ping An Insurance (Group) Company of China, Ltd. - the Group - proprietary fund	Domestic legal entity	50.20	4,779,077,016	3,944,723,637	-	-
Ping An Life Insurance Company of China, Ltd. - proprietary fund	Domestic legal entity	6.38	607,328,000	-	-	-
Ping An Life Insurance Company of China, Ltd. - traditional – ordinary insurance products	Domestic legal entity	2.37	225,541,645	-	-	-

China Electronics Shenzhen Company	Domestic legal entity	1.56	148,587,816	-	-	-
Ge Weidong	Domestic natural person	1.13	107,995,931	-	Pledged	56,000,000
Agreed repurchase earmarked account in Orient Securities Company Limited	Domestic legal entity	0.79	75,100,000	-	-	-
China Minsheng Banking - Yinhua SZSE 100 Index Classified Securities Investment Fund	Domestic legal entity	0.49	46,294,291	-	-	-
CSOP Asset Management Limited - CSOP FTSE China A50 ETF	Foreign legal entity	0.41	38,736,161	-	-	-
ICBC - Rongtong SZSE 100 Index Securities Investment Fund	Domestic legal entity	0.37	35,249,728	-	-	-
Bank of China - Efunds SZSE 100 Index Open-Ended Securities Investment Fund	Foreign legal entity	0.35	33,131,097	-	-	-

Shareholding of Top 10 shareholders without restriction conditions

Name of shareholder	Number of unrestricted shares held	Type of shares	
		Type of shares	Number
Ping An Insurance (Group) Company of China, Ltd. - the Group - proprietary fund	834,353,379	RMB ordinary shares	834,353,379
Ping An Life Insurance Company of China, Ltd. - proprietary fund	607,328,000	RMB ordinary shares	607,328,000
Ping An Life Insurance Company of China, Ltd. - traditional - ordinary insurance products	225,541,645	RMB ordinary shares	225,541,645
China Electronics Shenzhen Company	148,587,816	RMB ordinary shares	148,587,816
Ge Weidong	107,995,931	RMB ordinary shares	107,995,931
Agreed repurchase earmarked account in Orient Securities Company Limited	75,100,000	RMB ordinary shares	75,100,000
China Minsheng Banking - Yinhua SZSE 100 Index Classified Securities Investment Fund	46,294,291	RMB ordinary shares	46,294,291
CSOP Asset Management Limited - CSOP FTSE China A50 ETF	38,736,161	RMB ordinary shares	38,736,161
ICBC - Rongtong SZSE 100 Index Securities Investment Fund	35,249,728	RMB ordinary shares	35,249,728
Bank of China - Efunds SZSE 100 Index Open-Ended Securities Investment Fund	33,131,097	RMB ordinary shares	33,131,097

Description of the related relationship and concerted action of the above shareholders	<p>1. Ping An Life Insurance Company of China, Ltd. (the "Ping An Life") is a controlled subsidiary of and acting in concert with the Ping An Insurance (Group) Company of China, Ltd. "Ping An Insurance (Group) Company of China, Ltd. – the Group - proprietary fund", "Ping An Life Insurance Company of China, Ltd. - proprietary fund" and "Ping An Life Insurance Company of China, Ltd. – traditional – ordinary insurance product" are related parties.</p> <p>2. The Bank is not aware of any related relationship or concerted action between any of other shareholders.</p>
Description of the shareholders who have participated in securities margin trading (if so)	<p>1. The shareholder Ge Weidong is holding 67,480,817 shares via common stock account and 40,515,114 shares via credit trading account in Orient Securities, actually holding 107,995,931 shares in total.</p>

Have the Top 10 shareholders and the Top 10 unrestricted shareholders executed any agreed repurchasing within the reporting period?

Yes No

The shareholder Ge Weidong made agreed repurchasing during the reporting period. He repurchased 75,100,000 shares of the Company via agreed repurchasing during the reporting period, representing 0.79% of the total number of the Bank's shares. As at the end of the reporting period, the shareholder Ge Weidong held 107,995,931 shares of the Bank, representing 1.13% of the total number of the Bank's shares.

§3 Major Events

3.1 Analysis of items with over 30% change in comparative financial statements

Applicable Not Applicable

Item	Change	Reasons of change
Precious metals	60.94%	Increase in scale of gold business
Funds loaned to other financial institutions	73.61%	Increase in scale of inter-bank business
Held-for-trading financial assets	141.48%	Investment structure adjustment
Available-for-sale financial assets	53.53%	Small base number and investment structure adjustment
Other assets	56.58%	Increase in construction in progress
Repurchase agreements	(69.23%)	Structure adjustment of inter-bank business
Bond payables	111.16%	Issuance of RMB9 billion tier-2 capital bonds in March
Interest income	37.82%	Increase in both scale of interest-earning assets and yield
Interest expense	41.73%	Increase in both scale of interest-bearing liabilities and cost rate
Fee and commission income	91.18%	Increase in the fee and commission income of settlement, financing, agency, bank card, consultancy and advisory services, etc.
Fee and commission expense	200.00%	Increase in the fee and commission expense of bank card
Investment income	810.42%	Increase in the income of bill spread and precious metals business
Gains/losses from changes in fair values	(4,138.10%)	Decrease in fair values of forward exchange of precious metals
Foreign exchange gains or losses	(346.67%)	Small base number
Income from other business	207.14%	Small base number
Business taxes and surcharges	47.25%	Increase in assessable business income
Operating and management fees	44.89%	Outlets expansion and increase in business scale and investment in management
Impairment losses on assets	97.61%	Increase in provision
Non-operating expenses	800.00%	Small base number
Income tax expenses	45.53%	Increase in assessable income

3.2 Analysis and explanation of the progress, impact and solution of major events

3.2.1 Qualified opinions

Applicable Not Applicable

3.2.2 Provision of capital to controlling shareholder or other connected parties or provision of guarantees to external parties in breach of stipulated procedures by the Company

Applicable Not Applicable

3.2.3 Execution and performance of material contracts in the ordinary course

Applicable Not Applicable

3.2.4 Other material matters

Applicable Not Applicable

1. On 8 January 2014, the Bank published the *Report and Announcement of Listing on Non-public Issuance of A shares of Ping An Bank Co., Ltd.* On 31 December 2013, the Bank submitted shares registration application to the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (CSDC) in respect of the non-public issuance and obtained Confirmation Letter on Acceptance of Shares Registration Application from Registration Department of CSDC. The number of new shares privately issued to PAG was 1,323,384,991, including 1,323,384,991 restricted outstanding shares, and the number of the Company' shares amounted to 9,520,745,656 upon the non-public issuance. The shares under the non-public issuance was listed on 9 January 2014, and shall not be transferred within thirty-six months since the date of listing the new shares, excluding the transfer between PAG and its connected organizations (i.e. any parties directly or indirectly controlling PAG or under the direct or indirect control of PAG or under the control of the same controller as that of PAG) to the extent permitted by the applicable laws. Upon expiry of the above mentioned term, PAG will be free to dispose of such newly-issued shares pursuant to the requirements of CSRC and Shenzhen Stock Exchange.

2. Upon obtaining the Approval of Issuance of Tier-2 Capital Bonds of Ping An Bank from China Banking Regulatory Commission (CBRC) (Yin Jian Fu [2013] No. 491) and the Affirmative Decision of Administrative License from People's Bank of China (Yin Shi Chang Xu Zhun Yu Zi [2013] NO. 87), the Bank successfully issued an aggregate amount of RMB9.0 billion and RMB6.0 billion tier-2 capital bonds in the inter-bank bonds market on 6 March 2014 and 9 April 2014, respectively.

Please refer to relevant announcements published by the Bank on 8 January, 10 March, and 11 April 2014 in China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily and www.cninfo.com.cn for details.

3.3 Undertakings by the Company or shareholders with more than 5% of shareholding during the reporting period or occurred in previous accounting period but lasted to the reporting period

Applicable Not Applicable

Commitments	Undertaker	Contents	Date	Term	Status
Commitments made in acquisition report or equity change report	Ping An Insurance (Group) Company of China, Ltd.	<p>PAG committed in SDB Acquisition Report published on June 30, 2011:</p> <p>As to all SDB shares owned by the Offeror and its affiliated institutions as of the date when those SDB shares subscribed by the Offeror through the deal are registered, the Offeror and its affiliated institutions will not transfer any of them within thirty six months after the newly-subscribed SDB shares are registered under the Offeror, and after the lock-up period, the shares will be dealt with in accordance with relevant regulations of CSRC and Shenzhen Stock Exchange. However, under the permission of applicable laws, transfer among the Offeror's affiliated institutions will not be restricted.</p>	June 30, 2011	Within three years	Performance is being carried out now
Commitments made upon Asset Restructuring	Ping An Insurance (Group) Company of China, Ltd., the Bank	<p>I. PAG made the following commitments when planning to subscribe for 1,638,336,654 NPO shares of SDB (this Material Asset Restructuring) with its holding of 90.75% of the original Ping An Bank's shares and RMB 2.6900523 billion in cash:</p> <p>1. PAG and its affiliated institutions shall not transfer all SDB shares owned by PAG and its affiliated institutions within thirty six (36) months from the date of the completion of this NPO. However, under the permission of applicable laws, the transfer among PAG's affiliated institutions (i.e. any party that has direct or indirect control over PAG is directly or indirectly controlled by PAG and is jointly controlled by other parties together with PAG) will not be restricted. After the expiry of the said duration, PAG can dispose such newly issued shares in accordance with relevant regulations of CSRC and Shenzhen Stock Exchange.</p> <p>2. In accordance with <i>Profit Forecast Compensation Agreement</i> signed between PAG and the Bank on September 14, 2010, the Bank shall, within 3 years after this deal of asset purchase by share issue (the "compensation period"), prepare the original Ping An Bank's pro forma net profit data ("realized profit") within 4 months after the end of each accounting year pursuant to PRC Accounting Standards for Business Enterprises and procure the accounting firm engaged by the Bank to present special auditing opinions (the "special auditing opinions") with regard to such realized profit as well as the difference between such realized profit and the corresponding forecasted profit (the "difference amount"). According to such special auditing opinions, if the actual profit amount achieved in any year within the compensation period is lower than the corresponding profit</p>	July 20, 2011	—	The undertakings agreed in the Profit Forecast Compensation Agreement were fully performed on March 7, 2014, and other undertakings are being performed

	<p>forecast, PAG shall pay 90.75% of the difference between the said actual profit and the forecasted profit (the “compensation amount”) to the Bank in terms of cash. PAG shall, within 20 business days after submission of the special auditing opinions for the current year, pay such amount in full to the Bank’s designated bank account.</p> <p>3. As to the two properties without ownership certificates owned by the original Ping An Bank, PAG issued the <i>PAG Commitment Letter on Providing Compensation for Potential Dispute about Ownership of Ping An Bank’s Properties</i>. According to the commitment letter, PAG committed that if there is any dispute about the ownership of the above properties of the original Ping An Bank in the future, PAG will try its best to coordinate all parties, strive to settle disputes properly and avoid any adverse impact on the normal operations of the bank. If the dispute of the property ownership causes additional cost to the abovementioned subordinate institutions or have lowered their income, PAG promised to compensate the Bank in cash for the loss of profit derived as a result of handling the dispute of property ownership of the original Ping An Bank.</p> <p>On the basis of the above commitment letter, PAG makes the <i>Commitment Letter of Ping An Insurance (Group) Company of China, Ltd. Regarding the Solutions to the Properties with Ownership Defects of Ping An Bank Co., Ltd.</i>, which undertakes that: within three years after the completion of this transaction, if the Bank cannot process real estate certificate for the two properties and cannot properly dispose of those properties, then PAG will purchase or designate a third party to purchase those properties at a fair and reasonable price within three months upon the expiry of the three year period.</p> <p>4. After the completion of this Material Asset Restructuring and during the period when PAG acts as SDB’s controlling shareholder, in respect of similar businesses or business opportunities as SDB that are intended to be engaged by or substantially obtained by PAG and other companies controlled by PAG in the future, and that the assets and businesses formed by those businesses or business opportunities may cause potential peer competition with SDB, PAG and other companies controlled by PAG will not engage in businesses that are the same or similar to SDB, so as to avoid in direct or indirect competition in relation to SDB’s business operations.</p> <p>5. After the completion of this Material Asset Restructuring, with regard to the related party transactions between PAG and other companies controlled by PAG and SDB,</p>			
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		<p>PAG and other companies controlled by PAG will carry out the transactions with SDB under the principles of openness, fairness and justice of market transactions and in accordance with fair and reasonable market price, as well as implement decision-making procedures based on requirements of relevant laws, regulations and regulatory documents so as to fulfill its obligation of information disclosure according to the laws. PAG guarantees that PAG and other companies controlled by PAG would not acquire any illegal interests or make SDB assume any improper obligations through the transactions with SDB.</p> <p>6. After the completion of this Material Asset Restructuring and during the period when PAG acts as SDB's controlling shareholder, SDB's independence will be maintained so as to ensure that SDB is independent to PAG and other companies controlled by PAG in terms of personnel, assets, finance, institutions and business.</p> <p>II. Regarding the said two properties without ownership certificate of the original Ping An Bank, the Bank promises that after the completion of the deal:</p> <p>1. The Bank will proactively communicate with property ownership administrative authorities and relevant parties and try its best to get the ownership certificates of the above two properties;</p> <p>2. If there is substantial obstruction in obtaining the property ownership certificates, the Bank will dispose the above two properties through methods including but not limited to selling them within three years after the completion of the deal;</p> <p>3. If the Bank fails to dispose the properties in the way mentioned in (2) above within three years after the completion of the deal due to any reason, the Bank will sell the properties to PAG or its designated third party at a fair and reasonable price within three months after the expiry of the three year period; and</p> <p>4. If there is any dispute about ownership before the above properties are disposed, the Bank will ask PAG to compensate the Bank according to the <i>PAG Commitment Letter on Providing Compensation for Potential Dispute about Ownership of Ping An Bank's Properties</i> issued by PAG</p>			
Commitments made upon IPO or refinancing	Ping An Insurance (Group) Company of China, Ltd.	In relation to the subscription for 1,323,384,991 new shares of the Bank through non-public issuance, PAG undertakes that it shall not transfer the shares within thirty-six months since the date of listing the new shares (January 9, 2014), excluding the transfer between PAG and its connected organizations (i.e. any parties directly or indirectly controlling PAG or under the direct or	December 31, 2013	Within three years	Performance is being carried out now

		indirect control of PAG or under the control of the same controller as that of PAG) to the extent permitted by the applicable laws. Upon expiry of the above mentioned term, PAG will be free to dispose of such newly-issued shares pursuant to the requirements of CSRC and Shenzhen Stock Exchange.			
Other commitments to the Minority Shareholders of the company	—	—	—	—	—
Whether the performance of commitments is without delay	Yes				
Reasons for outstanding and the following steps (if so)	Not Applicable				

3.4 Anticipation of operating performance in January-June 2014

Anticipation of loss or substantial change of accumulative net profit from the beginning of the year to the end of next reporting period, and the explanation of reasons

Applicable Not Applicable

3.5 Explanation of other major events

3.5.1 Securities investment situation of the Bank

Applicable Not Applicable

At the end of the reporting period, book value of treasury and financial bonds (including PBOC notes, policy bank notes, ordinary financial bonds and subordinated financial bonds) held by the Bank was RMB175.390 billion, among which the bonds with large amount are as follows:

(In RMB million)

Type	Face Value	Nominal annual interest rate (%)	Maturity date	Impairment provision
11 financial bonds	34,600	3.55~5.48	2014/4/6~2021/10/26	-
13 T-bonds	32,289	2.92~5.41	2015/4/7~2063/5/20	-
10 financial bonds	31,860	2.95~5.68	2015/1/22~2020/11/4	-
09 financial bonds	14,690	2.74~5.83	2014/5/21~2019/9/23	-
12 financial bonds	8,591	2~5.66	2017/3/5~2022/9/17	-
08 financial bonds	7,880	3.03~5.5	2015/2/20~2018/12/16	-
14 other financial bonds	7,650	4.9~6.65	2014/4/10~2016/1/26	-

10 T-bonds	6,221	2.38~4.6	2015/4/8~2040/6/21	-
07 financial bonds	5,100	3.48~5.14	2014/4/3~2017/11/29	-
11 T-bonds	4,837	3.03~6.15	2014/6/2~2041/6/23	-

3.5.2 Shareholding of other listed companies

√Applicable □Not Applicable

(In RMB million)

Stock code	Name	Initial investment	Percentage of total shareholding at the end of the period	Book value at the end of the period	Gains/Losses in the reporting period	Change of owners' equity during the reporting period	Accounting entry	Origination
000150	Yihua Real Estate	6	1.36%	34	-	10	Available-for-sale	Repossessed equity
600094	Great Town	4	0.07%	6	-	-	Available-for-sale	Repossessed equity
000034	Shenxin Taifeng	6	0.18%	3	-	-	Available-for-sale	Repossessed equity
000030	FAWER	3	0.03%	2	-	-	Available-for-sale	Repossessed equity
	Visa Inc.	-	0.01%	3	-	-	Available-for-sale	Legacy investment
000035	ST Kejian	35	1.66%	38	-	5	Available-for-sale	Repossessed equity
Total		54		86	-	15		

3.5.3 Shareholding of other unlisted financial companies or to-be-listed companies

√Applicable □Not Applicable

(In RMB million)

Name of Investee Company	Investment amount	Impairment provision	Net value at the end of the period
China Unionpay Co. Ltd.	74	-	74
SWIFT	1	-	1
Clearing Center for City Commercial Banks	1	-	1
Total	76	-	76

3.5.4 Position of derivatives investment at the end of the reporting period

√Applicable □Not Applicable

(1) Derivatives investment table

<p>Risk analysis on derivatives position-holding during the reporting period and explanations on controlling measures (including but not limited to market risk, liquidity risk, credit risk, operational risk and legal risk)</p>	<p>1. Market risk. Market risk of derivatives refers to the risk of loss in on-balance-sheet and off-balance-sheet business due to change of market prices (interest rate, exchange rate, stock price, and commodity price). Market risk control of the Bank is mainly exercised via risk limit management from various perspectives such as exposure, risk level, and profit/loss.</p> <p>2. Liquidity risk. Liquidity risk of derivatives refers to the risk of a bank when it has solvency but cannot obtain sufficient fund in a timely manner or cannot obtain sufficient fund in time with reasonable cost to deal with asset growth or serve due debts. For derivatives delivered in full amount, the Bank adopted the measure of square positioning to ensure sufficient fund for settlement and clearing; for derivatives delivered in net amount, there was no significant impact as the cash flow would have minor impact on current assets of the Bank.</p> <p>3. Operational risk. Operational risk is the risk resulting from deficient and defective internal procedure, staff, system, or external events, including the risks caused by staff, process, system and external factors. The Bank strictly observed the requirements of CBRC's Guidance on Operational risk Management of Commercial Banks, deployed designed traders, adopted professional front-middle-back office integrated monitoring system, set complete business operational process and authorization management system and complete and sound internal monitoring and auditing mechanism to avoid operational risk to the largest extent.</p> <p>4. Legal risk. Legal risk refers to the possibility of risk exposure caused by the non-compliance of business activity with legal requirements or external legal matters. The Bank attached great importance to legal documentation related to derivative transactions, and signed legal agreements including ISDA, CSA, NAFMII with other banks to avoid legal disputes and regulate dispute resolving methods. For our customers, the Bank also drafted customer transaction agreement by referring to the above inter-bank legal agreements pursuant to regulatory requirements and transaction management requirements, thus largely avoiding potential legal disputes.</p> <p>5. Force majeure risk. Force majeure refers to unforeseeable, unavoidable or insurmountable objective circumstances, including but not limited to fire, earthquake, flood or other natural disasters, war, military act, strike, pandemic, failure of IT system or communication or power-supply systems, financial crisis, moratorium of related market, or changes in national laws and regulations or policies such that the derivatives cannot conducted normal trading after the contract becomes effective. The Bank has concluded agreements with all retail, institutional and inter-bank customers and set out terms and conditions about force majeure to disclaim any liability arising from any breach of the contract in case of force majeure.</p>
<p>Changes of market price or product fair value of invested derivatives during the reporting period. The methods adopted in determining the fair value of derivatives as well as the assumptions and parameters should be disclosed together with the analysis result</p>	<p>In the first quarter of 2014, changes in the fair value of derivatives invested by the Bank were not material. The Bank adopted evaluation techniques to determine the fair value of financial derivatives. The evaluation technique includes making reference to the prices used by trading parties in voluntary transactions after making reference to familiar circumstances in latest market transactions, and reference to the current fair value and discounted cash flow technique of other financial instruments of substantially the same nature. Market parameters may be used in evaluation techniques whenever possible. However, the management has to make estimations in light of credit risk, market fluctuation rate and relevancy of its own and its trading counterparties when market parameters are unavailable.</p>

Explanation on whether there were material changes in accounting policies and accounting treatment principles related to derivatives during the reporting period compared with that of last reporting period	The Bank set out accounting policies and accounting treatment principles for derivatives in line with Accounting Standards for Business Enterprises. There was no major change of the relevant policy during the reporting period.
Specific comments from independent directors, sponsors or financial advisors on corporate derivative investments and risk control	The Bank's derivatives trading business is a commercial banking business approved by regulatory authorities. The derivative investment business currently engaged by the Bank mainly includes forward foreign exchange/foreign exchange swap, interest rate exchange as well as deferred/forward precious metals/futures, exchange options and forward commodities, etc. The Bank has established a tailor-made risk management structure, and set up a specialized risk management entity to effectively manage the risks of derivatives investment business via means such as establishment of system, limited authorization, daily supervision and control, internal training and accreditation of qualifications of business personnel.

(2) Position of derivative investment at the end of the reporting period

(In RMB million)

Agreement type	Beginning-of-period contract amount (Nominal)	End-of-period contract amount (Nominal)	Changes in fair value during the reporting period	End-of-period contract amount (nominal) as a percentage of the net assets at the end of the reporting period
Foreign exchange forward contract	385,406	402,275	622	342.95%
Interest rate swap contract	53,759	134,087	17	114.31%
Others	16,360	28,355	(906)	24.17%
Total	455,525	564,717	(267)	481.43%

Note: The amount of derivative contracts increased during the reporting period, but the net risk exposure of the swap contracts business was actually minimal. The limited management of swap contracts business by the Bank had little impact on actual risk exposure.

3.5.5 Explanations on the implementation project progress of the Basic Standard for Enterprise Internal Control

During the reporting period, the *2013 Internal Control Self-assessment Report of Ping An Bank Co., Ltd.* was considered and passed at the 2nd meeting of the 9th session of the Board held on 6 March 2014, and was announced to the public. PricewaterhouseCoopers Zhong Tian LLP has audited the financial reports of the Bank in respect of the effectiveness of the relevant internal control, and considered that the Bank maintained effective internal control for financial reports in all respects in compliance with *Basic Standard for Enterprise Internal Control* and the relevant requirements, and issued the *2013 Internal*

Control Audit Report of Ping An Bank Co., Ltd.

In respect of 2014 internal control assessment, the Bank will continue to enhance the efficiency and effectiveness of internal control assessment on the basis of solidifying the existing results, and implement the principal of “risk-oriented and strengthening daily monitoring on key risk areas”. During the reporting period, the Bank summarized up the results and experience of 2013 internal control assessment in all aspects, actively prepared for all work of 2014 internal control assessment and formulated the *Work Plan for 2014 Risk and Control Self-assessment*. As at the end of the reporting period, all work of 2014 internal control assessment was promoted gradually as planned and implemented orderly.

3.5.6 Reception for investigation, communication and interview within the reporting period

Applicable Not Applicable

During the reporting period, the Bank conducted communication with institutions for many times in the form of results presentation, analyst meeting and investor investigation in respect of the operation, financial status and other issues of the Bank. The Bank also accepted inquiry by phone from individual investors. The contents mainly included: operation, development strategies, periodic reports and temporary announcements with explanations as well as business and management information and major events as legally disclosed of the Bank. According to the requirements under *Shenzhen Stock Exchange Guidelines on Fair Information Disclosure of Listed Companies*, the Bank and relevant information disclosure parties strictly observed the principle of fair information disclosure, and there was no situation in violation of the principle.

The main information of investors received by the Bank during the reporting period is as follows:

Time	Location	Mode	Type of targets	Major contents discussed and materials provided
2014/01/08	Hong Kong	Investment bank meeting	All sorts of investors including securities brokers and funds investors	Business status and development strategies
2014/01/15	Beijing	Investment bank meeting	All sorts of investors including securities brokers and funds investors	Business status and development strategies
2014/03/07	Shenzhen	Onsite survey, telephone communication	All sorts of investors including securities brokers and funds investors	2013 annual report and results release

3.6 Management Discussion and Analysis

3.6.1 Overview

During the reporting period, the international economic recovery remained sluggish and the domestic economic development slowed down. The Central Bank continued to implement the steady monetary policy. The marketization of interest rate was expedited. The Internet finance developed rapidly. The real economy was confronted with the pressure of structural adjustment, which constituted bigger pressure on the profit growth of banks. The reform of financial regulation has also raised higher requirements for bank risk management and business innovation. In face of the complicated ever-changing operating environment, the Bank continued to push forward the “Five-year Plan” and the “Three-step Development Strategy” leading to better operating results:

1. Steadily Growing Scale of Assets and Leading Deposit Growth Rate amidst Counterparts

As of the end of the reporting period, the total assets of the Bank amounted to RMB2,097.102 billion, representing an increase of 10.86% as compared with the beginning of the year. The total loans (including discounted bills) amounted to RMB890.349 billion, representing an increase of 5.08% as compared with the beginning of the year. Total deposits amounted to RMB1,382.649 billion, representing an increase of 13.61% as compared with the beginning of the year. The growth rate has taken the lead amidst the counterparts, with 85% growth as compared to that of the previous whole year, laying a good foundation for business development.

2. Obvious Enhancement of Profitability and Substantial Year-on-year Increase in the Growth Rate of Income Indicators

After more than one year’s scale expansion and structural optimization, the Bank continued to enhance the efficiency in using resources, develop diversified income sources, with obvious enhancement of comprehensive profitability and substantial upgrades of income indicators.

During the reporting period, the Bank recorded the operating income of RMB16.100 billion, representing a year-on-year growth of 49.05%. The operating profit before impairment losses on assets was RMB8.779 billion, representing a year-on-year growth of 52.33%. The net profit was RMB5.054 billion, representing a year-on-year growth of 40.82%. The basic earning per share was RMB0.53, representing a year-on-year increase of RMB0.09. The average return on total assets (annualized) was 1.01%, representing a year-on-year increase of 0.17%. The weighted average return on net asset (annualized) was 16.54%, representing a year-on-year increase of 0.93%. With reinforced cost control, the cost/income ratio was 37.65%, representing a year-on-year decrease of 1.08% and a decrease of 3.12% as compared to 2013.

3. Intermediate Business Grew Rapidly with On-going Optimization of Business Structure

The Bank’s intermediate business continued to grow rapidly. The intermediate business income from the

business of investment bank, custody and notes transfer etc. grew substantially. The net non-interest income had a year-on-year growth of 117.18%. In the operating income, it accounted for a year-on-year increase by 8.87% to 28.26%. The income structure has been optimized further.

The business structure was further optimized persistently. In respect of assets, the intensive management of asset resources and credit resources were enhanced, coupled with the insistence on the loan resource fundamental limit and the bid limit. The average interest rate of the newly released loans for the first quarter increased 1.39% as compared to the previous whole year. In terms of liabilities, there was the substantial development of the business of deposits. The deposits at the end of the period accounted for an increase of 1.46% of the total liabilities as compared to the beginning of the year. The deposit-loan spread, the net interest spread and the net interest margin for the first quarter increased by 100, 22 and 24 basis points respectively on year-on-year basis.

4. Product Innovation Being Pushed Forward Persistently with Steady Implementation of Retail Reform

The deepening strategic transformation, the persistent promotion of innovation, the launch of non-public offer of financing business, the transfer platform for credit assets, and the brand new financing mode for farmland transfer were put in place. The rapid promotion of Dai Dai Ping An Commercial Cards led to the faster growth of card issue and deposit/loan balance. As of the end of the reporting period, the Bank's accumulated clients of Dai Dai Ping An Commercial Cards totaled 542.2 thousands, representing a growth rate of 54% as compared to the beginning of the year. The approved credit facility was RMB27.9 billion. The number of clients granted the credit facility totaled 90.8 thousands. As at the end of the reporting period, the deposit balance of Dai Dai Ping An Commercial Cards amounted to RMB8.9 billion with the loan balance of RMB18.2 billion, representing a respective growth of 65% and 203% as compared to the beginning of the year. The average annual interest rate of the loan in use was 15.51%.

In line with the proactive implementation of the retail business reform, the management framework, core team and appraisal system of retail major business department have been established initially, resulting in the initial formation of operation fusion and win-win development.

5. Smooth Implementation of Capital Complement, with Further Breakthrough in Expanding Bank Network

The Bank has proactively promoted the capital complement scheme. Following the non-public issue of shares in the end of 2013, the Bank succeeded in the issue of tier-2 capital bonds amounting to RMB9.0 billion in March 2014, safeguarding the better and faster business development.

The secondary branch in Suzhou was officially opened in March 2014. The deposit exceeded RMB11.8

billion on the first day, setting the new record for the inauguration of the Bank's secondary branches. In the first quarter, the Bank set up 3 sub-branches with the inauguration of 33 district sub-branches.

3.6.2 Asset and liability items

As of the end of reporting period, total assets of the Bank amounted to RMB2,097.102 billion, representing a growth of 10.86% over the beginning of the year; total liabilities amounted to RMB1,979.802 billion, representing a growth of 11.25% over the beginning of the year.

Asset composition and changes

(In RMB million)

Item	31 March 2014		31 December 2013		Change from the end of period over the end of previous year
	Balance	%	Balance	%	
Loans and advances	890,349	42.46%	847,289	44.79%	5.08%
Provision for impairment of loans	(16,335)	(0.78%)	(15,162)	(0.80%)	7.74%
Net loans and advances	874,014	41.68%	832,127	43.99%	5.03%
Investment and other financial	406,907	19.40%	395,204	20.89%	2.96%
Cash and due from the Central	258,110	12.31%	229,924	12.15%	12.26%
Precious metals	34,258	1.63%	21,286	1.13%	60.94%
Due from banks and other financial	85,821	4.09%	71,914	3.80%	19.34%
Placements with banks and other financial institutions and financial assets purchased under resale agreements	394,406	18.81%	298,933	15.80%	31.94%
Account receivables	6,671	0.32%	7,058	0.37%	(5.48%)
Interest receivables	10,138	0.48%	10,043	0.53%	0.95%
Fixed assets	3,580	0.17%	3,694	0.20%	(3.09%)
Intangible assets	5,332	0.25%	5,463	0.29%	(2.40%)
Goodwill	7,568	0.36%	7,568	0.40%	-
Properties for investment purposes	114	0.01%	116	0.01%	(1.72%)
Deferred income tax assets	3,912	0.19%	4,406	0.23%	(11.21%)
Other assets	6,271	0.30%	4,005	0.21%	56.58%
Total assets	2,097,102	100.00%	1,891,741	100.00%	10.86%

Liability composition and changes

(In RMB million)

Item	31 March 2014		31 December 2013		Change from the end of period over the end of previous
	Balance	%	Balance	%	

					year
Deposit taking	1,382,649	69.84%	1,217,002	68.38%	13.61%
Due to banks and other financial institutions	500,763	25.29%	450,789	25.33%	11.09%
Borrowings from banks and other financial institutions	19,292	0.97%	22,633	1.27%	(14.76%)
Held-for-trading financial liabilities	4,227	0.21%	3,692	0.21%	14.49%
Derivative financial liabilities	3,468	0.18%	2,914	0.16%	19.01%
Repurchase agreements	11,093	0.56%	36,049	2.03%	(69.23%)
Employee compensation payables	4,482	0.23%	6,013	0.34%	(25.46%)
Tax payables	4,409	0.22%	4,205	0.24%	4.85%
Interest payables	19,335	0.98%	16,605	0.93%	16.44%
Bond payables	17,108	0.86%	8,102	0.46%	111.16%
Other liabilities (note)	12,976	0.66%	11,656	0.65%	11.32%
Total liabilities	1,979,802	100.00%	1,779,660	100.00%	11.25%

Note: Other liabilities include report items as “Due to the Central Bank, Account Payable, Provisions and Other liabilities”

3.6.3 Asset quality

As of the end of reporting period, NPL balance of the Bank was RMB8.105 billion, representing an increase of RMB0.564 billion and 7.47% compared with the beginning of the year. NPL ratio was 0.91%, up 0.02 percentage points from the beginning of the year. Provision to loan ratio was 1.83%, up 0.04 percentage points from the beginning of the year. Provision coverage for loans was 201.55%, up 0.49 percentage points from the beginning of the year.

During the reporting period, the Bank further optimized its credit structure, prevented and resolved various potential risks that may arise from deposit loans and strictly control incremental NPLs, thus the asset quality maintained stable basically.

5-tier loan classification

(In RMB million)

5 loan types	31 March 2014		31 December 2013		Change from the end of period over the end of previous year
	Balance	%	Balance	%	
Pass	858,128	96.38%	821,721	96.98%	4.43%
Special mention	24,116	2.71%	18,027	2.13%	33.78%
NPL	8,105	0.91%	7,541	0.89%	7.47%

Including: Substandard	4,543	0.51%	4,375	0.52%	3.83%
Doubtful	1,695	0.19%	1,575	0.19%	7.65%
Loss	1,867	0.21%	1,591	0.18%	17.32%
Total loans	890,349	100.00%	847,289	100.00%	5.08%
Balance of loan impairment provision	(16,335)		(15,162)		7.74%
NPL ratio	0.91%		0.89%		+0.02 percentage points
Provision coverage ratio	201.55%		201.06%		+0.49 percentage points

During the reporting period, as affected by the current economic and financial situation, part of the enterprises had insufficient supply of funds, with rising operating cost and falling operating income, which led to the tight supply of funds, overdue loans and outstanding interest payment. The special mention loans increased.

Loan structure and quality by industry

(In RMB million)

Industries	31 March 2014			31 December 2013		
	Balance	%	NPL ratio	Balance	%	NPL ratio
Agriculture, husbandry and fishery	3,239	0.36%	-	2,563	0.30%	0.55%
Mining (heavy industry)	32,291	3.63%	-	29,808	3.52%	-
Manufacturing (light industry)	132,550	14.89%	2.11%	131,696	15.54%	2.08%
Energy	8,653	0.97%	-	9,371	1.11%	-
Transportation, postal and telecommunications	25,784	2.90%	0.17%	25,292	2.99%	0.20%
Commerce	131,378	14.76%	1.62%	125,549	14.82%	1.58%
Real estate	90,394	10.15%	-	80,894	9.55%	-
Social service, technology, culture and health care	54,317	6.10%	0.10%	47,007	5.55%	0.12%
Construction	39,517	4.44%	0.26%	33,432	3.95%	0.36%
Others (mainly personal loans)	363,164	40.78%	0.82%	349,339	41.21%	0.74%
Discounts	9,062	1.02%	-	12,338	1.46%	-
Total loans and advances	890,349	100.00%	0.91%	847,289	100.00%	0.89%

As of the end of the reporting period, the Bank's NPLs mainly concentrated in the manufacturing and commerce industries, accounting for 61% of total NPL, and NPL ratios for other industries are relatively low.

Loan quality by region

(In RMB million)

Regions	31 March 2014		31 December 2013	
	Balance	NPL ratio	Balance	NPL ratio
Eastern region	273,236	1.16%	266,690	1.05%
Southern region	229,335	0.58%	219,911	0.49%
Western region	89,767	0.24%	85,720	0.31%
Northern region	174,104	0.48%	158,228	0.36%
Headquarters	123,907	2.07%	116,740	2.40%
Total	890,349	0.91%	847,289	0.89%

As at the end of the reporting period, as affected by the difficult operation of some of the steel trading enterprises and private small and medium enterprises, the Bank's NPL and NPL ratio rebounded to a certain extent. Apart from the Western region, the NPL ratio of the remaining regions increased from the beginning of the year. The Bank would reinforce the capability of cleaning-up and transforming the non-performing assets and put the risk of increase under strict control, so as to ensure the stable quality of the Bank's assets.

Loan structure and quality by product

(In RMB million)

Item	31 March 2014		31 December 2013		Increase/decrease in NPL ratio
	Balance	Balance	Balance	Balance	
Corporate loans (excluding credit cards)	555,922	0.92%	521,639	0.95%	-0.03 percentage points
Including: General loans	546,860	0.94%	509,301	0.98%	-0.04 percentage points
Discounts	9,062	-	12,338	-	-
Retail loans (excluding credit cards)	245,401	0.73%	238,816	0.50%	+0.23 percentage points
Including: Housing mortgage loans	62,589	0.51%	64,956	0.44%	+0.07 percentage points
Entrepreneur loans	98,179	0.89%	89,432	0.55%	+0.34 percentage points
Auto loans	50,901	0.42%	48,747	0.21%	+0.21 percentage points
Others (Note)	33,732	1.12%	35,681	0.90%	+0.22 percentage points
Account receivables of credit cards	89,026	1.33%	86,834	1.58%	-0.25 percentage points
Total loans	890,349	0.91%	847,289	0.89%	+0.02 percentage points

Note: Other retail loans include "Xin Yi Dai", i.e. the loans to new yuppies, Certificate pledged consumption loan, Petty consumer loan and other guaranteed or pledged consumption loan.

During the reporting period, the NPL ratio of retail loans rose 0.23 percentage points as compared to the

beginning of the year, primarily because 1) the decreased release of housing loans (including housing mortgage and certificate pledged consumption loans) led to the decrease of the loan balance and the rise of NPL ratio; 2) the slow growth of the overall scale of automobile loans, coupled with the increase in the proportion of adjusted income structure, high risk and high income products as compared to the previous quarter, resulted in the rise of NPL ratio; and 3) the operating loans mainly affected by the steel trading industry and the adjustment and tightening part of the business policy of the Bank led to the rise of NPL ratio.

Loan impairment provision accrual and write-offs during the reporting period

(In RMB million)

Item	January-March 2014
Opening balance	15,162
Add: accrual for the period (including non-credit impairment provision)	2,067
Less: interest offset of impaired loans	82
Less: non-credit impairment provision	9
Net provisions for the period	1,976
Add: recovery for the period	201
Add: exchange difference and other changes	16
Less: written-off for the period	1,020
Closing balance	16,335

Restructured, overdue and non-accrual loans as of the end of the reporting period

(In RMB million)

Item	31 March 2014		31 December 2013	
	Balance	Percentage of total loans	Balance	Percentage of total loans
Restructured loans	3,234	0.36%	1,984	0.23%
Loans with principals or interest overdue within 90 days	9,863	1.11%	7,435	0.88%
Loans with principals or interest overdue over 90 days	21,302	2.39%	17,026	2.01%

(1) As at the end of the reporting period, the balance of restructured loans was RMB3.234 billion, increased by 63% and RMB1.250 billion as compared with the beginning of this year. The new restructured loans were mainly the steel trade enterprises in Shanghai area. The Bank will enhance the restructuring and solving to the steel trade enterprises, adjust the industrial construction accordingly step by step, and finally

release and solve the credit risks of the steel trade enterprises.

(2) As at the end of the reporting period, the balance of loans within 90 days (including loans with principals not overdue or interest overdue within 90 days) was RMB9.863 billion, increased by 32.66% and RMB2.428 billion as compared with the beginning of this year. The balance of loans overdue over 90 days (including loans with principals not overdue or interest overdue over 90 days) was RMB21.302 billion, increased by 25.12% and RMB4.276 billion as compared with the beginning of this year. The Bank's new overdue loans were mainly from the Yangtze River Delta region, most of which have collaterals and pledges. The Bank had actively adopted various measures and formulated collection and disposal and restructuring plans by category, and stepped up communication with local governments, regulatory authorities and peers to jointly improve risk management and remedial works. Up-to-date, overall risk is still under control.

Government financing platform loans

On the premise of complying with the regulation requirements, the Bank emphasized the control of total volume, the optimization of structure, the isolation of risks and the clear-cut duties in accordance with the overall principle of "total volume control, classified management, differential treatment and gradual solution", and continued to implement the loan risk control on the local government financing platform loans. The proportion of platform loans decreased gradually and the platform risks were under effective control.

As of the end of the reporting period, the balance of the Bank's loans to government financing platform (including general corporate loans and loans still managed as platforms after rectification) was RMB 40.451 billion, representing an increase of RMB 1.693 billion or 4.37% as compared with the beginning of the year and accounting for 4.54% of various loan balances.

Among which: in terms of loan type, the balance of the Bank's loans corrected to general corporate loans was RMB 26.658 billion, accounting for 2.99% of total loan balance; the balance of loans still managed as platform was RMB 13.793 billion, accounting for 1.55% of total loan balance, down 0.08% from the beginning of the year.

In terms of loan quality, the platform loan quality of the Bank remained sound without any NPL.

Recovery of non-performing assets

During the reporting period, the Bank achieved good recovery results. It recovered non-performing assets of RMB671 million in aggregate, including credit assets (loan principal) of RMB615 million. Of the recovered loan principal, loans of RMB201 million were written off and non-performing loans of RMB414 million were not written off. 85.10% of loans were recovered in cash while the rest was in the form of repossessed assets.

3.6.4 Income and profit

Interest income and expense

Average balance, and average yield or average cost rate of the major asset and liability items

(In RMB million)

Item	January-March 2014			January-March 2013		
	Average balance	Interest income/expense	Average yield/cost rate	Average balance	Interest income/expense	Average yield/cost rate
Assets						
Customer loans and advances (excluding discount)	858,064	16,026	7.57%	721,672	11,596	6.52%
Bond investment	213,647	2,246	4.26%	195,873	1,865	3.86%
Due from Central Bank	237,249	904	1.55%	204,106	737	1.46%
Bills discounting and inter-bank business	619,689	8,662	5.67%	496,652	5,979	4.88%
Others	4,676	66	5.72%	4,738	69	5.91%
Total of interest-earning assets	1,933,325	27,904	5.85%	1,623,041	20,246	5.06%
Liabilities						
Customer deposits	1,299,392	7,897	2.46%	998,252	5,944	2.41%
Bonds issued	10,605	170	6.50%	15,288	236	6.26%
Inter-bank business	522,340	8,287	6.43%	521,530	5,359	4.17%
Total of interest-bearing liabilities	1,832,337	16,354	3.62%	1,535,070	11,539	3.05%
Net interest income		11,550			8,707	
Deposit-loan spread			5.11%			4.11%
Net interest spread (NIS)			2.23%			2.01%

Net interest margin (NIM)			2.42%			2.18%
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Judging from the year-on-year situation, by means of persistently enhancing structural adjustment and risk pricing management, and upgrading the efficiency of applying the credit resources, the Bank has managed to effectively improve the loan structure. The deposit-loan spread, the net interest spread and the net interest margin experienced bigger year-on-year increases.

Item	January-March 2014			October-December 2013		
	Average balance	Interest income/expense	Average yield/cost rate	Average balance	Interest income/expense	Average yield/cost rate
Assets						
Customer loans and advances (excluding discount)	858,064	16,026	7.57%	830,864	15,105	7.21%
Bond investment	213,647	2,246	4.26%	209,575	2,182	4.13%
Due from Central Bank	237,249	904	1.55%	237,920	884	1.47%
Bills discounting and inter-bank business	619,689	8,662	5.67%	547,090	7,389	5.36%
Others	4,676	66	5.72%	4,133	55	5.28%
Total of interest-earning assets	1,933,325	27,904	5.85%	1,829,582	25,615	5.55%
Liabilities						
Customer deposits	1,299,392	7,897	2.46%	1,234,050	7,425	2.39%
Bonds issued	10,605	170	6.50%	8,850	136	6.10%
Inter-bank business	522,340	8,287	6.43%	486,636	6,422	5.24%
Total of interest-bearing liabilities	1,832,337	16,354	3.62%	1,729,536	13,983	3.21%
Net interest income		11,550			11,632	
Deposit-loan spread			5.11%			4.82%
Net interest spread (NIS)			2.23%			2.34%
Net interest margin (NIM)			2.42%			2.52%

Judging from the month-on-month situation, the structural adjustment and the pricing management have obtained obvious effects. The loans yield was on the rise. The cost rate of deposit was comparatively stable.

The deposit-loan spread had a month-on-month increase of 0.29 percentage points. However, affected by the narrowing interest spread in the business of the counterparts, the net interest spread and the net interest margin have been somewhat diluted.

Yield of customer loans and advances

(In RMB million)

Item	January-March 2014			January-March 2013		
	Average balance	Interest income	Average yield	Average balance	Interest income	Average yield
Corporate loans (excluding discount)	519,481	8,408	6.56%	472,884	7,050	6.05%
Personal loans	338,583	7,618	9.12%	248,788	4,546	7.41%
Customer loans and advances (excluding discount)	858,064	16,026	7.57%	721,672	11,596	6.52%

Item	January-March 2014			October-December 2013		
	Average balance	Interest income	Average yield	Average balance	Interest income	Average yield
Corporate loans (excluding discount)	519,481	8,408	6.56%	497,236	7,930	6.33%
Personal loans	338,583	7,618	9.12%	333,628	7,175	8.53%
Customer loans and advances (excluding discount)	858,064	16,026	7.57%	830,864	15,105	7.21%

The efficiency in utilizing the credit resources was enhanced, coupled with the persistent improvement in the loan structure, the rapid growth in high yield businesses such as SMB and Loans to new yuppies, and the persistent rise of loans yield.

Cost rate of customer deposits

(In RMB million)

Item	January-March 2014			January-March 2013		
	Average balance	Interest expense	Average cost rate	Average balance	Interest expense	Average cost rate
Corporate deposits	835,301	5,202	2.53%	627,055	3,857	2.49%
Including: demand deposits	308,540	473	0.62%	235,499	407	0.70%
Time deposits	526,761	4,729	3.64%	391,556	3,450	3.57%

Including: Treasury and negotiated deposits	93,265	1,262	5.49%	84,528	1,124	5.39%
Margin deposits	252,262	1,323	2.13%	198,890	1,084	2.21%
Retail deposits	211,829	1,372	2.63%	172,307	1,003	2.36%
Including: demand deposits	86,710	94	0.44%	62,051	60	0.39%
Time deposits	125,119	1,278	4.14%	110,256	943	3.47%
Total deposits	1,299,392	7,897	2.46%	998,252	5,944	2.41%

Item	January-March 2014			October-December 2013		
	Average balance	Interest expense	Average cost rate	Average balance	Interest expense	Average cost rate
Corporate deposits	835,301	5,202	2.53%	794,556	4,968	2.48%
Including: demand deposits	308,540	473	0.62%	292,881	516	0.70%
Time deposits	526,761	4,729	3.64%	501,675	4,452	3.52%
Including: Treasury and negotiated deposits	93,265	1,262	5.49%	95,353	1,284	5.34%
Margin deposits	252,262	1,323	2.13%	235,475	1,181	1.99%
Retail deposits	211,829	1,372	2.63%	204,019	1,276	2.48%
Including: demand deposits	86,710	94	0.44%	80,898	70	0.34%
Time deposits	125,119	1,278	4.14%	123,121	1,206	3.89%
Total deposits	1,299,392	7,897	2.46%	1,234,050	7,425	2.39%

The customer deposits grew rapidly, while the cost of capital was under control.

Fee income and expense

(In RMB million)

Item	January-March 2014	January-March 2013	Change from the same period of previous year
Settlement fee income	412	242	70.25%
Wealth management business fee income	385	249	54.62%
Agency and entrustment business fee income	461	71	549.30%
Bank card business fee income	1,502	916	63.97%
Consulting and advisory fee income	578	207	179.23%
Account management fee income	60	53	13.21%
Others	481	291	65.29%
Subtotal of fee income	3,879	2,029	91.18%

Agency business fee outlay	78	35	122.86%
Bank card business fee outlay	564	173	226.01%
Others	30	16	87.50%
Subtotal of fee outlay	672	224	200.00%
Net fee and commission income	3,207	1,805	77.67%

During the reporting period, the Bank's businesses of investment bank, trusteeship and others grew rapidly and contributed to the remarkable increase of intermediate business income; meanwhile the fees income of wealth management, settlement and credit card businesses was also performing well.

Other net operating income

Other net operating income includes investment income, gains/losses from changes in fair value, foreign exchange gains/losses and other business income. During the reporting period, other net operating income of the Bank was RMB1.343 billion, representing an increase of 363.10% over the same period of last year, primarily arising from the increases in income from Notes spread, Precious metals transactions and changes in fair values.

Operating expense

During the reporting period, operating expense of the Bank increased by 44.89% over the same period of last year to RMB6.062 billion, while the cost to income ratio (excluding business tax) was 37.65%, down 1.08 percentage points over the same period of last year and 3.12 percentage points as compared with the year 2013. The increase of operating expense was primarily caused by outlets and business scale growth, and continued investment in the management. In 2013, the Bank had achieved remarkable progress in the establishment of outlets and institutions, with 5 new branches and 73 outlets of sub-branch level. In the first quarter of 2014, 3 new branches were established. The growth of institutions made positive contributions to the operating expenses. Included in operating expense were staff expense of RMB3.402 billion with an increase of 57.22% over the same period of last year, business expense of RMB1.844 billion with an increase of 36.10% over the same period of last year, and depreciation, amortization and rental expenses of RMB816 million with an increase of 22.63% over the same period of last year.

Asset impairment loss

			(In RMB million)
Item	January-March 2014	January-March 2013	Change from the same period of previous year

Disbursement of loans and advances	2,058	1,019	101.96%
Other assets	9	27	(66.67%)
Total	2,067	1,046	97.61%

Income tax expenses

During the reporting period, the effective income tax rate of the Bank was 24.53%, up 0.60 percentage point over the same period of last year.

(In RMB million)

Item	January-March 2014	January-March 2013	Change from the same period of previous year
Profit before tax	6,697	4,718	41.95%
Income tax expenses	1,643	1,129	45.53%
Effective income tax rate	24.53%	23.93%	+0.60 percentage points

3.6.5 Capital management

(In RMB million)

According to Administrative Measures for the Capital of Commercial Banks (Trial) from CBRC		
Item	31 March 2014	31 December 2013
Net core tier one capital	105,496	100,161
Net tier one capital	105,496	100,161
Net capital	130,834	115,884
Total risk-weighted assets	1,212,121	1,170,412
Credit risk-weighted assets	1,127,368	1,087,683
On-balance sheet risk-weighted assets	922,804	898,589
Off-balance sheet risk-weighted assets	195,455	181,995
Risk-weighted assets exposed to counterparty credit risk	9,109	7,099
Market risk-weighted assets	6,271	4,247
Operational risk-weighted assets	78,482	78,482
Core tier one capital adequacy ratio	8.70%	8.56%
Tier one capital adequacy ratio	8.70%	8.56%
Capital adequacy ratio	10.79%	9.90%

Note: The credit risk was calculated with method of weighting, market risk with standard approach and operational risk with basic indicator approach. During the reporting period, there were no material changes in the methods of calculating various risks such as credit risk, market risk and operational risk, systems of measuring risks and corresponding capital requirements.

According to Measures for the Management of Capital Adequacy Ratios of Commercial Banks from CBRC

Item	31 March 2014	31 December 2013
Capital adequacy ratio	11.92%	11.04%
Core capital adequacy ratio	9.54%	9.41%

3.6.6 Business development

3.6.6.1 Corporate business

As at the end of the reporting period, the corporate deposit balance of the Bank increased by 14% from the beginning of the year, while the corporate loan (excluding discount) balance increased by 7% from the beginning of the year; the credit balance of trade finance amounted to RMB411.9 billion and increased by 11% from the beginning of the year.

In accordance with the willingness of “Transformation, Innovation and Evolution”, the Bank continuously improves the innovation mechanism, enhances the professional management, accelerates the construction of IT system, constantly creates the competitive advantages of “innovation, efficiency and IT technology”, makes full use of advantages of trade finance in winning the customer, deepened the innovation oriented marketing developing path, and ensured the healthy and steady growth of trade finance. Also the Bank had deeply integrated industries and finance via science and technology, established the comprehensive financial service platform in the Internet, promoted the electronization and webification of traditional business, improved the customers’ experience and exploited the market; Following the development tendency of the e-business of substantial economy, the Bank wins the mass of customers through Group cooperation, Inter-bank union, Business alliance, and Political union, etc. , and leads the corporation’s business developing in the Internet. Meanwhile the Bank makes use of advantages of offshore business license, creates the new portfolios of products, and provides the global credit service to those “export-oriented” companies through Cross Border Syndicated Loans and otherwise; expands the terminal of supply chain financing to abroad, and realized the all-in-one services for the settlement and financing of the whole supply chain, increases the service efficiency to global customers, and fulfills the further demands of customers via variable portfolios of offshore products.

Internet finance opens the new windows of growth

Facing the challenge of market competition and e-business, the Bank converts the distributions of the Internet and union to a new customers wining channel, integrates the products development, platform construction and new business expansion, and locates a new growth point of profit upon the “Comprehensive financial service platform of Supply chain” (i.e. the Orange-e-Net) as well. As at the end of the reporting period, the new customer amounted to 3,077 with new daily deposit of RMB58.5 billion and new daily loan of RMB3.7 billion, the Non-interest net income amounted to RMB249 million and total

income at RMB1.38 billion.

International and offshore businesses keep increasing well

Both the international settlement amount and the scale of Cross border RMB business increased quickly. During the reporting period, the onshore international settlement amount was USD28.7 billion with an increase of 44% over the same period of last year, while the Cross border RMB business was RMB41.8 billion with an increase of 175% over the same period of last year; the offshore settlement amount was USD44.6 billion with an increase of 40% over the same period of last year, the average offshore deposit was RMB43.8 billion with an increase of 80% over the same period of last year, and the average offshore loan was RMB27.1 billion with an increase of 300% over the same period of last year.

The wealth management business develops steadily

During the reporting period, the Bank had issued 853 wealth management products and the accumulated sales were RMB110.7 billion. As at the end of the reporting period, the balance of wealth management products was RMB41.0 billion, including Principal Guaranteed Product of RMB38.6 billion and Non-Guaranteed Product of RMB2.4 billion.

Good Growth Momentum of Trade Financing Business and Persistent Optimization of Industry Structure

During the reporting period, RMB242.8 billion was released for the trade financing, with a year-on-year growth of 49%. The trade financing and credit facility balance amounted to RMB411.9 billion, representing a growth rate of 11% as compared to the beginning of the year. The 0.26% NPL ratio continued to be at comparatively lower level. The industry structure of the trade financing business continued to be optimized. The level of industry concentration continued to fall.

Table of trade finance and international businesses

(In RMB million)

Item	31 March 2014	%	31 December 2013	%	Change from the end of period over the end of previous year
Trade finance balance	411,853	100.00%	370,556	100.00%	11%
Regions: Eastern region	135,844	32.98%	108,110	29.18%	26%
Southern region	134,524	32.66%	130,594	35.24%	3%
Western region	33,969	8.25%	30,636	8.27%	11%

Northern region	107,516	26.11%	101,216	27.31%	6%
Domestic/International: Domestic	300,206	72.89%	274,236	74.01%	9%
International (including offshore)	111,647	27.11%	96,320	25.99%	16%

Transport Financial Business Experienced Progress in Various Aspects

The transport financial business department was mainly engaged in the operation of the various kinds of business of the corporate clients in transport manufacture, distribution and transportation production chain and their extended scope. With the intensified homogenization competition in the financial services of the automobile production industry and the low revenue of risk assets in the traditional business mode, the business department taking the trade financing business and the comprehensive financial business as the dual engines, and by virtue of the stronghold in the automobile business, has made in-depth exploration of the core clients, developed various kinds of financial services of the transport production industry chain, developed the innovative mode of combining the receivable financing of the suppliers, the production industry fund, and the online supply chain financial platform with the industrial-financial integration as the breakthrough; and insisted on the operating strategy of “light assets, and consolidation” to expedite the asset turnover and lower capital consumption. Meanwhile, the attempt was made to develop the high value business in the large-scale transport production industry chain of airline, railway and marine, and explore the innovative business such as the universal aviation and the high value-add transport equipment manufacturers.

As of the end of the reporting period, the deposit balance under the management of the transport financial business department was RMB57.5 billion; the scale of credit facility under its management was RMB99.6 billion; the annual net operating income was RMB514 million.

3.6.6.2 Retail Business

As of the end of the reporting period, the balance of retail deposits was RMB237.2 billion, representing a growth rate of 12% as compared to the beginning of the year; the balance of retail loans increased slightly as compared to the beginning of the year; the net income (including credit cards) of the retail intermediate business was RMB1.211 billion, representing a year-on-year growth of 23%.

During the reporting period, the retail was in accordance with the five-year transformation strategic step. The Bank activated the reform on the business department of retail, emphasizing the enhancement of

operating capability and featuring the comprehensive financial characteristics, with emphasis placed on creating the Ping An Bank unique of its kind.

Inauguration of Technology and Smart Network Flagship Store

Following the continual fusion of the modern financial business and the Internet technology, the Bank has become “smarter” in respect of the service concepts, service methods and service channels. In March, the first smart flagship store of Ping An Bank was inaugurated in China to achieve the service mode of “business handling, simply at home”, “smart experience, available any time” and “self service, contrary to traditions”. The design of the flagship store project was in line with the clients’ requirements for the differentiation of planning and functions with emphasis on the design concept of “simply at home”. For instance, on the DIY machine for issuing the credit card, the client enjoyed fully DIY operation to achieve easily the “self-selection of card surface and card number with immediate availability”. By means of the comprehensive teller machine launched in China for the first time, the client operated the equipment on the basis of semi-self decision. At the same time of splitting the counter business, it also effectively enhanced the business handling efficiency.

Number of Wealth Clients and Client Assets on Steady Rise

There were 187 thousands of wealth clients representing a growth rate of 13% as compared to the beginning of the year. The overall assets of the clients under management reached RMB413.4 billion, including RMB275.5 billion from the wealth clients.

Healthy Development of Banking, Agency and Cross Sales Business

The product diversification layout was achieved by increasing the investment varieties of banking products, emphasizing the product innovation, developing the agency business, increasing the products such as the banking management plan, the asset management plan for QDII fund specific clients, and the asset management plan for securities companies, for gradual fulfillment of transforming the banking business from the “cash management type” to the “asset management type. Furthermore, the enhancement of tiered operating strategy for clients was continued, with precisely tiered positioning of the audience and functions of various types of banking products from different product dimensions to achieve the well-positioned supply and sales of the product series. Moreover, by virtue of the platform of Ping An Group, the cooperation with the subsidiaries of the Group was reinforced to promote the cross combination sales of products and provide the clients with the “one-stop” comprehensive financial services. During the reporting period, the Bank offered 627 types of retail banking products with the sales amounting to RMB569.9 billion. As of the end of

the reporting period, the balance of the retail banking products was RMB178.6 billion, including the Principal Guaranteed Product balance of RMB63.7 billion and Non-Guaranteed Product balance of RMB114.9 billion.

The business of life insurance channel featured steady growth. In line with the rapid growth of clients, the clientele structure was further optimized. The balance of assets increased by 16% amounting to RMB40 billion. The balance of deposits increased by 16% to RMB25.5 billion. The number of clients from the cross sales channel increased by 11% to 1.49 million including the increase of wealth clients by 28% to nearly 20 thousands. Furthermore, the paid up premium received for the sale of life insurance on agency basis was RMB71 million and the sales of funds on agency basis was RMB4.3 billion.

Credit Cards, Private Banking, Consumption Finance and Automobile Financial Business Remained on Steady Rise

1. Credit Card Business

The credit card business continued to grow steadily. There were 14.87 million cards in circulation as at the end of the reporting period, representing a growth rate of 8% as compared to the beginning of the year, including 1.59 million of new cards, representing a year-on-year growth of 36%. The Group's cross sales channel continued to make substantial contribution with persistent promotion of the transition of the clients for Ping An life insurance and Ping An automobile insurance. The cross sales channel took 38% of the new cards issued for clients, with the total transaction amount of RMB143.5 billion. In particular, the online transaction amount continued to grow rapidly, with a year-on-year growth of 197%. As of the end of the reporting period, the balance of loans was RMB89 billion, representing a growth rate of 2.5% as compared to the beginning of the year.

The credit card business emphasized better products and services for the clients and improvement in the level of the client's satisfaction. In the aspect of securing clients, great promotion was made to obtain high-end clients and young clientele. The number of new high-end cards above platinum class had a year-on-year growth of 20%. With commitment to the client-oriented operation, the thematic marketing activities such as "Overseas Consumption Promotion", "Private Ping An Night", and "Ping An Nightless Orange" were carried on. The launch of special thematic activities including "Watch Movie with RMB10", "Fuelling Discount" and the "Commercial Circle Car-Washing" remained on the go to upgrade the brand influence. The implementation of Internet financial business innovation, the creation of the Ping An Online Commercial City, and the promotion of network marketing activities "Purchase Loving Wednesday" have enhanced the clients' experience on the mobile Internet terminal. The construction of the Internet service

channels such as the universal clients' service platform, and Ping An Life APP provided the clients with smart and high precision service marketing. The WeChat services have been highly acclaimed by the clients. The number of WeChat clients has exceeded 2.5 million. The mobile phone online card-processing platform has enabled the clients to apply for handling the credit cards through the smart mobile phone. The overall clients' satisfaction was obviously upgraded.

As for the risk management for the credit card, the measures such as the optimized new client's access, the enhancement of the management before being overdue and the optimized recovery strategy after being overdue have effectively controlled the risk of credit cards. As of the end of the reporting period, the NPL ratio was 1.33%, representing a drop of 0.25 percentage points as compared to the beginning of the year.

In respect of the fundamental platform construction, by means of deepening the mobile business development platform, securing clients through the network, applying real-time examination and approval, enhancing the system innovation, constructing the marketing platform, the real-time transaction detection platform and the voice application platform, the improvement of E-operation was carried on, with operating cost under effective control.

For the compliance operation, the enhancement of compliance culture and the initiation and substantiation of compliance concept were carried on. The risk of legal compliance was managed and controlled by technological approach.

2. Private Bank

As of the end of the reporting period, the Bank's private bank had a total of 18,201 clients. In particular, 7,323 of them have reached the target. The daily balance of the clients' assets under the management of the private bank reached RMB93.3 billion, including the daily balance of deposits amounting to RMB46.4 billion.

By virtue of the comprehensive financial stronghold in the aspect of products, channels and platforms, coupled with the cross sales and in-depth exploration for clients, Ping An Group has committed to create the characteristics of Ping An to provide the clients with all-rounded financial solutions.

Through "global allocation", the Bank has endeavored to integrate the cross-platform globalized financial products. At present, Ping An Bank has built up the exclusive product line and the diversified open product platform for the private bank to fulfill the unified management of domestic and overseas assets for the clients and provide the package services worldwide. In February, the GWS global investment management platform was launched for the high net value clients to provide the clients with the overall management of assets covering the six major aspects: full range asset management, full-time cyclical management, full investment target management, full angle allocation analysis, full view investment target

management and full flow service management. At the same time, the professional cooperation partner was coordinated to provide professional solutions for global financial investment, taxation planning, immigration and overseas education, and overseas real estate investment etc.

The Bank established the platform for financial services and inquiries mainly for the family trust planning and the secured succession planning to help the family enterprise achieve the smooth succession of material wealth. In order to assist in passing down the spiritual wealth and social responsibility, the private bank of Ping An Bank has activated “Ping An Chinese Enterprise Family Succession Award” and concluded the strategic cooperation with PBC School of Finance under Tsinghua University and Deloitte Consulting LLP to endeavor to build up the typical model of Chinese family succession with reference to the global wisdom of family succession.

The Bank has succeeded in the issue of the Black Diamond Debit Card binding on the Diamond Credit Card to provide the high-end clients with a system featuring an abundance of client interests with the theme of health management, trip courteous reception, overseas settlement and education as well as the esteemed lifestyle. Furthermore, the private bank of Ping An Bank has officially activated the thematic brand activities of “Exclusive Enjoyment of Legends -- Travel around the World in 365 Days” fused into the exclusive services of overseas real estate investment, private health management, elite trendy lifestyle and so on, in order to further enhance the brand influence of the private bank of Ping An Bank.

3. Consumer Finance

The consumer finance business has inherited the development concept and strategy of “small amount, rapid and real consumption”. The new loan business has undergone steady growth, with persistent capability of profit contribution. The Bank also continued to pay attention to the channel construction, the comprehensive development and wealth having become the important sales channel to lay the good foundation for the forthcoming cross sales.

As of the end of the reporting period, the balance of the loans to new yuppies amounted to RMB26.8 billion, representing a growth rate of 11% as compared to the beginning of the year. During the reporting period, the newly released loans amounted to RMB7.5 billion with a year-on-year increase of 48%.

4. Automobile Finance

The balance of the automobile loans was RMB50.9 billion taking a persistent leading market share amidst the counterparts. The NPL ratio was 0.42%, representing a slight increase as compared to the beginning of the year, mainly because of the relatively slowing tempo of lending loans.

The automobile finance business will continue to provide more comprehensive financial services by virtue of the comprehensive financial stronghold in line with the client’s requirements, with on-going

optimization of the operation flow and persistent upgrade of the client's experience. Meanwhile, the Bank emphasized the risk control and maintained the asset quality at good level.

Table of personal loans

(In RMB million)

Item	31 March 2014	%	31 December 2013	%
I. Personal loans excluding credit cards				
Eastern region	107,439	43.79%	108,651	45.50%
Southern region	75,938	30.94%	73,184	30.64%
Western region	23,216	9.46%	20,988	8.79%
Northern region	38,807	15.81%	35,992	15.07%
Headquarters	1	-	1	-
Total balance of personal loans excluding credit cards	245,401	100.00%	238,816	100.00%
Including: Total NPL	1,788	0.73%	1,199	0.50%
II. Mortgage loans in personal loans				
Balance of mortgage loans	65,441	26.67%	68,010	28.48%
Including: Housing mortgage loans	62,589	25.50%	64,956	27.20%
Mortgage NPL	350	0.54%	314	0.46%
Including: Housing mortgage NPL	321	0.51%	284	0.44%

3.6.6.3 Funds of Inter-bank Business

During the reporting period, the Bank seized the opportunity of the economic and financial reform and endeavored to cope with the complicated ever-changing market environment proactively, insisted on the product innovation and the structural optimization, maintained the balanced development of traditional business and innovative business and by virtue of the comprehensive financial stronghold of the Group proceeded with the proactive exploration for innovative cooperation modes for the Internet finance based on the client, kept the funds of interbank business on persistently steady rise and continued to contribute to the Bank's profit growth.

Healthy Development of Financial Market Business

The financial market business continued with its healthy development. The gold business obtained affluent results. The volume of the newly added gold lease took the leading position amidst the banks limited by shares. The issue of `banking products was among the top three out of the banks limited by shares. The transaction income had obvious growth leading to higher position in the market.

The banking business continued to take the lead in the industry. The characteristics products such as the structural banking have obtained better income. The market influence was on the rise steadily. On

proactive basis, the Bank has complied with the guidelines of the regulatory policy, made the adjustment for the optimization of the banking and product system, endeavored with great efforts to develop the brand new products including the net value type. The development of cooperation with the non-bank institutions such as the securities companies has obtained good effects. The banking gold characteristics business was strengthened. The characteristic operation of the gold full production industry chain was on the rise gradually, with persistent development of gold leasing and brand gold business. The intermediate business income had tremendous growth.

The business of brokerage transaction had obvious growth: The market influence and competitiveness of the brokerage and transaction business were enhanced obviously. The proportion of the intermediate business income was increased. The strength of training and marketing and the innovation speed was upgraded gradually.

Steady Development of Inter-bank Business

The Bank insisted on persistent product innovation and structural optimization. The traditional business and the innovative business have achieved balanced development. The cooperation with the interbank institutions was strengthened continually, resulting in the cooperation with more than 70 cooperation institutions with the up line third party custody bank license. The interbank cooperation business of “Hang E-Tong” was deepening, with more than 100 cooperation institutions. The brand effect of “Hang E-Tong” platform has become more obvious.

Steady Development of Notes Business

The allocation of notes resources was optimized. The market opportunity was seized promptly. By applying the effective operating strategy, the scale of discounted bills as of the end of the period was compressed by 27% as compared to the beginning of the year, with the fulfillment of higher yield on the notes assets.

3.6.6.4 Investment Bank Business

During the reporting period, the asset management scale of the investment bank business was RMB153.4 billion. The scale of project financing was RMB37.6 billion. The intermediate business income was RMB457 million. The derivative income was RMB270 million. The balance of derivative deposits was RMB55.9 billion with the daily average of RMB47.5 billion. The income from custody fee was RMB207 million with a year-on-year increase of 33%. The investment bank business will further clarify its

positioning to increase and strengthen the number of matured products and enhance the team-building work, enhance the risk awareness and promote the healthy development of the business.

The Establishment of “Gold Orange” Brand Had Obvious Effects, with Increasing Product Lines for “Gold Orange” Wealth

There were more than 200 members of “Gold Orange Club” including 26 financial companies, 11 securities companies, 33 funds companies, 36 trust companies, 57 real estate companies and 120 factoring companies.

The pension guarantee product, the banking asset management plan, the bond banking, the combination banking, and the external funds pool were launched continually to achieve the scale of asset management amounting to RMB153.4 billion and the scale of newly raised funds amounting to RMB39.3 billion.

Persistent Development of Project Financing/Debt Financing

During the reporting period, 39 project financing were completed with the total financing amount of RMB37.6 billion.

The registered scale of debt financing was RMB31.8 billion, representing a year-on-year growth rate of 88%. With 22 issues of bonds, the scale of issue was RMB15.9 billion, with a year-on-year growth rate of 73%. The intermediate business income was RMB60 million.

On-going Good Results for Comprehensive Corporate Business

During the reporting period, the bank recommended 21 new investment projects with the scale of RMB50 billion. The insurance premium of bank consignment amounted to RMB26 million. The fee-based business income was RMB3 million. The average daily scale of corporate deposit of insurance and investment recommended by bank was RMB13.1 billion. The net operating income was RMB90 million.

Implementation of Asset Custody Business in Full Swing

The asset custody business was based on the working concept of “in-depth marketing, personal service, persistent innovation, tiered operation, and standardized management”, practical operation, outsourcing and service platform fundamental construction, with implementation of various types of business in full swing. During the reporting period, the income from the custody fee amounted to RMB207 million, with a year-on-year increase of 33%. As at the end of the reporting period, the scale of custody net value was RMB1,002.3 billion, with an increase of 16% as compared to the beginning of the year.

Rapid Growth of Real Estate/Energy and Mineral Financial Business

Real Estate Finance: The Bank continued to stick to the comprehensive financial strategy of “professional, intensive, investment banking and comprehensive nature”, develop the market and the client and optimize the risk control and evaluation system. On the basis of gradual optimization of the formation of operation system and the flow process, the Bank continued to establish the perfect innovation mechanism and implement the normal status of innovation work with emphasis on business innovation. At the same time of consolidating and promoting the achievement of innovative business, the Bank continued to launch new products and new modes in line with the market requirements and changes for serving the core clients. Meanwhile, having benefited from the innovative services and modes of the business department, a batch of nation-wide brand developers and leading enterprises in various regions has gathered at “Ping An Real Estate Finance”, which has become the famous card in the industry. In 2014, the business department will, on the basis of good results for the first quarter, grasp the market opportunity to consolidate the innovation and push the business department upward to a new development stage. As of the end of the reporting period, the real estate financial business department had the balance of deposits amounting to RMB18.7 billion, coupled with the balance of loans amounting to RMB22.5 billion.

Energy and Mineral Finance: During the reporting period, there were 43 new clients with credit facility amounting to RMB18.4 billion. As at the end of the reporting period, the balance of deposits was RMB19.9 billion. The average daily deposit was RMB15.9 billion. The balance of loans was RMB22.9 billion. The scale of assets under management exceeded RMB71.5 billion, including the scale of assets under management of the investment bank was RMB21.7 billion. The intermediate business had the net income of RMB83 million. The operating profit before impairment of losses on assets was RMB230 million.

3.6.6.5 Small Enterprise Financial Business

The small enterprise business had rapid development in the first quarter. As at the end of the reporting period, the balance of small enterprise loans was RMB94.8 billion, representing a growth rate of 9% as compared to the beginning of the year. Judging from the regional situation, the Western region and the Northern region had great momentum for growth reaching 18% and 17% respectively. As at the end of the reporting period, the NPL ratio of small enterprises was 0.95%.

Deepening Small Enterprise Transformation Upgrade Strategy and Optimizing Dai Dai Ping An 2.0 Mode with Persistent Rapid Growth of Dai Dai Ping An Commercial Cards

During the reporting period, because of the Bank’s development strategy, the transformation of small

enterprise business was upgraded further. It has confirmed that the content of Dai Dai Ping An 2.0 Mode has made the sufficient preparation and foundation for the business upgrade and further breakthrough of the results. The small and micro mobile business development was launched to fuse the low-carbon concept into the daily business development and operation through the reasonable application of the mobile Internet, the identity card scanning and the scoring card. It was the first of its kind to have paperless application for loans in the industry. Merely by means of promotion for three months odd, the Bank has managed to receive 7,337 applications through the mobile business development and approved 4,980 applications after examination.

Ongoing innovative, diversifying small enterprise products and scientific technology

The establishment of the small enterprise product system was substantiated with the addition of comprehensive financial products and services. Meanwhile, the research and development and the promotion of payment and settlement products were enhanced to satisfy the settlement requirements of Dai Dai Ping An clients' daily operating funds, with the emphasis of creating the service channels such as the online bank and Weixin bank for small enterprises.

New Progress for Small Enterprise Internet Finance

The marketing activities for the promotion of E-commerce has launched cooperation with some E-commerce platforms to achieve the first online financing service platform formulated by the Bank for the small enterprise clients.

Further Optimization of Clients' Service System for Small Enterprises

The fundamental interests and value-added service system for the small enterprise clients of the Bank were enriched. The Bank has activated the comprehensive financial services and characteristic service exploration for small enterprises. The construction of the credit loan factories was pushed forward steadily.

Table of Small business financing operating status

(In RMB million)

Item	31 March 2014		31 December 2013		Compared to the end of previous year	
	Balance of loans	%	Balance of loans	%	Balance of loans	Growth rate
Loan to Small business	94,839	100.00%	87,128	100.00%	7,711	9%
Including: Eastern region	27,524	29.02%	27,646	31.73%	(122)	-
Southern region	32,463	34.23%	29,792	34.20%	2,671	9%
Western region	15,073	15.89%	12,817	14.71%	2,256	18%
Northern region	19,768	20.85%	16,860	19.35%	2,908	17%

Headquarters	11	0.01%	13	0.01%	(2)	(15%)
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3.6.7 Institution expansion

During the reporting period, the Bank had 3 newly opened institutions and as of the end of the reporting period, there were 531 outlets in total (closed outlets inclusive).

§4 Audit report

Audit opinion: This report is unaudited.

Board of Directors of Ping An Bank Co., Ltd.
24 April 2014

Appendices:

1. Balance sheet (unaudited)
2. Income statement (unaudited)
3. Cash flow statement (unaudited)

Ping An Bank Co., Ltd.

Balance Sheet

31 March 2014

In RMB million

ASSETS	31 March 2014	31 December 2013
Cash on hand and due from the Central Bank	258,110	229,924
Precious metals	34,258	21,286
Placements of deposits with other banks	85,821	71,914
Funds loaned to other financial institutions	47,292	27,241
Held-for-trading financial assets	25,165	10,421
Derivative financial assets	3,675	3,397
Reverse repurchase agreements	347,114	271,692
Accounts receivable	6,671	7,058
Interest receivable	10,138	10,043
Loans and advances	874,014	832,127
Available-for-sale financial assets	717	467
Held-to-maturity investments	194,955	195,667
Receivables type investment	181,799	184,656
Long-term equity investments	596	596
Investment properties	114	116
Fixed assets	3,580	3,694
Intangible assets	5,332	5,463
Goodwill	7,568	7,568
Deferred tax assets	3,912	4,406
Other assets	6,271	4,005
Total assets	2,097,102	1,891,741
LIABILITIES AND SHAREHOLDERS' EQUITY		
Due to the Central Bank	1,799	2,264
Placements of deposits from other banks and financial institutions	500,763	450,789
Funds borrowed from other financial institutions	19,292	22,633
Held-for-trading financial liabilities	4,227	3,692
Derivative financial liabilities	3,468	2,914
Repurchase agreements	11,093	36,049
Customer deposits	1,382,649	1,217,002
Employee salary payable	4,482	6,013
Tax payable	4,409	4,205
Accounts payable	2,209	2,149
Interest payable	19,335	16,605
Bonds payable	17,108	8,102
Provisions	56	56
Deferred tax liabilities	-	-
Other liabilities	8,912	7,187
Total liabilities	1,979,802	1,779,660
SHAREHOLDERS' EQUITY:		
Share capital	9,521	9,521
Capital reserve	51,899	51,734
Surplus reserve	4,354	4,354
General reserve	16,509	16,509
Unappropriated profit	35,017	29,963
Total shareholders' equity	117,300	112,081
Total liabilities and shareholders' equity	2,097,102	1,891,741

Legal representative: Sun Jianyi President: Shao Ping Vice President and Chief Financial Officer: Sun Xianlang
Accounting manager: Zhu Minhao

Ping An Bank Co., Ltd.
Income statement
From Jan to Mar of 2014

Items	In RMB million	
	From Jan to Mar of 2014	From Jan to Mar of 2013
I. Operating income	16,100	10,802
Net interest income	11,550	8,707
Interest income	27,904	20,246
Interest expense	16,354	11,539
Net fee and commission income	3,207	1,805
Fee and commission income	3,879	2,029
Fee and commission expense	672	224
Other net operating income	1,343	290
Investment income	2,185	240
Gains or losses from changes in fair values	(848)	21
Foreign exchange gains/(losses)	(37)	15
Other operating income	43	14
II. Operating costs	7,321	5,039
Business tax and surcharge	1,259	855
Business and administrative expenses	6,062	4,184
III. Operating profit before impairment losses on assets	8,779	5,763
Impairment losses on asset	2,067	1,046
IV. Operating profit	6,712	4,717
Add: Non-operating income	3	3
Less: Non-operating expenses	18	2
V. Profit before tax	6,697	4,718
Less: Income tax expense	1,643	1,129
VI. Net profit	5,054	3,589
VII. Earnings per share		
(I) Basic earnings per share	0.53	0.44
(II) Diluted earnings per share	0.53	0.44
VIII. Other comprehensive income	165	371
IX. Total comprehensive income	5,219	3,960

Legal representative: Sun Jianyi President: Shao Ping Vice President and Chief Financial Officer: Sun Xianlang
Accounting manager: Zhu Minhao

Ping An Bank Co., Ltd.
Cash Flow statement
From Jan to Mar of 2014

In RMB million

Items	From Jan to Mar of 2014	From Jan to Mar of 2013
I. CASH FLOWS FROM OPERATING ACTIVITIES:		
Net increase in customer deposit and placements of deposits from other banks	215,591	213,492
Net decrease in funds loaned to other financial institutions	-	18,514
Net increase in repurchase agreements	-	18,433
Net decrease in accounts receivable	387	970
Net increase in accounts payable	60	-
Cash receipts from interest, fee and commission income	24,808	17,727
Cash receipts from other operating activities	1,222	2,836
Subtotal of cash inflows from operating activities	242,068	271,972
Net increase in placements of deposits with the Central Bank and other banks	57,736	10,941
Net decrease in amounts due from the Central Bank	476	14,775
Net increase in funds loaned to other financial institutions	2,428	-
Net decrease in funds borrowed from other financial institutions	3,342	17,207
Net increase in reverse repurchase agreements	3,822	163,502
Net decrease in accounts payable	-	1,007
Net increase in loans and advances	44,288	33,843
Net decrease in repurchase agreements	24,985	-
Cash payments for interest, fee and commission expenses	14,222	9,310
Cash payments for salaries and staff expenses	4,932	3,583
Cash payments for taxes	2,279	1,913
Cash payments relating to other operating activities	23,461	1,772
Subtotal of cash outflows from operating activities	181,971	257,853
Net cash flows generated from operating activities	60,097	14,119
II. CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash receipts from disinvestments	112,591	167,990
Cash receipts from investment income	6,053	4,880
Subtotal of cash inflows from investing activities	118,644	172,870
Cash payments for investments	109,355	213,208
Cash payments for fixed assets, intangible assets and construction in progress	1,231	49
Subtotal of cash outflows from investing activities	110,586	213,257
Net cash flows generated from investing activities	8,058	(40,387)
III. CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash receipts from issue of share capital	-	-
Cash receipts from bond issue	9,000	-
Subtotal of cash inflows from financing activities	9,000	-
Cash payments for issue of share capital	-	-
Cash payments for debt repayment	-	6,500
Cash payments for bond interest	-	373
Subtotal of cash outflows from financing activities	-	6,873
Net cash flows generated from financing activities	9,000	(6,873)
IV. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	767	(147)
V. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	77,922	(33,288)
Add: Balance of cash and cash equivalents at beginning of the period	181,104	172,067
VI. BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	259,026	138,779

Legal representative: Sun Jianyi President: Shao Ping Vice President and Chief Financial Officer: Sun Xianlang
Accounting manager: Zhu Minhao

The 2014 First Quarterly Report of Ping An Bank was originally drafted in Chinese and the English translation of the report is for your reference only. In case of any inconsistencies between the Chinese and the English version, the Chinese version shall prevail.