

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 Third 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, October 23, 2014

As at the date of this announcement, the Executive Directors of the Company are Ma Mingzhe, Sun Jianyi, Ren Huichuan, Yao Jason Bo, Lee Yuansiong and Cai Fangfang; 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 2014-043

**THE ANNOUNCEMENT OF
PING AN INSURANCE (GROUP) COMPANY OF CHINA, LTD.
IN RELATION TO
THE DISCLOSURE OF 2014 THIRD 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 Third Quarterly Report of Ping An Bank" on the website of Shenzhen Stock Exchange (www.szse.cn) on October 24, 2014. Please also refer to the "2014 Third 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.
October 23, 2014

Ping An Bank Co., Ltd.

2014 Third 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 8th meeting of the 9th session of the Board of the Bank considered the 2014 Third Quarterly Report. 15 directors were expected to attend the meeting, amongst which, 11 directors were present in person. Shao Ping and Hu Yuefei (both directors) were absent due to personal engagement and both entrusted Zhao Jichen (director) to exercise voting rights on their behalf. Chen Wei and Ip So Lan (both directors) were absent due to personal engagement and entrusted Sun Jianyi and Yao Jason Bo (both directors) to exercise voting rights on their behalf. This report was approved unanimously at the meeting.

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

1.4 This quarterly financial report of the Bank has not been audited; however, PricewaterhouseCoopers Zhong Tian LLP (special general partnership) conducted agreed-upon-procedures towards certain items and the compiling procedures of financial statement.

1.5 Definitions

Terms	Definition
Ping An Bank, the Bank, the	Shenzhen Development Bank Co., Ltd. (the “Shenzhen Development

Company	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.
Central Bank	People's Bank of China
CSRC	China Securities Regulatory Commission
CBRC	China Banking Regulatory Commission

§2 Key Financial Data and Changes of Shareholders

2.1 Key Accounting Data and Financial Indicators

Whether the Company has adjusted or restated retrospectively the accounting data for previous years due to the change of accounting policies and corrections of accounting errors

Yes No

Please refer to “3.1.2 Impacts of the Accounting Standards for Business Enterprises newly issued or amended in 2014 on the 2014 Third Quarterly Report”

(In RMB million)

Item	September 30, 2014		December 31, 2013		Change from the end of the reporting period over the end of previous year (%)
Total assets	2,144,358		1,891,741		13.35%
Shareholders' equity	126,736		112,081		13.08%
Share capital	11,425		9,521		20.00%
Net asset per share (in RMB)	11.09		9.81		13.05%
Item	July-September 2014	Increase/decrease as compared with the same period of last year (%)	January-September 2014	Increase/decrease as compared with the same period of last year (%)	
Operating income	19,918	43.10%	54,651	46.34%	
Net profit	5,622	34.98%	15,694	34.18%	
Net profit less non-recurring gains/losses	5,626	36.72%	15,711	35.01%	
Net cash flow from operating activities	Not applicable	Not applicable	(5,109)	(105.07%)	
Net cash flow from operating activities per share (in RMB)	Not applicable	Not applicable	(0.45)	(104.39%)	
Basic EPS (in RMB)	0.49	16.67%	1.37	15.13%	
Diluted EPS (in RMB)	0.49	16.67%	1.37	15.13%	
Basic EPS less non-recurring gains/losses (in RMB)	0.49	15.84%	1.38	16.65%	
Average return on total assets (un-annualized)	0.26%	+0.03 percentage point	0.78%	+0.10 percentage point	
Average return on total assets (annualized)	1.05%	+0.15 percentage point	1.04%	+0.14 percentage point	
Fully diluted net return on assets (un-annualized)	4.44%	+0.05 percentage point	12.38%	+0.06 percentage point	

Fully diluted net return on assets (annualized)	16.99%	+0.17 percentage point	15.86%	+0.08 percentage point
Weighted average return on net assets (un-annualized)	4.54%	+0.09 percentage point	13.16%	+0.20 percentage point
Weighted average return on net assets (annualized)	17.77%	+0.36 percentage point	17.20%	+0.27 percentage point
Weighted average return on net assets less non-recurring gains/losses (un-annualized)	4.55%	+0.15 percentage point	13.17%	+0.28 percentage point
Weighted average return on net assets less non-recurring gains/losses (annualized)	17.78%	+0.58 percentage point	17.22%	+0.37 percentage point

Note: During the first half of 2014, the Bank implemented the profit distribution for 2013 and distributed a cash dividend of RMB1.60 (tax inclusive) to all the shareholders for every 10 shares held based on the total share capital of the Group as at December 31, 2013 of 95.21 million shares, and issued 2 bonus shares to all the shareholders for every 10 shares by way of capitalisation of common reserve. The EPS, net cash flow from operating activities per share and net asset per share are recalculated based on the number of shares after bonus issue on a pro-rata basis.

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)

Item of non-recurring gains/losses	Amount from the beginning of the year to the end of the reporting period
Gains/losses on disposal of non-current assets	(6)
Losses on contingency	(2)
Other non-operating income and expense except the above items	(15)
Impact on income tax of above adjustments	6
Total	(17)

Note: The non-recurring gains/losses shall refer to the meaning as defined in the *Explanatory Announcement on Information Disclosure by Companies Publicly Offering Securities No. 1 – Non-recurring Gains/Losses*.

During the reporting period, no items of non-recurring gains/losses as defined/stated pursuant to the *Explanatory Announcement on Information Disclosure by Companies Publicly Offering Securities No. 1 – Non-recurring Gains/Losses* were defined as recurring gains/losses.

(In RMB million)

Item	September 30, 2014	December 31, 2013	December 31, 2012	Change from the end of the reporting period over the end of previous year (%)
I. Total deposits	1,508,179	1,217,002	1,021,108	23.93%
Including: Corporate deposits	1,261,950	1,005,337	839,949	25.53%
Retail deposits	246,229	211,665	181,159	16.33%
II. Total loans	992,892	847,289	720,780	17.18%
Including: Corporate loans	620,443	521,639	494,945	18.94%
General corporate loans	605,591	509,301	484,535	18.91%
Discounted bills	14,852	12,338	10,410	20.38%
Retail loans	270,624	238,816	176,110	13.32%
Receivables for credit cards	101,825	86,834	49,725	17.26%
Provision for impairment of loans	(18,732)	(15,162)	(12,518)	23.55%
Loans and advances, net	974,160	832,127	708,262	17.07%

2.2 Supplementary Financial Ratios

(Unit: %)

Indicator		Standard level of indicator	September 30, 2014	December 31, 2013	December 31, 2012
In accordance with <i>Administrative Measures for the Capital of Commercial Banks (for Trial Implementation)</i> (Note 1)	Capital adequacy ratio	≥ 10.5	11.00	9.90	Not applicable
	Tier one capital adequacy ratio	≥ 8.5	8.78	8.56	Not applicable
	Core tier one capital adequacy ratio	≥ 7.5	8.78	8.56	Not applicable
In accordance with <i>Measures for the Management of Capital Adequacy Ratios of Commercial Banks</i> and etc.	Capital adequacy ratio	≥ 8	11.80	11.04	11.37
	Core capital adequacy ratio	≥ 4	9.33	9.41	8.59
Non-performing loan (NPL) rate		≤ 5	0.98	0.89	0.95
Provision coverage		Not applicable	191.82	201.06	182.32

		ble			
Loan loss provision ratio		Not applicable	1.89	1.79	1.74
Cost/income ratio (excluding business tax)		Not applicable	36.70	40.77	39.41
Deposit-loan spread		Not applicable	4.97	4.47	4.33
Net interest spread (NIS)		Not applicable	2.36	2.14	2.19
Net interest margin (NIM)		Not applicable	2.53	2.31	2.37
Loan/deposit ratio (including discounted bills) (Note 2)	RMB and foreign currency	≤ 75	64.57	69.67	70.64
Liquidity ratio	RMB	≥ 25	68.99	50.00	51.31
	Foreign currency	≥ 25	81.16	44.33	88.90
	RMB and foreign currency	≥ 25	68.66	49.56	51.99
Ratio of loans to the single largest client to net capital		≤ 10	3.01	4.73	2.95
Ratio of loans to top 10 clients to net capital		Not applicable	20.58	20.88	15.60
Pass loans flow rate		Not applicable	3.64	4.78	2.03
Special Mention loans flow rate		Not applicable	18.32	37.77	53.38
Substandard loans flow rate		Not applicable	43.01	43.61	43.28
Doubtful loans flow rate		Not applicable	67.14	88.70	78.22

Note 1: Pursuant to the *Administrative Measures for the Capital of Commercial Banks (for Trial Implementation)* issued by CBRC, commercial banks shall meet the regulatory requirement on capital adequacy ratio by the end of 2018 by phases within the transition period (where the capital adequacy ratio, tier 1 capital adequacy ratio and core tier 1 capital adequacy ratio shall be 10.5%, 8.5% and 7.5%, respectively). Pursuant to the *Notice on Issues concerning Transitional Arrangements*

for the Implementation of the Administrative Measures for the Capital of Commercial Banks (for Trial Implementation) issued by CBRC, the standard level of indicators for the respective ratios applicable to 2014 are 8.9%, 6.9% and 5.9%, respectively.

Note 2: Pursuant to the *Notice of CBRC on Adjusting the Calculation Criteria of Loan-to-Deposit Ratio of Commercial Banks (Yin Jian Fa [2014] No.34)*, since July 1, 2014, the calculation criteria of loan-to-deposit ratio have been adjusted. The loan/deposit ratio (including discounted bills) as at September 30, 2014 in the table is the indicator after adjustment, whereas the loan/deposit ratio (including discounted bills) as at December 31, 2013 and December 31, 2012 is the indicator before adjustment.

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 ordinary shareholders at the end of the reporting period	311,571	Total number of shares on the trading day preceding disclosure	11,424,894,787 shares			
Shareholding of top 10 ordinary shareholders						
Name of shareholder	Capacity	Share holding (%)	Total number of shares held	Number of restricted shares held	Pledged or frozen	
					Type of shares	Number of shares
Ping An Insurance (Group) Company of China, Ltd. – the Group – proprietary fund	Domestic legal entity	50.20	5,734,892,419	1,588,061,989	-	-
Ping An Life Insurance Company of China, Ltd. – proprietary fund	Domestic legal entity	6.38	728,793,600	-	-	-
Ping An Life Insurance Company of China, Ltd. – traditional – ordinary insurance products	Domestic legal entity	2.37	270,649,974	-	-	-
China Shenzhen Electronics Company Limited	Domestic legal entity	1.56	178,305,379	-	-	-
Ge Weidong	Domestic natural person	1.25	143,218,435	-	Pledged	78,216,000
Special account for agreed repurchase of Orient Securities Company Limited	Domestic legal entity	0.79	90,440,452	-	-	-
CSOP Asset Management Limited – CSOP FTSE China A50 ETF	Foreign legal entity	0.70	80,155,767	-	-	-
China Minsheng Banking Corp., Limited – Yinhuazhou 100 Index Classified Securities Investment Fund	Domestic legal entity	0.52	59,009,215	-	-	-
National Social Security Fund 103 Portfolio	Domestic legal entity	0.43	48,901,070	-	-	-
National Social Security Fund 104 Portfolio	Domestic legal entity	0.41	46,988,850	-	-	-
Shareholding of top 10 unrestricted shareholders						
Name of shareholder	Number of unrestricted shares held	Type of shares				
		Type of shares	Number of shares			
Ping An Insurance (Group) Company of China, Ltd. – the Group – proprietary fund	4,146,830,430	RMB ordinary shares	4,146,830,430			
Ping An Life Insurance Company of China, Ltd. – proprietary	728,793,600	RMB ordinary	728,793,600			

fund		shares	
Ping An Life Insurance Company of China, Ltd. – traditional – ordinary insurance products	270,649,974	RMB ordinary shares	270,649,974
China Shenzhen Electronics Company Limited	178,305,379	RMB ordinary shares	178,305,379
Ge Weidong	143,218,435	RMB ordinary shares	143,218,435
Special account for agreed repurchase of Orient Securities Company Limited	90,440,452	RMB ordinary shares	90,440,452
CSOP Asset Management Limited –CSOP FTSE China A50 ETF	80,155,767	RMB ordinary shares	80,155,767
China Minsheng Banking Corp., Limited – Yinhua SZSE 100 Index Classified Securities Investment Fund	59,009,215	RMB ordinary shares	59,009,215
National Social Security Fund 103 Portfolio	48,901,070	RMB ordinary shares	48,901,070
National Social Security Fund 104 Portfolio	46,988,850	RMB ordinary shares	46,988,850
Description of the related relationship or concerted action of the above shareholders	<p>1. Ping An Life Insurance Company of China, Ltd. 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 nor concerted action among any of other shareholders.</p>		
Description of the top 10 unrestricted ordinary shareholders who engage in securities margin trading business (if any)	<p>In addition to 81,012,980 shares held through common securities account, Ge Weidong, an ordinary shareholder, also holds 62,205,455 shares through client credit trading guarantee securities account of Orient Securities Company Limited, holding 143,218,435 shares in aggregate,</p>		

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

Yes No

During the reporting period, Ge Weidong, an ordinary shareholder conducted agreed repurchase. During the reporting period, 90,120,000 shares were subject to agreed repurchase, representing 0.79% of the total number of shares of the Bank. As at the end of the reporting period, Ge Weidong (shareholder) held 143,218,435 shares of the Bank, representing 1.25% of the total number of shares of the Bank.

Total number of preference shareholders and the shareholding status of the top 10 preference shareholders at the end of the reporting period

Applicable Not applicable

§3 Major Events

3.1 Changes in major items of financial statements and financial indicators during the reporting period and the reasons

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

√Applicable □Not applicable

Item	Change (%)	Reasons for change
Precious metals	94.84%	Increase in scale of gold business
Due from banks	39.10%	Structure adjustment of inter-bank business
Funds loaned to other financial institutions	78.29%	Structure adjustment of inter-bank business
Financial assets measured at fair value through profit and loss for the period	42.10%	Increase in scale of investment
Derivative financial assets	44.36%	Increase in scale of derivative instruments
Accounts receivable	48.74%	Increase in factoring of receivables
Available-for-sale financial assets	328.37%	Small base number, and increase in scale of investment
Deferred income tax assets	39.67%	Increase in deferred income tax assets due to provision
Other assets	129.16%	Increase in debt assets and construction in progress
Due to Central Bank	(40.06%)	Decrease in scale of rediscount financing business
Assets sold under agreements to repurchase	(48.25%)	Decrease in scale of inter-bank business
Tax payable	31.37%	Increase in assessable income
Interest Payable	49.19%	Increase in scale of interest-bearing liabilities and cost ratio
Bond payables	461.36%	New issue of tier two capital bonds and inter-bank deposits
Provisions	(46.43%)	Decrease in provisions for pending litigation
Other liabilities	57.26%	Increase in settlement of fund in transit at the end of reporting period
Fee and commission income	74.79%	Increase in fee and commission income of investment banking,

		trusteeship, settlement, financing, bank card, etc.
Fee and commission expense	93.76%	Increase in fee and commission expense of bank card
Investment income	268.04%	Increase in spread income of bills
Gains/losses from changes in fair values	58.82%	Increase in gains/losses from changes in fair values of held-for-trading bonds
Foreign exchange gains/losses	60.45%	Increase in gains/loss from changes in fair values of foreign currency derivative instruments
Other business income	68.82%	Small base number
Business tax and additions	40.43%	Increase in business tax assessable income
Business and management fees	35.73%	Business and branch expansion
Asset impairment losses	124.25%	Increase in provisions
Non-operating income	(65.12%)	Small base number
Non-operating expenses	562.50%	Small base number
Income tax expenses	37.00%	Increase in assessable income

3.1.2 Impacts of the Accounting Standards for Business Enterprises newly issued or amended in 2014 on the 2014 Third Quarterly Report

In 2014, the Ministry of Finance successively issued or revised a number of Accounting Standards for Business Enterprises ("ASBE"). The Bank has implemented such new Accounting Standards for Business Enterprises according to the requirements and assessed the impacts of the relevant standards on the Third Quarterly Report of the Bank as follows:

1. ASBE No. 2 – Long-term Equity Investment (amended): Under the requirements of such standard, the Bank included the “equity investment which has no control or joint control over or material impact on the investees and equity investment other than equity investment in its joint ventures” under available-for-sale financial assets and made retrospective adjustments accordingly. Such change had no impact on owners’ equity and net profits. The impacts on the financial statements of the Bank are as follows:

(In RMB million)

Item	December 31, 2013			December 31, 2012			December 31, 2011		
	After adjustment	Before adjustment	Impact	After adjustment	Before adjustment	Impact	After adjustment	Before adjustment	Impact
Long-term equity	485	596	(111)	411	522	(111)	429	539	(110)

investment									
Available-for-sale financial assets	578	467	111	90,007	89,896	111	78,494	78,384	110

2. ASBE No.30 – Presentation of Financial Statements (amended): Under the requirements of such standard, the Bank adjusted the items presented in the financial statements and restated the comparative figures.

3. Currently, other Accounting Standards for Business Enterprises issued or amended in 2014 are not applicable to the Bank or have no material impacts on the Third Quarterly Report of the Bank.

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

On July 15, 2014, relevant resolutions such as PAB Proposal on the Company's Non-public Offering of Preference Shares and PAB Proposal on the Company's Non-public Offering of Ordinary Shares were passed at the 5th meeting of the 9th session Board. On August 4, 2014, relevant resolutions such as PAB Proposal on the Company's Non-public Offering of Preference Shares and PAB Proposal on the Company's Non-public Offering of Ordinary Shares were passed at the 2nd extraordinary general meeting for 2014 of the Bank. Such resolutions on non-public offering of preference shares and non-public offering of ordinary shares are subject to the approval by regulatory authorities including CBRC and CSRC.

Please refer to relevant announcements published by the Bank in China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily on July 16, 2014 and August 5, 2014 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	Content	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	Commitments were performed on August 5, 2014.
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 the Bank (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. 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 of 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>3. 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, PAG and other companies controlled by PAG will carry out the transactions with SDB under the</p>	July 20, 2011	-	Commitments regarding non-public offering of shares were performed on August 5, 2014. Performance of other commitments is being carried out now.

		<p>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>4. 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>			
Commitments made upon IPO or refinancing	Ping An Insurance (Group) Company of China, Ltd.	<p>PAG made commitments not to transfer the 1,323,384,991 new shares acquired from the Bank in NPO within 36 months from the date of completion of the issue of new shares (January 9, 2014), however, under the permission of applicable laws, the transfer between PAG's related parties (including the entities which directly or indirectly control PAG, entities directly or indirectly controlled by PAG and entities under the same control as PAG) will not be restricted. Upon expiry of the lock up period, PAG may dispose of the shares under this issue in accordance with the requirements of CSRC and Shenzhen Stock Exchange.</p>	December 31, 2013	Within three years	Performance of commitments is being carried out now.
Other commitments to the Minority Shareholders of the company	-	-	-	-	-
Whether the performance of commitments is without delay	Yes				
Reasons for outstanding performance and the following steps (if any)	Not applicable				

3.4 Anticipation of operating performance in 2014

Warnings on any potential loss in accumulated net profit from the beginning of the year to the end of the next reporting period or any material change as compared with that in the same period of last year and the reasons

Applicable Not applicable

3.5 Explanation of other significant events

3.5.1 Securities investment 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 RMB177.0 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
10 financial bonds	31,860	2.95~4.82	2015-01-22~2020-11-04	-
13 T-bonds	31,308	2.92~5.41	2015-04-07~2063-05-20	-
11 financial bonds	30,470	3.55~4.9	2014-10-19~2021-10-26	-
14 T-bonds	20,127	3.54~5.41	2015-05-10~2024-09-18	-
09 financial bonds	14,010	3.35~4.95	2014-10-12~2019-09-23	-
12 financial bonds	8,587	2~4.8	2017-03-05~2022-09-17	-
08 financial bonds	7,880	3.03~5.5	2015-02-20~2018-12-16	-
10 T-bonds	6,221	2.38~4.6	2015-04-08~2040-06-21	-
14 financial bonds	4,810	3.65~5.9	2015-01-20~2024-08-21	-
12 T-bonds	3,923	2.74~6.15	2015-04-10~2062-11-15	-

3.5.2 Shareholding of the Bank in other listed companies

Applicable Not applicable

(In RMB million)

Stock code	Stock short name	Initial investment	Percentage of 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%	46	-	22	Available-for-sale	Repossessed equity
600094	Great Town	4	0.05%	9	-	3	Available-for-sale	Repossessed equity
000034	Shenxin Taifeng	6	0.18%	4	-	1	Available-for-sale	Repossessed equity
000030	FAWER	3	0.03%	3	-	1	Available-for-sale	Repossessed equity
000035	China Tianying	35	0.50%	40	-	7	Available-for-sale	Repossessed equity
	Visa Inc.	-	0.01%	3	-	-	Available-for-sale	Legacy investment
Total		54		105	-	34		

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

√Applicable □Not applicable

(In RMB million)

Name of investee	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
China Zheshang Bank Co., Ltd. (Note)	59	-	59
Total	135	-	135

Note: During the reporting period, the Bank was granted 10 million shares in share capital of China Zheshang Bank Co., Ltd. by way of repossessed equity.

3.5.4 Derivative investments and position at the end of the reporting period

√Applicable □Not applicable

(1) Table of derivative investments

<p>Risk analysis on derivatives position during the reporting period and explanations on control 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 service debts due. 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 or defective internal procedures, 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 <i>Guidance on Operational risk Management of Commercial Banks</i>, deployed designated traders, adopted professional front-middle-back office integrated monitoring system, formulated 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</p>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

	<p>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, MAFMII with other banks to avoid legal disputes and regulate dispute resolution 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 conduct 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>
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 results	<p>In the third 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 received on disposal of an asset or paid on transfer of a liability in an orderly transaction by the market participants on the date of measurement, and making 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 are material changes in accounting policies and accounting treatment principles related to derivatives during the reporting period compared with that of last reporting period	<p>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 in the relevant policies during the reporting period.</p>
Specific comments from independent directors on corporate derivative investments and risk control	<p>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 swap as well as deferred/forward precious metals, 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.</p>

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

(In RMB million)

Type of contract	Contract amount at the beginning of the period (Nominal)	Contract amount at the end of the period (Nominal)	Changes in fair value during the reporting period	Contract amount (Nominal) at the end of the period as a percentage of the net assets at the end of the reporting
------------------	----------------------------------------------------------	----------------------------------------------------	---------------------------------------------------	------------------------------------------------------------------------------------------------------------------

				period (%)
Foreign exchange forward contract	385,406	552,701	247	436.10%
Interest rate swap contract	53,759	293,553	(41)	231.63%
Others	16,360	38,545	1,113	30.41%
Total	455,525	884,799	1,319	698.14%

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 the forward contracts business by the Bank had little impact on actual risk exposure.

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

According to the *Risk and Control Self-assessment Working Schedule for 2014* formulated at the beginning of the year, the Bank carried out the Internal Control Appraisal and relevant works in an orderly manner. At the end of the reporting period, the Bank commenced the internal control testing for phase 3 in a comprehensive manner and kicked off the self-assessment work for the year in adherence to the risk-oriented approach and principle of strengthening the daily monitoring of key risk areas, coupled with the daily monitoring, special analysis on key areas and annual assessment, so as to ensure the timeliness and effectiveness of the internal control assessment work. The overall progress was on schedule.

Meanwhile, the Bank strengthened the awareness of its staff on compliance and internal control and improved the effectiveness of the internal control assessment work through further enhancing the organizational and management structure of internal control, delineating the duties and functions of internal control and organizing training courses featuring the methodology, practice and system platform operation at each level of internal control.

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 investors for many times in the form of results presentation, analyst meeting and investor investigation in respect of the operating conditions, financial conditions and other matters 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 significant events of the Bank that may be disclosed in accordance with the law. 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 violation of the principle.

The major details of investors received by the Bank during the reporting period are as follows:

Time	Location	Mode	Target	Major contents discussed and materials provided
2014/08/13	Shenzhen	Onsite survey, telephone communication	All sorts of investors including securities brokers and funds investors	2014 half-year report and results announcement
2014/09/16	Shenzhen	Onsite survey	All sorts of investors including securities brokers and funds investors	Operating conditions and development strategies
2014/09/19	Shenzhen	Investment bank meeting	All sorts of investors including securities brokers and funds investors	Operating conditions and development strategies

3.6 Management Discussion and Analysis

3.6.1 Description of overall operations

During the reporting period, while actively coping with the changes in the macroeconomic landscape and adjustments to the regulatory policies, under the guidance of the long-term development plan and in adherence to the strategic objective of building the “best bank” and the “customer-oriented” fundamental principle, the Bank fully capitalised on its integrated financial platform and further promoted the cross-selling business. The Group steadily pushed ahead various reforms, focused on business structure adjustment, innovative organisational model and innovative business model, and promoted the strategic business development of its corporate business, investment banking business, inter-bank business, small enterprise finance business and retail business. The Group also stepped up the development of online financial platforms including “Orange-e-Net”, “Hang E-Tong”, “Pocket Bank”, “Oranges Bank”, “Gold Bank” and “Golden Orange Club” to enhance customer experience and offer simpler and more efficient financial services for customers. While actively expanding the revenue from non-interest income business, the Group strengthened its portfolio management and differentiated operation and enhanced the standard of asset and liability management. At the same time, the Group further optimised the risk management system. Performance of various business segments maintained fast growth.

The features of the Bank’s operating conditions are as follows:

1. Steady growth in asset size with deposits maintained at a steady level

As at the end of the reporting period, the Bank’s total assets amounted to RMB2,144.358 billion, representing an increase of 13.35% as compared with that at the beginning of the year. Deposit balance amounted to RMB1,508.179 billion, representing an increase of RMB291.177 billion or 23.93% as compared with that at the beginning of the year. The growth represented 1.5 times of the growth for the whole year in 2013. The Bank outperformed its industry peers in this regard and the market share was expanded accordingly. Loan balance (including discounted bills) amounted to RMB992.892 billion, representing an increase of 17.18% as compared with that at the beginning of the year.

2. Fast growth in profit with another new record for non-interest income

Substantially stronger profitability with outstanding performance in various revenue and profit indicators: From January to September, operating income amounted to RMB54.651 billion, representing an increase of 46.34% as compared with that in the same period of last year. Operating profit before provision amounted to RMB30.472 billion, representing an increase of 55.21% as compared with that in the same

period of last year. Net profit amounted to RMB15.694 billion, representing an increase of 34.18% as compared with that in the same period of last year.

Another new record for non-interest income as a percentage of operating income: From January to September, net non-interest income amounted to RMB16.233 billion, representing an increase of 95.84% as compared with that in the same period of last year. Non-interest income as a percentage of operating income increased to 29.70% from 22.20% in the same period of last year, mainly attributable to the growth of investment banking business, trusteeship business, note business and gold business.

3. Optimising structure with significant efficiency improvement

Optimising asset and liability structure: The Bank upheld strict credit line management and built a management model combining primary credit line, special credit line and bid credit line in the course of asset structure optimisation. The Group flexibly adjusted the liability business management policies according to market changes and controlled high cost liabilities to optimise liability structure. Given the speedy growth in primary deposits, the inter-bank liabilities to total liabilities decreased by 8.6 percentage points as compared with that at the beginning of the year. Accordingly, the Bank increased the net interest spread by utilising the primary liabilities to support the business development of inter-bank assets. At the same time, through the issuance of inter-bank deposits, the Group expanded the liability channels and fully made use of active liabilities.

Significant improvement in operating efficiency: In the last two years, the Bank adjusted the business structure, strengthened pricing management and optimised resources allocation. Through developing low cost liabilities and high yield assets business, the Group achieved significant improvement in operating efficiency. Loan/deposit ratio, net interest spread and net interest margin increased by 0.64, 0.29 and 0.30 percentage point as compared with those in the same period of last year, respectively.

Significantly optimised input-output ratio: Given the fast growth in revenue and effective cost control, from January to September 2014, cost/income ratio (excluding business tax) was 36.70%, representing a decrease of 2.87 percentage points as compared with that in the same period of last year and a decrease of 4.07 percentage points as compared with that in 2013.

4. Accelerating reform with speedy business innovation

As to management, the reform of retail Big Unit ("BU") was successfully completed. The establishment of modern agri-finance and modern logistics finance BUs were under planning and the Bank

focused on expanding its client base. The reform of inter-bank proprietary trading BU and asset management BU was completed.

As to platform, a number of innovative online financial platforms including “Orange-e-Net” and “Oranges Bank” were rolled out successively to capitalise on its online financial strengths. “Hang E-Tong” 2.0 version was officially launched offering a more comprehensive range of financial services. The Bank also officially introduced the “Gold Bank”, which is the first online gold management platform for gold’s monetary property that features gold transaction, payment, financing and wealth management.

As to business, the petty consumer loans related asset securitisation product was launched in June, marking the first credit asset securitised product issued on the stock exchange in the PRC. The Bank commenced the merger and acquisition financing business and the operating capability of its investment banking business was further enhanced. The Bank designed special trust fund products for asset securitisation and finance lease. Leverage on its offshore business license, the Bank structured a new product portfolio and provided global credit services to “export-oriented” enterprises through cross-border syndication so as to provide one-stop services from settlement to financing across the supply chain.

As to product, the Bank specified the details of Dai Dai Ping An 2.0 version and made Dai Dai Ping An Card the medium or platform for Ping An Bank’s small enterprise integrated financial services. The Bank launched the innovative product “Jinling Pass” with the core feature of “interdependent deposit/loan” to provide value creation for wealth management customers.

5. Strengthening risk management with sound asset quality

Adhering to the principle of “risk management”, the Bank steadily enhanced the comprehensive risk management capability and actively supported the real economy to ensure sound operation. During the reporting period, NPL balance amounted to RMB9.765 billion, up by 29.50% as compared with that at the beginning of the year. NPL rate was 0.98%, up by 0.09 percentage point as compared with that at the beginning of the year. Loans loss provision ratio was 1.89%, up by 0.10 percentage point as compared with that at the beginning of the year. Provision coverage was 191.82%, down by 9.24 percentage points as compared with that at the beginning of the year.

3.6.2 Asset and liability items

As at the end of reporting period, total assets of the Bank amounted to RMB2,144.358 billion,

representing a growth of 13.35% over the beginning of the year; total liabilities amounted to RMB2,017.622 billion, representing a growth of 13.37% over the beginning of the year.

Asset composition and changes

(In RMB million)

Item	September 30, 2014		December 31, 2013		Change from the end of period over the end of previous year (%)
	Balance	%	Balance	%	
Loans and advances	992,892	46.30%	847,289	44.79%	17.18%
Provision for impairment of loans	(18,732)	(0.87%)	(15,162)	(0.80%)	23.55%
Net loans and advances	974,160	45.43%	832,127	43.99%	17.07%
Investment and other financial assets	445,386	20.77%	395,204	20.89%	12.70%
Cash and due from the Central Bank	277,325	12.93%	229,924	12.15%	20.62%
Precious metals	41,473	1.93%	21,286	1.13%	94.84%
Due from banks and other financial institutions	100,035	4.67%	71,914	3.80%	39.10%
Placements with banks and other financial institutions and financial assets purchased under resale agreements	252,542	11.78%	298,933	15.80%	(15.52%)
Account receivables	10,498	0.49%	7,058	0.37%	48.74%
Interest receivables	11,135	0.52%	10,043	0.53%	10.87%
Fixed assets	3,540	0.17%	3,694	0.20%	(4.17%)
Intangible assets	5,263	0.25%	5,463	0.29%	(3.66%)
Goodwill	7,568	0.35%	7,568	0.40%	-
Properties for investment purposes	101	-	116	0.01%	(12.93%)
Deferred income tax assets	6,154	0.29%	4,406	0.23%	39.67%
Other assets	9,178	0.42%	4,005	0.21%	129.16%
Total assets	2,144,358	100.00%	1,891,741	100.00%	13.35%

Liability composition and changes

(In RMB million)

Item	September 30, 2014		December 31, 2013		Change from the end of period over the end of previous year (%)
	Balance	%	Balance	%	

Deposit taking	1,508,179	74.75%	1,217,002	68.38%	23.93%
Due to banks and other financial institutions	369,364	18.31%	450,789	25.33%	(18.06%)
Borrowings from banks and other financial institutions	16,407	0.81%	22,633	1.27%	(27.51%)
Held-for-trading financial liabilities	4,512	0.22%	3,692	0.21%	22.21%
Derivative financial liabilities	3,120	0.15%	2,914	0.16%	7.07%
Assets sold under agreements to repurchase	18,654	0.92%	36,049	2.03%	(48.25%)
Employee compensation payables	6,983	0.35%	6,013	0.34%	16.13%
Tax payables	5,524	0.27%	4,205	0.24%	31.37%
Interest payables	24,773	1.23%	16,605	0.93%	49.19%
Bond payables	45,481	2.25%	8,102	0.46%	461.36%
Other liabilities (Note)	14,625	0.74%	11,656	0.65%	25.47%
Total liabilities	2,017,622	100.00%	1,779,660	100.00%	13.37%

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

3.6.3 Asset quality

As at the end of reporting period, NPL balance of the Bank was RMB9.765 billion, representing an increase of 29.50% compared with the beginning of the year. NPL ratio was 0.98%, up 0.09 percentage point from the beginning of the year. Loan loss provision ratio was 1.89%, up 0.10 percentage point from the beginning of the year. Provision coverage for loans was 191.82%, down 9.24 percentage points from the beginning of the year.

From January to September 2014, due to economic slowdown and intensifying structural adjustment, some enterprises (especially privately owned small to medium size enterprise credit customers) experienced poor business with decreasing profitability and financing difficulties, resulting in tightened liquidity, liquidity crisis and insolvency. The Bank’s asset quality was affected to a certain extent. By implementing a series of measures, the Bank stepped up its efforts to collect and dispose of the non-performing assets through a variety of methods. Subsequently, the Bank further optimised the credit structure to avoid and minimise various risks that may arise in connection with existing loans, exercised strict control over new NPLs, strengthened the ability to dispose of NPLs and maintained relatively sound asset quality.

5-tier loan classification

(In RMB million)

5-tier classification	September 30, 2014		December 31, 2013		Change from the end of period over the end of previous year (%)
	Balance	%	Balance	%	
Pass	951,334	95.82%	821,721	96.98%	15.77%
Special mention	31,793	3.20%	18,027	2.13%	76.37%
NPL	9,765	0.98%	7,541	0.89%	29.50%
Including: Substandard	4,073	0.41%	4,375	0.52%	(6.90%)
Doubtful	2,626	0.26%	1,575	0.19%	66.78%
Loss	3,066	0.31%	1,591	0.18%	92.66%
Total loans	992,892	100.00%	847,289	100.00%	17.18%
Balance of loan impairment provision	(18,732)		(15,162)		23.55%
NPL ratio	0.98%		0.89%		+0.09 percentage point
Provision coverage ratio	191.82%		201.06%		-9.24 percentage points

During the reporting period, under the prevailing economic and financial conditions and as a result of the mutual guarantee and joint guarantee relationship between the enterprises, some enterprises were faced with operational difficulties with weaker financing ability. Overdue loans, default interests and special mention loans increased.

Loan structure and quality by industry

(In RMB million)

Industry	September 30, 2014			December 31, 2013		
	Balance	%	NPL ratio	Balance	%	NPL ratio
Agriculture, husbandry and fishery	3,882	0.39%	-	2,563	0.30%	0.55%
Mining (heavy industry)	35,679	3.59%	-	29,808	3.52%	-
Manufacturing (light industry)	138,613	13.96%	1.94%	131,696	15.54%	2.08%
Energy	8,420	0.85%	-	9,371	1.11%	-
Transportation, postal and telecommunications	26,371	2.66%	0.01%	25,292	2.99%	0.20%
Commerce	148,439	14.95%	1.28%	125,549	14.82%	1.58%
Real estate	99,281	10.00%	-	80,894	9.55%	-
Social service, technology, culture and health care	59,909	6.03%	0.10%	47,007	5.55%	0.12%
Construction	42,642	4.29%	0.08%	33,432	3.95%	0.36%
Discounts	14,852	1.50%	-	12,338	1.46%	-
Retail loans (including credit	372,449	37.51%	1.36%	325,650	38.43%	0.79%

cards)						
Others	42,355	4.27%	-	23,689	2.78%	-
Total loans and advances	992,892	100.00%	0.98%	847,289	100.00%	0.89%

As at the end of the reporting period, the Bank's NPLs mainly concentrated in the retail loans (including credit cards), manufacturing and commerce industries and accounted for 99% of the total NPLs. The NPL rate in other industries was low. In particular, growth of non-performing retail loans (including credit cards) was faster mainly because the Bank proactively adjusted the asset structure to reduce low risk and low yield loans and, within controllable risk levels, moderately increased the proportion of higher yield products including credit cards, auto loans and loans to yuppies. Accordingly, the overall risks were within control. At the same time, the Bank adopted a number of initiatives to improve asset quality by raising the entry requirements of new customers, reinforcing risk management and strengthening collection and disposal.

Loan structure and quality by product

(In RMB million)

Item	September 30, 2014		December 31, 2013		Increase/decrease in NPL ratio
	Balance	NPL ratio	Balance	NPL ratio	
Corporate loans	620,443	0.76%	521,639	0.95%	-0.19 percentage point
Including: General loans	605,591	0.78%	509,301	0.98%	-0.20 percentage point
Discounted bills	14,852	-	12,338	-	-
Retail loans	270,624	1.00%	238,816	0.50%	+0.50 percentage point
Including: Housing mortgage loans	57,880	0.51%	64,956	0.44%	+0.07 percentage point
Entrepreneur loans	111,440	1.48%	89,432	0.55%	+0.93 percentage point
Auto loans	61,755	0.64%	48,747	0.21%	+0.43 percentage point
Others (Note)	39,549	0.90%	35,681	0.90%	-
Account receivables of credit cards	101,825	2.33%	86,834	1.58%	+0.75 percentage point
Total loans	992,892	0.98%	847,289	0.89%	+0.09 percentage point

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.

The NPL rate of retail loans increased by 0.50 percentage point compared with the beginning of the year. The main reasons are as follows: (1) the increase in NPL rate of entrepreneur loans was primarily attributable to the impacts of the steel trading industry and the Bank's policy to tighten some of its business. Accordingly, the NPL rate increased. Amid economic downturn, small and micro enterprises were faced with more operational difficulties, some of the guaranteed products of the Bank that are secured by weak guarantee were exposed to risks as a result and some customers had repayment difficulties; (2) the auto loans increased as a result of product structure adjustment and increase in proportion of high yield products.

Coupled with the external economic environment, the NPL rate increased compared with the beginning of the year; (3) the increase in NPL rate of housing mortgage loans was mainly due to the decrease in grant of housing loans.

The NPL rate of credit cards increased by 0.75 percentage point, mainly due to the continued downturn in the external economic environment. The risks in some regions and some industries increased. In particular, the Yangtze River Delta region and the Bohai Rim region with more developed privately owned and individual entities were greatly affected, which had considerable impacts on the repayment ability of some of the Bank's cardholders, resulting in the increase in NPL rate. At the same time, the Bank proactively made strategic adjustments to credit availability and minimised the credit availability to low yield customers. Given the optimised structure and enhanced yield of its portfolios, the Bank's portfolio risks increased in the near term. However, as the portfolio yield coverage risks after adjustment further strengthened, the credit card risks were within control overall speaking. During the fourth quarter, the Bank will continue to optimise the structure of initially screened customers, strengthen the early warning efforts and minimise the level of risk exposure of high risk customers, as well as reduce the NPL rate of the portfolio by optimising the collection strategy internally and externally. The Bank will continue to enhance the risk management of credit cards and, through adjusting new customer structure, implemented more prudent credit line strategy, optimise the risk strategies of existing customers and increase collection efficiency so as to achieve effective risk management.

Loan quality by region

(In RMB million)

Region	September 30, 2014		December 31, 2013	
	Balance	NPL ratio	Balance	NPL ratio
Eastern region	300,750	1.16%	266,690	1.05%
Southern region	239,523	0.59%	219,911	0.49%
Western region	107,186	0.37%	85,720	0.31%
Northern region	193,528	0.44%	158,228	0.36%
Headquarters	151,905	2.40%	116,740	2.40%
Total	992,892	0.98%	847,289	0.89%

As at the end of the reporting period, as a result of adjustment to economic structure and economic slowdown, the overall asset quality in the banking industry decreased. In addition to systematic factors, due to the operational difficulties of steel trading enterprises and privately owned small to medium size enterprises as well as the impacts of joint guarantee and mutual guarantee, the NPLs and NPL rate increased quickly and considerably. The Bank will strengthen the ability to collect and dispose of

non-performing assets and exercise strict control over incremental risks to ensure sound asset quality across the Bank.

Loan impairment provision and write-offs

(In RMB million)

Item	January – September 2014
Opening balance	15,162
Add: provision for the period (including non-credit asset impairment loss)	9,701
Less: interest offset of impaired loans	240
Less: non-credit asset impairment loss	367
Net provision for the period	9,094
Add: written-off loans recovered for the period	556
Less: other changes	28
Less: write-offs and disposals for the period	6,052
Closing balance	18,732

Restructured, overdue and non-accrual loans

(In RMB million)

Item	September 30, 2014		December 31, 2013	
	Balance	Percentage of total loans (%)	Balance	Percentage of total loans (%)
Restructured loans	5,899	0.59%	1,984	0.23%
Loans with principals or interest overdue within 90 days	14,397	1.45%	7,435	0.88%
Loans with principals or interest overdue over 90 days	27,169	2.74%	17,026	2.01%

(1) As at the end of the reporting period, the balance of restructured loans was RMB5.899 billion, increased by RMB3.915 billion or 197.33% as compared with the beginning of this year. The customers of the new restructured loans were mainly from Zhejiang. In particular, they mainly included the steel trade enterprises and privately owned small to medium size enterprises in Shanghai and Hangzhou. A credit problem management team had been established to help credit problem enterprises resolve restructuring and gradually adjust and optimise the business structure with a view to alleviating and minimising the credit risks.

(2) As at the end of the reporting period, the balance of loans with principals or interest overdue within 90 days (including loans with principals not overdue but interest overdue within 90 days) was RMB14.397 billion, increased by RMB6.962 billion or 93.64% as compared with the beginning of this year. The balance

of loans with principals or interest overdue over 90 days (including loans with principals not overdue but interest overdue over 90 days) was RMB27.169 billion, increased by RMB10.143 billion or 59.57% 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 within control.

Government financing platform loans

As at the end of the reporting period, the balance of the Bank's loans to government financing platform (including rectified general corporate loans and loans still managed under platforms) was RMB38.673 billion, representing a decrease of RMB85 million or 0.22% as compared with the beginning of the year and accounting for 3.89% of various loan balances, representing a decrease of 0.68 percentage point as compared with the beginning of the year.

Among which: in terms of loan type, the balance of the Bank's rectified general corporate loans was RMB23.285 billion, accounting for 2.34% of total loan balance; the balance of loans still managed under platforms was RMB15.388 billion, accounting for 1.55% of total loan balance.

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

Recovery of non-performing assets

From January to September 2014, the Bank achieved good recovery results. It recovered non-performing assets of RMB2.145 billion in aggregate, including credit assets (loan principal) of RMB1.980 billion. Of the recovered loan principal, loans of RMB556 million were written off and non-performing loans of RMB1.424 billion were not written off. 89.17% 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 – September 2014			January – September 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 discounted bills)	902,299	51,180	7.58%	758,192	38,129	6.72%
Bond investment	220,783	6,896	4.18%	204,325	6,024	3.94%
Due from Central Bank	257,224	2,847	1.48%	222,317	2,431	1.46%
Bills discounting and inter-bank business	640,698	26,339	5.50%	550,634	20,729	5.03%
Others	6,464	308	6.37%	4,276	174	5.44%
Total of interest-earning assets	2,027,468	87,570	5.77%	1,739,744	67,487	5.19%
Liabilities						
Customer deposits	1,376,825	26,837	2.61%	1,110,741	19,828	2.39%
Bonds issued	21,323	1,006	6.31%	11,470	536	6.25%
Inter-bank business	529,832	21,309	5.38%	525,317	18,067	4.60%
Total of interest-bearing liabilities	1,927,980	49,152	3.41%	1,647,528	38,431	3.12%
Net interest income		38,418			29,056	
Deposit-loan spread			4.97%			4.33%
Net interest spread (NIS)			2.36%			2.07%
Net interest margin (NIM)			2.53%			2.23%

On a quarter-on-quarter basis, the Bank enhanced the structure adjustment and risk pricing management, in order to increase the utilisation rate of resources. The deposit-loan spread, NIS and NIM all increased as compared with the last quarter.

Item	July – September 2014			April – June 2014		
	Average balance	Interest income/expense	Average yield/cost rate (%)	Average balance	Interest income/expense	Average yield/cost rate (%)
Assets						
Customer loans and advances (excluding discounted bills)	939,325	18,295	7.73%	908,615	16,859	7.44%
Bond investment	226,032	2,365	4.15%	222,534	2,285	4.12%
Due from Central Bank	263,685	987	1.49%	270,448	956	1.42%
Bills discounting and	675,088	8,838	5.19%	626,708	8,839	5.66%

inter-bank business						
Others	8,382	135	6.39%	6,293	107	6.82%
Total of interest-earning assets	2,112,512	30,620	5.75%	2,034,597	29,046	5.73%
Liabilities						
Customer deposits	1,482,476	10,131	2.71%	1,346,595	8,809	2.62%
Bonds issued	30,078	459	6.05%	23,072	377	6.55%
Inter-bank business	499,247	6,166	4.90%	568,163	6,856	4.84%
Total of interest-bearing liabilities	2,011,801	16,756	3.30%	1,937,830	16,042	3.32%
Net interest income		13,864			13,004	
Deposit-loan spread			5.02%			4.82%
Net interest spread (NIS)			2.45%			2.41%
Net interest margin (NIM)			2.60%			2.56%

On a quarter-on-quarter basis, the Bank continued to enhance the structure adjustment and pricing management. The deposit-loan spread, NIS and NIM all performed well.

Yield of customer loans and advances

(In RMB million)

Item	January – September 2014			January – September 2013		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans (excluding discounted bills)	547,671	26,729	6.53%	477,554	22,192	6.21%
Personal loans	354,628	24,451	9.22%	280,638	15,937	7.59%
Customer loans and advances (excluding discounted bills)	902,299	51,180	7.58%	758,192	38,129	6.72%

Item	July – September 2014			April – June 2014		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans (excluding	571,807	9,441	6.55%	551,150	8,880	6.46%

discounted bills)						
Personal loans	367,518	8,854	9.56%	357,465	7,979	8.95%
Customer loans and advances (excluding discounted bills)	939,325	18,295	7.73%	908,615	16,859	7.44%

The loan structure continued to improve while high yield businesses such as micro enterprise finance business and loans to yuppies grew rapidly. The utilisation rate of credit resources increased and the loan yield continued to grow.

Cost rate of customer deposits

(In RMB million)

Item	January – September 2014			January – September 2013		
	Average balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)
Corporate deposits	881,330	17,830	2.70%	712,422	13,038	2.45%
Including: demand deposits	288,183	1,481	0.69%	269,911	1,313	0.65%
time deposits	593,147	16,349	3.69%	442,511	11,725	3.54%
Including: treasury and negotiated deposits	97,639	3,954	5.41%	91,630	3,625	5.29%
Margin deposits	276,684	4,801	2.32%	208,948	3,365	2.15%
Retail deposits	218,811	4,206	2.57%	189,371	3,425	2.42%
Including: demand deposits	79,999	286	0.48%	69,085	184	0.36%
time deposits	138,812	3,920	3.78%	120,286	3,241	3.60%
Total deposits	1,376,825	26,837	2.61%	1,110,741	19,828	2.39%

Item	July – September 2014			April – June 2014		
	Average balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)
Corporate deposits	950,309	6,716	2.80%	857,116	5,912	2.77%
Including: demand deposits	286,977	491	0.68%	269,269	517	0.77%
time deposits	663,332	6,225	3.72%	587,848	5,395	3.68%
Including: treasury and negotiated	103,691	1,406	5.38%	95,847	1,286	5.38%

deposits						
Margin deposits	303,913	1,920	2.51%	273,310	1,558	2.29%
Retail deposits	228,254	1,495	2.60%	216,169	1,339	2.48%
Including: demand deposits	82,075	93	0.45%	71,263	99	0.56%
time deposits	146,180	1,402	3.81%	144,906	1,240	3.43%
Total deposits	1,482,476	10,131	2.71%	1,346,595	8,809	2.62%

Fee income and expense

(In RMB million)

Item	January – September 2014	January – September 2013	Change from the same period of previous year (%)
Settlement fee income	1,235	903	36.77%
Wealth management business fee income	1,615	976	65.47%
Agency and entrustment business fee income	2,073	456	354.61%
Bank card business fee income	4,877	3,551	37.34%
Consulting and advisory fee income	2,606	1,247	108.98%
Account management fee income	167	142	17.61%
Others	1,900	1,005	89.05%
Subtotal of fee income	14,473	8,280	74.79%
Agency business fee outlay	312	150	108.00%
Bank card business fee outlay	1,267	646	96.13%
Others	97	69	40.58%
Subtotal of fee outlay	1,676	865	93.76%
Net fee and commission income	12,797	7,415	72.58%

From January to September 2014, the Bank's businesses of investment banking, trusteeship and gold leasing grew rapidly and contributed to the substantial increase in non-interest income. Meanwhile, the businesses of wealth management, agency and settlement and credit card fee performed satisfactorily.

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. From January to September, other net operating income of the Bank was RMB3.436 billion, representing an increase of 293.14% over the same period of last year, primarily due to the increase in spread income from notes.

Operating expense

From January to September 2014, operating expense of the Bank was RMB20.056 billion, representing an increase of 35.73% over the same period of last year. Given the fast growth in revenue and

effective cost control, cost/income ratio (excluding business tax) was 36.70%, representing a decrease of 2.87 percentage points over the same period of last year and a decrease of 4.07 percentage points over 2013. The increase in operating expense was mainly due to expansion of branches and business growth and continued investment in management. Since 2013, the Bank made significant progress in branch and outlet development. In 2013, there were 5 new branches and 73 new sub-branches. During the first three quarters in 2014, there were two new branches and 55 new outlets of sub-branch level. The increase in outlets resulted in rigid growth in operating expense. Included in the operating expenses were staff expense of RMB10.594 billion with an increase of 36.70% over the same period of last year, business expense of RMB6.928 billion with an increase of 39.99% over the same period of last year, and depreciation, amortisation and rental expenses of RMB2.534 billion with an increase of 22.06% over the same period of last year.

Asset impairment loss

(In RMB million)

Item	January – September 2014	January – September 2013	Change from the same period of previous year (%)
Due from banks	34	9	277.78%
Disbursement of loans and advances	9,334	4,162	124.27%
Held-to-maturity investments	-	(5)	100.00%
Receivables type investment	300	-	-
Repossessed assets	9	7	28.57%
Other assets	24	153	(84.31%)
Total	9,701	4,326	124.25%

Income tax expenses

From January to September, income tax rate of the Bank was 24.36%, up 0.38 percentage point over the same period of last year.

(In RMB million)

Item	January – September 2014	January – September 2013	Change from the same period of previous year (%)
Profit before tax	20,748	15,385	34.86%
Income tax expense	5,054	3,689	37.00%
Effective income tax rate	24.36%	23.98%	+0.38 percentage point

3.6.5 Capital management

According to *Administrative Measures for the Capital of Commercial Banks (for Trial Implementation)* from CBRC:

(In RMB million)

Item	September 30, 2014	December 31, 2013
Net core tier one capital	115,004	100,161
Other tier one capital	-	-
Net tier one capital	115,004	100,161
Tier two capital	29,081	15,723
Net capital	144,085	115,884
Total risk-weighted assets	1,309,512	1,170,412
Credit risk-weighted assets	1,221,487	1,087,683
On-balance-sheet risk-weighted assets	1,004,243	898,589
Off-balance-sheet risk-weighted assets	212,967	181,995
Risk-weighted assets of counterparty credit risk exposure	4,277	7,099
Market risk-weighted assets	9,543	4,247
Operational risk-weighted assets	78,482	78,482
Core tier one capital adequacy ratio	8.78%	8.56%
Tier one capital adequacy ratio	8.78%	8.56%
Capital adequacy ratio	11.00%	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 was no material change in the measurement method of various risks including credit risk, market risk and operational risk, risk measurement system and corresponding capital requirements.

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

Item	September 30, 2014	December 31, 2013
Capital adequacy ratio	11.80%	11.04%
Core capital adequacy ratio	9.33%	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 26% from the beginning of the year, while the corporate loan balance (excluding discounted bills) increased by 19% from the beginning of the year; the credit balance of trade finance amounted to RMB480.6 billion, representing an increase of 30% from the beginning of the year.

With the objective of “sustainable development”, the Bank upheld the guiding principle of “innovation and development” and endeavoured to improve the innovation system. Targeting at three major drivers “customers, products and team”, the Bank strengthened professional management, expanded innovation efforts and IT development, continued to shape its three core comparative advantages “innovation, efficiency and IT”, fully capitalised on the batch customers captured via Internet finance and supply chain finance and intensified the innovation-oriented marketing efforts so as to ensure the sustainable development of its business.

New growth point with the development of Internet finance

Given the pioneer advantage of “industry and finance integration” where supply chain finance is in support of the real economy, the Bank made use of the online technology to facilitate the real economy with the growth of financial services and developed “Orange-e-Net”, an industry e-commerce cloud service platform that supports the transformation to e-commerce among small to medium size enterprises. “Orange-e-Net” is a platform specialising in financial functions and has alliance with many market players. Striving to build an industry chain financial ecosystem, it integrates various services comprising product research & development, platform development and new business expansion with a view to promoting the online development of the corporate business.

Sound growth momentum of international business and offshore business

To seize the opportunities arising from foreign exchange liberalisation and exchange rate reform for capital products, the Bank followed closely the pace of Shanghai Pilot Free Trade Zone and Qianhai Shenzhen-Hong Kong cooperation and accelerated the development of separate accounting system for free trade account (“FTA”) and the research of innovative model for international business. Through advancing the development of the international business platform, the Bank expanded the core customer base of international business and enhanced the competitiveness of the products and services of its international business.

Meanwhile, the Bank made use of the advantages of offshore business license, created new product

portfolios, and provided global credit services to those “export-oriented” companies through cross border syndicated loans. The Bank expanded the financing of supply chain to abroad, and achieved the provision of one-stop services from settlement to financing for the whole supply chain, increased the service efficiency to global customers, developed a variety of flexible offshore product portfolios to cater for the increasing demands from customers.

Sound growth momentum in trade finance business with optimising industry structure

While driving the development of trade finance business, the Bank established the business factoring cloud platform, entered into alliance with agencies, intensified the core corporate marketing efforts and enhanced the online operation of supply chain financing. In addition to further expanding the core customer base and propelled the key projects, the Bank participated in the trade finance business of small to medium size enterprises at the end of the supply chain and made use of trade finance products to offer a comprehensive range of integrated financial solutions to customers.

From January to September, the grant balance of trade finance was RMB790.9 billion. As at the end of the reporting period, the credit balance of trade finance was RMB480.6 billion, representing an increase of 30% from the beginning of the year. The NPL ratio was 0.24% and continued to remain at a relatively low level. As the industry structure of trade finance business continued to optimise and the industry concentration ratio continued to decrease, the proportion of iron and steel industries was down by 3.5 percentage points from the beginning of the year.

Table of trade finance and international businesses

(In RMB million)

Item	September 30, 2014	%	December 31, 2013	%	Change from the end of period over the end of previous year (%)
Trade finance balance	480,621	100.00%	370,556	100.00%	30%
Region: Eastern region	158,057	32.89%	108,110	29.18%	46%
Southern region	169,216	35.21%	130,594	35.24%	30%
Western region	39,717	8.26%	30,636	8.27%	30%
Northern region	113,631	23.64%	101,216	27.31%	12%
Domestic/International:	325,900	67.81%	274,236	74.01%	19%

Domestic					
International (including offshore)	154,721	32.19%	96,320	25.99%	61%

Steady growth in the performance and size of transportation finance

The Bank actively expanded the alliance network and effectively integrated the resources of transportation finance industry. With the establishment of and profound cooperation with the transportation finance alliances, the Bank benefited from resources integration with alliance parties including resources sharing, information access and product nesting so that the Bank could provide integrated financial and value-added services including Internet finance, settlement, investment and wealth management for more customers in the transportation sector and increase customers' loyalty to achieve a win-win outcome. As at the end of the reporting period, the deposit balance amounted to RMB66.2 billion and the off-balance-sheet credit balance amounted to RMB119.3 billion.

3.6.6.2 Retail business

As at the end of the reporting period, the balance of retail deposit balance increased by 16% from the beginning of the year; the retail loan (including credit cards) balance increased by 14% from the beginning of the year; and the net non-interest income (including credit cards) increased by 38% compared with the same period of last year. Adhering to “professionalised operation and authorisation management”, the retail BU promoted the reform of retail BUs. Currently, the fundamental framework is taking shape.

Rapid development of Internet direct and community banking channels

“Oranges Bank”, Ping An's direct banking was launched in August 2014 as a key project in the strategy to “build new finance in the Internet era”. Upholding three major values of “simple”, “fun” and “make money”, Oranges Bank is a digital and innovative financial services platform positioned to target at young customers and is the first among its peers to launch its two major functions – “dream account” and “fabulous spending”. The smooth launch of Oranges Bank has significant strategic implications on promoting the implementation of the Internet finance strategy and the transformation of retail banking and customer migration. It is a forward-looking initiative of the Bank in view of the Internet development trends and the changes in customers' financial needs and spending habits, as well as an innovative move of the Bank to tackle various challenges of Internet finance.

Outstanding performance of new product launch and sound product research & development

Jinling Pass business grew rapidly and introduced Jinling Pass deposit/wealth management/pledged

loan functions. As at the end of the reporting period, there were 72,858 Jinling Pass customers with an asset size of RMB4.8 billion. Leverage on its diversified wealth management products, attractive product returns and sound market reputation, it was granted “China’s Best Structured Product Issuer” by *Euro Money*. With the launch of “private credit” business, it saw sound growth momentum. As at the end of the reporting period, the accumulated loan balance was RMB200 million. As the credit card “gas filling 12% off” promotion covered 6,000 gas filling stations in 38 cities nationwide, there were 128 million participants. Accordingly, the brand recognition and publicity of the promotion were greatly enhanced

Steady increase in the number of wealth management customers and asset size of customers

The Bank had 203,000 wealth management customers with assets under management amounting to RMB452.8 billion in aggregate. In particular, assets of wealth management customers amounted to RMB307.9 billion.

Further implementation of standardised branch hall with growing brand value and value-added service capability

With respect to the implementation of standardised branch hall, 291 out of 382 Ping An Wealth Management branches had rolled out the wealth management centre. In addition, “Ping An Wealth Management Cup” invitational golf tournaments were organised by Ping An Bank. So far, the tournaments in Dongguan, Dalian and Nanjing were completed and well received by high-end customers. With the launch of global health management service system of the private banking business, a total of 11 roadshow activities were carried out.

Comprehensive development of new model for retail cross selling business and steady growth in cross selling channel business

The new cross-selling model with life insurance channel was implemented across the Bank with steady business growth. From January to September 2014, new asset balance via life insurance channel amounted to RMB21.001 billion, accounting for 23.31% of the new asset balance of retail business across the Bank. There were 9,739 new wealth management customers, accounting for 26.03% of the new customers secured from retail business across the Bank.

The cross-selling with credit cards across the Bank continued to make substantial contributions and drive customer referrals from Ping An’s life insurance business and auto insurance business. Of the 3.63 million newly issued cards during the year, the percentage of new customers acquired via cross-selling channel to newly issued credit cards was 38.8%. Upon the establishment of retail BU, the structure of agency life insurance product has been optimised where customers’ needs are considered and more efforts

have been placed on the sales and marketing of protection-related products with instalment payments. The net non-interest income increased by 216% over the same period of last year.

By adopting the “private banking + integrated finance” model, the private banking together with Ping An Dahua, Lfex, Ping An Russell, Ping An Trust, Ping An Real Estate, Ping An Securities, Legg Mason and Schroders achieved cross-border cooperation in building customer relationship and product development. As at the end of the reporting period, there were a total of 6,042 private banking customers under cross-selling of various subsidiaries with asset size amounting to RMB4.9 billion.

Healthy development of wealth management business

By establishing a professional product management system, the wealth management business accelerated the strategic transformation of agency products and investment products. At the same time, wealth management forums featuring investors’ education and asset allocation principles were held nationwide. Various indicators including the size of wealth management products, issue capability and product innovation achieved significant growth. Its market position and influence were enhanced significantly as a result. From January to September, the sales of the Bank’s retail wealth management products amounted to RMB1.8 trillion and the balance of guaranteed and non-guaranteed wealth management products exceeded RMB200 billion.

Steady growth in credit card, private banking, consumer finance and auto finance businesses

1. Credit card business

The credit card business continued to maintain fast and yet steady growth. At the end of the period, the number of credit cards in circulation was 15.72 million, representing an increase of 14% from the beginning of the year. In particular, the number of newly issued credit cards for the year was 3.63 million. The cross-selling channels of the Group continued to make significant contributions and drive customer referrals from Ping An’s life insurance business and auto insurance business. The percentage of new customers acquired via cross-selling channel to newly issued credit cards was 39%. The total transaction amount was RMB444.1 billion, representing an increase of 30% over the same period of last year. In particular, online transaction amount continued to maintained fast growth momentum, representing an increase of 112% over the same period of last year. As at the end of the reporting period, the loan balance amounted to RMB101.8 billion, representing an increase of 17% over the same period of last year.

The credit card business endeavoured to provide better products and services to customers, strengthened risk management and enhanced customers’ satisfaction. As to securing customers, the Bank devoted great efforts to secure high-end customers and young customers. In July, Ping An Bank launched the auto owner all-in-one card and i-auto all-in-one card, which further diversified the product mix. As to

building customer relationship, a series of themed marketing activities were rolled out. Due to the increasing popularity of the “12% off every day for Ping An auto card holders” activity, around 6,000 gas filling stations participated and the average number of auto owners participating in this activity was 400,000. In Shanghai, on “Father’s Gas Filling Day” on August 8, there were up to 128 million participants. For the “Ping An Sleepless Orange”) event, monthly participants were around 70,000 and approximately 1,000 merchants enrolled in the event. The event received widespread attention from the media and market. The Bank actively propelled the development of integrated finance of Ping An Group, intensified the cross-selling across the Group and continued to drive customer referrals from the Group’s life insurance business and auto insurance business. Meanwhile, the Bank promoted customer referrals from credit card business to retail business in order to expand the deposit balance and asset size.

While optimising the development of online platform and promoting the innovation of Internet finance business, the Bank specialised in establishing a comprehensive mobile online platform for credit card customer acquisition, payment, service, marketing and wealth management. To secure customers via e-channel, an online customer acquisition platform was established and activities such as “RMB100 credit for new account” were launched to enhance customers’ credit card application experience. The average number of customers acquired via online channel monthly increased by 18%. As to e-services, the Bank pushed ahead the development of new service platforms such as customer service intelligent robot, voice navigation, WeChat App and Tianxiatong App and endeavoured to provide customers with intelligent and precise services. The number of customer followers in WeChat and Tianxiatong rose rapidly. To enhance customer services and security of card usage, the functions of Tianxiatong platform have been expanded where customers may experience mobile customer service, online credit card application, speedy repayment and instalment payment, as well as monitor transaction security and freeze suspicious transactions online. As to e-marketing, the Bank carried out word-of-mouth marketing activities such as “Buy Wednesday”) with a number of large home appliance manufacturers. The activity was well received by customers and the popularity continued to increase, securing quick pay 20% more than the last quarter. The credit card instalment mall business grew quickly and the transaction volume from January to September increased by 60% over the same period of last year.

To strengthen credit card risk management, the Bank further optimised the risk management strategy of existing customers through optimising the structure of initially screened customers and executing more prudent credit line strategy, and increased collection efficiency to manage portfolio risks.

2. Private banking

As at the end of the reporting period, there were 37,677 private banking customers. Of which, there were 8,607 eligible customers, representing an increase of 38% from the beginning of the year. The balance of assets of private banking customers under management amounted to RMB132.1 billion. Of which, the deposit balance amounted to RMB52.0 billion.

Leverage on Ping An Group's strengths of integrated finance in product, channel and platform and to further push ahead the three major customer values of private banking, namely "integrated finance, global allocation and family succession", the Bank established four major brands, namely "GWS global investment and wealth management system, Ping An • Chinese family business succession award, Ping An succession institute and Legend exclusive - Travel around the world in 365 days" and four service systems, namely "investment management service system, health management service system, emigration and overseas study service system, and family protection service system" with a view to strengthening the brand of its private banking business. The Bank was granted the "Best Potential Private Banking Award" at the seventh 21st Century Asset Management's Golden Shell Awards organised by *21st Century Economic Report*.

While endeavouring to establish an innovative product system, the Bank opened local and overseas channels and product platforms to achieve global allocation. With the increasingly mature private banking team, the Bank set up branch centre teams in 14 cities and established professional teams locally and abroad. The Bank was also the first among its peers to establish a special life insurance/financial advisory team.

3. Consumer finance

Specialising consumer finance customers with financing needs, the consumer finance centre continued to develop and optimise a variety of consumer finance products according to customers' needs in order to cater for the financing needs of people from all walks of life in the reasonable bulk personal consumption areas from food, clothing, housing, shelter, marriage, travelling, culture & entertainment to education with a view to achieving the objective of providing a comprehensive range of integrated financial services to customers.

"Xin Yi Dai" business, Ping An Bank's best-selling product with respect to personal unsecured consumer loans is known for its simple and quick features and mainly targets at those in urgent need of financial assistance to satisfy the need for quick financing of anxious customers. As a high-risk unsecured product, "Xin Yi Dai" carries out advanced big data analysis and assesses risk management experience so that the asset quality remains sound while expanding loan size. As at the end of the reporting period, the balance of "Xin Yi Dai" amounted to RMB39.5 billion. During the reporting period, the accumulated grant of "Xin Yi Dai" amounted to RMB28.2 billion.

The consumer finance centre also launched "Jinling Pass", an innovative product with the core feature

of “interdependent deposit/loan”. The product aims to create value for the Bank’s wealth management customers and provides “anytime borrowing and anytime repayment” personal unsecured credit facilities to customers to solve their temporary liquidity needs. Meanwhile, to help customers manage individual asset risks, on the basis of its existing products, the consumer finance centre introduced additional insurance features including fraudulent insurance and Ping An Guardian to cover the losses due to fraudulent use or misappropriation by third parties, reduce the financial burden on the family of customers upon insolvency due to illness or accident, and offer protection to the customers and their family. Since its launch in April 2014, the number of Jinling Pass customers has reached 70,000.

4. Auto finance

The accumulated new loan grant under auto finance business was RMB37.5 billion and the loan balance was RMB61.8 billion, with market share continued to outperform its peers. Leverage on the strengths of integrated finance, the Bank continued to provide more comprehensive financial services tailored to customers’ needs, endeavour to optimise the service procedures and enhance customers’ experience. At the same time, the Bank strengthened risk management to ensure that asset quality would maintain at a sound level.

Table of retail loans (excluding credit cards)

(In RMB million)				
Item	September 30, 2014	%	December 31, 2013	%
Eastern region	115,837	42.81%	108,651	45.50%
Southern region	82,632	30.53%	73,184	30.64%
Western region	28,409	10.50%	20,988	8.79%
Northern region	43,746	16.16%	35,992	15.07%
Headquarters	-	-	1	-
Total balance of retail loans (excluding credit cards)	270,624	100.00%	238,816	100.00%
Including: Total NPL	2,697	1.00%	1,199	0.50%

3.6.6.3 Treasury and inter-bank business

While strengthening risk management and ensuring compliance operation, the Bank adhered to product innovation and structure optimisation, explored new working models in inter-bank cooperation, integrated finance and Internet finance. At the same time, the Bank optimised the operational management, propelled channel expansion and enhanced customer service to achieve sound and speedy growth of business.

Strengthening horizontal and vertical inter-bank cooperation

The Bank continued to deepen the inter-bank cooperation and there were over 70 online third party depositary bank securities entities in aggregate. With the launch of Hang E-Tong 2.0 version, the financial services were comprehensively enhanced. The Bank endeavoured to become an online financial mall for the small to medium size financial institutions and its customers. Hang E-Tong had approximately 300 customers linking over 40,000 branches, covering different financial institutions including banking, securities, funds and trusts. From January to September, inter-bank product sales amounted to RMB274.6 billion. Of which, the sales achieved through the platform of Hang E-Tong amounted to RMB109.1 billion.

Continuous and fast growth in precious metals business

The successful launch of “Gold Bank” represents the first online gold management platform for gold’s monetary property that features gold transaction, payment, financing and wealth management, adding “golden” splendour to the Bank’s strategy to “build new finance in the Internet era”.

The brand influence of Ping An Gold continued to increase. Being the first batch of Class A international members on the international board of the Shanghai Gold Exchange, the Bank may engage in gold transaction on behalf of international investors and participate in cross-market and cross-species transactions and import/export business.

The Bank continued to expand the sales channel for physical precious metals and closely worked with Ping An WanLiTong, One Wallet, Oranges Bank, Pocket Bank, Hang E-Tong and the Group’s cross-selling business (“cross-selling business”). Leverage on Internet finance, the Bank achieved 24-hour sales of craft gold and investment gold. In addition, to integrate resources across borders, the Bank worked with S.F. Express in respect of e-commerce logistics. The Bank introduced the “Gold Bank Experience Officer Recruitment” activity via WeChat and made use of the social media to increase the recognition of Gold Bank, achieving an exposure rate of 80 million times and an activity rate of over 320,000 participants.

Breakthrough in product innovation of note business

While developing integrated finance, a series of breakthroughs were made in product innovation. With the development and launch of integrated finance and online financial products including “Lflex notes, Hang E-Tong notes and e-notes”, new business models including “Ping An Notes” were gradually promoted. During the reporting period, spread income from transfer of notes amounted to RMB2.632 billion, representing an increase of 340% over the same period of last year.

Increasing market influence of transaction business

The Bank actively capitalised the market opportunities and the transaction volume of bonds, foreign

exchange and derivative products grew substantially over the same period of last year. After more than ten exchange meetings on “ten cities marketing” and with customers of foreign exchange options, the Bank expanded and secured over a hundred derivative products and precious metals business customers.

Steady growth in wealth management business with rapidly expanding structural derivative products and wealth management capability on behalf of customers recognised by market professionals

During the reporting period, to meet the regulatory requirements, the Bank actively completed the integration of asset management business and structure rationalisation. The wealth management business recorded encouraging results. The number of wealth management products issued ranked top among joint-stock banks, providing competitive wealth management services to customers. The operation of net-value products was successful and attained industry leading yield levels.

3.6.6.4 Investment banking business

From January to September, the size of assets under management in the investment banking business was RMB224.2 billion with non-interest income of RMB2.3 billion and derivative income of RMB0.8 billion. The trusteeship income was RMB1.0 billion, representing an increase of 149% over the same period of last year. Modern agri-finance and modern logistics BUs were newly established. While endeavouring to expand customer base, the Bank devoted more efforts to explore new markets to expand its investment banking business segment.

Enriching product mix for “Golden Orange” wealth management business with marked success in integrated financial product agency business

“Golden Orange Club” had more than 350 members, including 26 finance companies, 11 securities firms, more than 50 rural commercial banks, city commercial banks and rural credit cooperatives, 33 fund houses, 36 trust companies, 57 real estate companies, 120 factoring companies and 28 PE companies.

The Bank successively launched the Golden Orange wealth management series pension products and external capital pool with assets under management of RMB224.2 billion.

Another record high in the size of structural investment and financing /bond underwriting/asset securitisation business

As at the end of the reporting period, the project size of the structural investment and financing business was RMB87.0 billion, which was 2.82 times as compared with that in the same period of last year

and exceeded the project account size for the whole year of 2013.

The size of registered bonds was RMB89.2 billion, which was 1.76 times as compared with that in the same period of last year. The issue size of bonds was RMB71.3 billion, which was 1.63 times as compared with that in the same period of last year. The sales size of bonds was RMB32.8 billion, which was 4.37 times as compared with that in the same period of last year. A total of 100 bond products were issued, which was 1.75 times as compared with that in the same period of last year.

As to asset securitisation business, the petty consumer loans related asset securitisation product was launched in June, marking the first credit asset securitised product issued on the stock exchange in the PRC.

Outstanding performance of corporate cross-selling business

From January to September 2014, the daily average corporate deposit secured via cross-selling channels amounted to RMB19.1 billion, representing an increase of 41% over the same period of last year. The net operating income amounted to RMB0.45 billion, representing an increase of 49% over the same period of last year. There were 87 new projects referred by investment business with an asset size amounting to RMB127.2 billion.

Asset trusteeship business in full swing

Adhering to the “customer-oriented and market-guided” principle and following the concept of “intensified marketing, tailored services, continuous innovation, hierarchical operation and regulated management”, the asset trusteeship business seized the golden opportunities in the mega asset management era for resource integration and platform establishment and actively sought innovation and reform in service model. Accordingly, it made a historical breakthrough in terms of size and revenue. From January to September, the trusteeship fee income amounted to RMB1.0 billion, representing an increase of 149% over the same period of last year. The net size of the trusteeship business was RMB1.65 trillion, representing an increase of 118% over the same period of last year.

While striving to achieve breakthrough, the asset trusteeship business actively pushed ahead the platform development and brand building. In addition to being the pioneer in launching trusteeship business via WeChat, it successively completed the development of trusteeship internet banking and the upgrade of bank-enterprise direct connection interface and was granted two awards, namely the “Hua Zun Awards - Best Trusteeship Bank in China” and the “Brands: Win in China – Most Competitive Trusteeship Bank of the Year”.

Rapid growth in real estate/energy and mining/institutional finance businesses

Real estate finance: As at the end of the reporting period, the deposit balance of real estate financing BU was RMB38.1; the daily average deposit for the year was RMB32.0 billion; the loan balance was RMB70.8 billion; the balance of assets under management was RMB140.3 billion. From January to September, the profit before provision was RMB2.1 billion and the net non-interest income was RMB1.0 billion.

Energy and mining finance: As at the end of the reporting period, the deposit balance of energy and mining financing BU was RMB38.1 billion; the loan balance was RMB40.8 billion; the balance of assets under management was RMB126.1 billion. From January to September, the profit before provision was RMB1.1 billion and the net non-interest income was RMB0.6 billion.

Institutional finance: The institutional deposit across the Bank continued to grow steadily. As at the end of the reporting period, the new daily average institutional deposit across the Bank was RMB19.0 billion.

3.6.6.5 Small enterprise business

The small enterprise business grew steadily. As at the end of the reporting period, the loan balance of small enterprise business across the Bank was RMB103.9 billion, representing an increase of 19% from the beginning of the year and the NPL rate was 1.30%. Analysing by region, the western region and northern region saw strong growth momentum of 51% and 36%, respectively.

Improved Dai Dai Ping An 2.0 version with rapid growth in Ping An dual debit-credit commercial card

The Bank specified the details of Dai Dai Ping An 2.0 version to establish the systems, enrich the variety and functions, optimise the card application procedures and e-channel functions, expand the batch customer channel, develop niche business and promote the online application and platform with a view to making Dai Dai Ping An Card the medium or platform for Ping An Bank's small enterprise integrated financial services.

Ping An dual debit-credit commercial card continued to grow rapidly. As at the end of the reporting period, the number of Dai Dai Ping An Card holders was 770,000, representing an increase of 121% from the beginning of the year. There were 160,000 customers granted with a credit line and the credit balance was RMB56.4 billion. The deposit balance of Dai Dai Ping An Card was RMB17.5 billion and the loan balance was RMB38.0 billion, representing an increase of 221% and 535%, respectively. The NPL rate of Ping An dual debit-credit commercial card was 0.26% and the average interest rate of the outstanding loan thereunder was 15.68%.

Continuous innovation and diversification of small enterprise finance product mix and technology tools

In addition to improving Dai Dai Ping An 2.0 version, the Bank also explored the integrated financial services solutions in the areas of second-handed autos and logistics, and strengthened the promotion of payment/settlement related products to satisfy the needs for daily liquidity settlement of Dai Dai Ping An customers.

With the launch of mobile micro enterprise finance business, through reasonable application of technologies such as mobile internet, ID card scan and score card, the Bank was the first among its peers to introduce the paperless loan application. The Bank not only provided efficient services to micro enterprise finance business customers, but also achieved an innovative differentiated comparative advantage for its micro enterprise finance business.

New progress made in Internet finance for small enterprises

In terms of e-channel development, the Bank continued to optimise the small enterprise online banking, mobile banking, phone banking, WeChat banking, SMS services and the official website, and introduced the functions of multi-channel enquiries, withdrawal, repayment and directional payment for Dai Dai Ping An. While launching the small enterprise online finance services and tapping into the intangible business opportunities and the chain-related Dai Dai Ping An project, it worked with tens of the leading e-commerce platform providers in China to provide speedy and synergistic services to its small enterprise customers.

Further improving the customer service system for small enterprise customers

The Bank rolled out the small enterprise integrated financial services and explored niche services to provide customers with personalised service solutions such as joint card accounts and pilot business zone O2O. The Bank also designed the exclusive insurance mall, wealth management products and bookkeeping products for small enterprise customers of online Dai Dai Ping An 2.0 version to further satisfy customers' needs and enhance customers' loyalty.

Table of small enterprise finance business

(In RMB million)

Item	September 30, 2014	December 31, 2013	Change from the end of the
------	--------------------	-------------------	----------------------------

					previous year	
	Loan balance	%	Loan balance	%	Increase/decrease in loan balance	% change
Loans managed by the small enterprise finance BU	103,900	100.00%	87,128	100.00%	16,772	19.25%
Including: Eastern region	25,929	24.95%	27,646	31.73%	(1,717)	(6.21%)
Southern region	35,665	34.33%	29,792	34.20%	5,873	19.71%
Western region	19,405	18.68%	12,817	14.71%	6,588	51.40%
Northern region	22,901	22.04%	16,860	19.35%	6,041	35.83%
Headquarters	-	-	13	0.01%	(13)	(100.00%)

3.6.6.6 Wealth management business

As at the end of the reporting period, the Bank's balance of capital guaranteed wealth management products was RMB154.0 billion and the balance of non-capital guaranteed wealth management products was RMB183.1 billion.

3.6.7 Organisational development

From January to September, the Bank added two new branches, namely Shanghai Pilot Free Trade Zone branch and Shenyang branch, and 55 sub-branch level operating entities. In particular, the Bank added two new branches and 17 sub-branch level operating entities in the third quarter. As at the end of the reporting period, there were 40 branches and 585 outlets (including closed outlets).

§4 Audit Report

Audit option: This is subject to audit.

Board of Directors of Ping An Bank Co., Ltd.

October 24, 2014

Appendices:

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

Ping An Bank Co., Ltd.

Balance Sheet

September 30, 2014

In RMB million

ASSETS	September 30, 2013	December 31, 2013
Cash on hand and due from the Central Bank	277,325	229,924
Precious metals	41,473	21,286
Placements of deposits with other banks	100,035	71,914
Funds loaned to other financial institutions	48,567	27,241
Financial assets measured at fair value through profit and loss for the period	14,808	10,421
Derivative financial assets	4,904	3,397
Financial assets purchased under resale agreements	203,975	271,692
Accounts receivable	10,498	7,058
Interest receivable	11,135	10,043
Loans and advances	974,160	832,127
Available-for-sale financial assets	2,476	578
Held-to-maturity investments	200,189	195,667
Receivables type investment	222,537	184,656
Long-term equity investments	472	485
Investment properties	101	116
Fixed assets	3,540	3,694
Intangible assets	5,263	5,463
Goodwill	7,568	7,568
Deferred income tax assets	6,154	4,406
Other assets	9,178	4,005
Total assets	2,144,358	1,891,741
LIABILITIES AND SHAREHOLDERS' EQUITY		
Due to the Central Bank	1,357	2,264
Placements of deposits from other banks and financial institutions	369,364	450,789
Funds borrowed from other financial institutions	16,407	22,633
Financial liabilities measured at fair value through profit and loss for the period	4,512	3,692
Derivative financial liabilities	3,120	2,914
Assets sold under agreements to repurchase	18,654	36,049
Customer deposits	1,508,179	1,217,002
Employee salary payable	6,983	6,013
Tax payable	5,524	4,205
Accounts payable	1,936	2,149
Interest payable	24,773	16,605
Bonds payable	45,481	8,102
Provisions	30	56
Other liabilities	11,302	7,187
Total liabilities	2,017,622	1,779,660
SHAREHOLDERS' EQUITY:		

Share capital	11,425	9,521
Capital reserve	52,270	54,171
Other consolidated gain	(1,956)	(2,437)
Surplus reserve	4,354	4,354
General risk provision	16,509	16,509
Unappropriated profit	44,134	29,963
Total shareholders' equity	126,736	112,081
Total liabilities and shareholders' equity	2,144,358	1,891,741

Legal representative: Sun Jianyi President: Shao Ping Vice President and Chief Financial Officer/head of Accounting
Department: Sun Xianlang

Ping An Bank Co., Ltd.

Income statement

From Jan to Sep of 2014

In RMB million

Items	Jul-Sep 2014	Jul-Sep 2013	Jan-Sep 2014	Jan-Sep 2013
I. Operating income	19,918	13,919	54,651	37,345
Net interest income	13,864	10,528	38,418	29,056
Interest income	30,620	24,261	87,570	67,487
Interest expense	16,756	13,733	49,152	38,431
Net fee and commission income	5,026	3,039	12,797	7,415
Fee and commission income	5,532	3,389	14,473	8,280
Fee and commission expense	506	350	1,676	865
Other net operating income	1,028	352	3,436	874
Investment income	1,132	388	3,305	898
Gains or losses from changes in fair values	(41)	93	27	17
Foreign exchange gains/(losses)	(133)	(157)	(53)	(134)
Other operating income	70	28	157	93
II. Operating costs	8,443	6,782	24,179	17,712
Business tax and surcharge	1,442	1,112	4,123	2,936
Business and administrative expenses	7,001	5,670	20,056	14,776
III. Operating profit before impairment losses on assets	11,475	7,137	30,472	19,633
Impairment losses on asset	4,049	1,724	9,701	4,326
IV. Operating profit	7,426	5,413	20,771	15,307
Add: Non-operating income	13	68	30	86
Less: Non-operating expenses	19	2	53	8
V. Total profit	7,420	5,479	20,748	15,385
Less: Income tax expense	1,798	1,314	5,054	3,689
VI. Net profit	5,622	4,165	15,694	11,696
VII. Other comprehensive income, net (after tax)	171	(794)	481	(710)
Other comprehensive income subsequently reclassified into profit or loss	171	(794)	481	(710)
1. Share of other comprehensive income subsequently reclassified into profit or loss under equity method in investee	-	(31)	(4)	(31)
2. Gains or losses from changes in fair values of available-for-sale financial assets	171	(763)	485	(679)
VIII. Total comprehensive income	5,793	3,371	16,175	10,986
IX. Earnings per share				
(I) Basic earnings per share	0.49	0.42	1.37	1.19
(II) Diluted earnings per share	0.49	0.42	1.37	1.19

Legal representative: Sun Jianyi President: Shao Ping Vice President and Chief Financial Officer/head of Accounting
Department: Sun Xianlang

Ping An Bank Co., Ltd.

Cash Flow statement

From Jan to Sep of 2014

In RMB million

Items	Jan-Sep 2014	Jan-Sep 2013
I. CASH FLOWS FROM OPERATING ACTIVITIES:		
Net increase in customer deposit and placements of deposits from other banks	209,625	273,422
Net decrease in funds loaned to other financial institutions	-	36,206
Net decrease in accounts receivable	-	3,624
Net decrease in financial assets purchased under resale agreements	40,102	-
Cash receipts from interest, fee and commission income	79,897	60,286
Cash receipts from other operating activities	3,979	1,842
Subtotal of cash inflows from operating activities	333,603	375,380
Net increase in placements of deposits with the Central Bank and other banks	56,954	24,101
Net decrease in amounts due from the Central Bank	932	13,717
Net increase in funds loaned to other financial institutions	6,103	-
Net decrease in funds borrowed from other financial institutions	6,227	18,722
Net increase in financial assets purchased under resale agreements	-	37,698
Net increase in accounts payable	3,440	-
Net decrease in accounts payable	213	1,689
Net increase in loans and advances	151,678	112,839
Net decrease in assets sold under agreements to repurchase	17,433	4,735
Cash payments for interest, fee and commission expenses	41,838	33,037
Cash payments for salaries and staff expenses	9,623	7,380
Cash payments for taxes	9,827	6,228
Cash payments relating to other operating activities	34,444	14,411
Subtotal of cash outflows from operating activities	338,712	274,557
Net cash flows generated from operating activities	(5,109)	100,823
II. CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash receipts from disinvestments	358,541	287,241
Cash receipts from investment income	18,173	12,611
Cash receipts from disposal of fixed assets and investment properties	7	29
Subtotal of cash inflows from investing activities	376,721	299,881
Cash payments for investments	403,221	395,148
Cash payments for purchase of fixed assets, intangible assets and construction in progress	2,155	448
Subtotal of cash outflows from investing activities	405,376	395,596
Net cash flows generated from investing activities	(28,655)	(95,715)
III. CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash receipts from bond issue	41,743	-
Cash receipts relating to other financing activities	3	-
Subtotal of cash inflows from financing activities	41,746	-
Cash payments for debt repayment	4,500	6,500

Cash payments for bond interest	496	873
Cash payments for dividend distribution and interest	1,523	871
Subtotal of cash outflows from financing activities	6,519	8,244
Net cash flows generated from financing activities	35,227	(8,244)
IV. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	292	(452)
V. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,755	(3,588)
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	182,859	168,479

Legal representative: Sun Jianyi President: Shao Ping Vice President and Chief Financial Officer/head of Accounting Department: Sun Xianlang

This report 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.