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

OVERSEAS REGULATORY ANNOUNCEMENT

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

“The Announcement of Ping An Insurance (Group) Company of China, Ltd. in relation to the Disclosure of 2015 First Quarterly Report of Ping An Bank”, which is published by Ping An Insurance (Group) Company of China, Ltd. on the website of Shanghai Stock Exchange and certain designated newspapers (except the attachment) in the PRC, is reproduced herein for your reference.

By order of the Board
Yao Jun
Company Secretary

Shenzhen, PRC, April 23, 2015

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.

**THE ANNOUNCEMENT OF
PING AN INSURANCE (GROUP) COMPANY OF CHINA, LTD.
IN RELATION TO
THE DISCLOSURE OF 2015 FIRST QUARTERLY REPORT OF
PING AN BANK**

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

Ping An Bank Co., Ltd. (hereinafter referred to as "Ping An Bank"), a subsidiary of the Company, proposes to publish the "2015 First Quarterly Report of Ping An Bank" on the website of Shenzhen Stock Exchange (www.szse.cn) on April 24, 2015. Please refer to the "2015 First Quarterly Report of Ping An Bank" disclosed by the Company as the attachment of this announcement on the website of Shanghai Stock Exchange (www.sse.com.cn) for details.

The Board of Directors
Ping An Insurance (Group) Company of China, Ltd.
April 23, 2015

Ping An Bank Co., Ltd.
2015 First Quarterly Report

§1 Important Notes

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

1.2 The 13rd meeting of the 9th session of the Board considered the 2015 First Quarterly Report. 14 directors of the Bank were expected to attend the meeting, amongst which, 12 directors of the Bank were present in person. Director Mr. Shao Ping and independent director Mr. Wang Songqi were unable to attend the meeting and had authorized director Zhao Jichen and independent director Mr. Ma Lin to vote on their behalf respectively. The report was approved unanimously at the meeting.

1.3 Sun Jianyi (the Bank’s Chairman), Shao Ping (the Bank’s President), Sun Xianlang (the Bank’s Vice President and Chief Financial Officer) and Han Xu (head of the Accounting Department) guarantee the authenticity, accuracy and completeness of the financial statement contained in the 2015 First Quarterly Report.

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

1.5 Definitions

Terms	Definition
Ping An Bank, the Bank, the Company	Shenzhen Development Bank Co., Ltd. (the “Shenzhen Development Bank” or “SDB”), which completed the integration with the original Ping An Bank Co., Ltd. (“Original Ping An Bank”) through absorption merger and changed its name to Ping An Bank.
Shenzhen Development	A nationwide joint-stock commercial Bank established on December 22, 1987,

Bank, SDB	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	the People's Bank of China
CSRC	China Securities Regulatory Commission
CBRC	China Banking Regulatory Commission

§2 Key Financial Data and Changes of Stockholders

2.1 Key Accounting Data and Financial Indicators

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

Yes No

(In RMB million)

Item	31 March 2015	31 December 2014	Change from the end of the reporting period over the end of previous year
Total assets	2,304,775	2,186,459	5.41%
Shareholders' equity	136,704	130,949	4.39%
Share capital	11,425	11,425	-
Net asset per share (Yuan)	9.97	9.55	4.40%
Item	January-March 2015	January-March 2014	Increase/decrease as compared with the same period of previous year
Operating income	20,671	16,100	28.39%
Net profit	5,629	5,054	11.38%
Net profit less non-recurring gains/losses	5,637	5,065	11.29%
Net cash flow from operating activities	11,495	60,097	(80.87%)
Net cash flow from operating activities per share (Yuan)	0.84	4.38	(80.82%)
Basic EPS (Yuan)	0.41	0.37	10.81%
Diluted EPS (Yuan)	0.41	0.37	10.81%
Basic EPS less non-recurring gains/losses (Yuan)	0.41	0.37	10.81%
Average return on total assets (un-annualized)	0.25%	0.25%	-
Average return on total assets (annualized)	1.00%	1.01%	-0.01 percentage point
Fully diluted net return on assets (un-annualized)	4.12%	4.31%	-0.19 percentage point
Fully diluted net return on assets (annualized)	14.66%	15.26%	-0.60 percentage point
Fully diluted return on net asset less non-recurring gains/losses (un-annualized)	4.12%	4.32%	-0.20 percentage point
Fully diluted return on net asset less non-recurring gains/losses (annualized)	14.68%	15.29%	-0.61 percentage point
Weighted average return on net asset (un-annualized)	4.21%	4.41%	-0.20 percentage point
Weighted average return on net asset (annualized)	15.83%	16.54%	-0.71 percentage point
Weighted average return on net asset less non-recurring gains/losses (un-annualized)	4.21%	4.42%	-0.21 percentage point
Weighted average return on net asset less non-recurring gains/losses (annualized)	15.86%	16.58%	-0.72 percentage point

Note: On 2 April 2015, *Profit Distribution Proposal of Ping An Bank Co., Ltd. for 2014* was considered and passed on the Shareholders' Meeting of 2014: a cash dividend of RMB1.74 (tax inclusive) was paid for every 10 shares based on the total share capital of the Bank as at 31 December 2014 comprised 11,424,894,787 shares, and issue of shares to

increase the share capital by way of conversion of capital reserve on the basis of two shares for every 10 shares. The registration date of the equity distribution was 10 April 2015 and the Ex-right and Ex-dividend date was 13 April 2015. After the completion of the implementation of profit distribution proposal of the Bank for 2014, the total share capital of the Bank was 13,710 million shares.

Net asset per share of 31 March 2015 and 31 December 2014, net cash flow from operating activities per share, basic EPS, diluted EPS and basic EPS less non-recurring gains/losses of January to March of 2015 and January to March of 2014 in the above table had all been recalculated based on 13,710 million shares, i.e. the total share capital after the share increase by way of conversion of capital reserve on the basis of two shares for every 10 shares in accordance with the profit distribution proposal for 2014.

Total share capital as of the trading day before disclosure: 13,709,873,744 shares

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

Yes No

Items and Amounts of non-recurring gains/losses

Applicable Not applicable

(In RMB million)

Items	January – March 2015
Gains/losses on disposal of non-current assets	(2)
Losses on contingency	-
Other non-operating income and expense except the above items	(8)
Impact on income tax of above adjustments	2
Total	(8)

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

There is no such situation in the Company's report that non-recurring gains/losses defined and listed in CSRC *Explanatory Announcement of Information Disclosure by Companies Publicly Offering Securities No.1 - Non-recurring Gains/Losses* are taken as recurring gains/losses.

(In RMB million)

Item	31 March 2015	31 December 2014	31 December 2013	Change from the end of the reporting period over the end of previous year
I. Total deposits	1,578,437	1,533,183	1,217,002	2.95%
Including: Corporate deposits	1,310,450	1,280,430	1,005,337	2.34%
Retail deposits	267,987	252,753	211,665	6.03%
II. Total loans and advances	1,124,168	1,024,734	847,289	9.70%
Including: Corporate Loans	725,305	639,739	521,639	13.38%
General corporate loans	711,576	627,326	509,301	13.43%
Discounted bills	13,729	12,413	12,338	10.60%
Retail loans	290,238	282,096	238,816	2.89%
Receivables for credit	108,625	102,899	86,834	5.56%
Provision for impairment of	(22,855)	(21,097)	(15,162)	8.33%
Loans and advances, net	1,101,313	1,003,637	832,127	9.73%

According to the *Notification from the People's Bank of China on Adjustment of Deposit and Loan Statistical Specifications of Financial Institutions* (Yin Fa [2015] No. 14), from the year 2015, fund deposited in deposit-taking institutions by the non-deposit-taking institutions will be taken under the statistical specification of “deposits/total deposits”, and the fund lent by deposit-taking institutions to the non-deposit-taking institutions will be taken under the statistical specification of “loans/total loans”. Based on the new statistical specifications of the Central Bank, the amount of total deposits as of 31 March 2015 was RMB 1,860,928 million and the amount of total loans of the Bank was RMB 1,144,694 million.

2.2 Supplementary financial ratios

(Unit: %)

Indicator		Standard level of indicator	31 March 2015	31 December 2014	31 December 2013
According to <i>Administrative Measures for the Capital of Commercial Banks (Trial)</i>	Capital adequacy ratio	≥10.5	10.56	10.86	9.90
	Tier one capital adequacy ratio	≥8.5	8.53	8.64	8.56
	Core tier one capital adequacy ratio	≥7.5	8.53	8.64	8.56
Non-performing loan (NPL) rate		≤5	1.17	1.02	0.89
Provision coverage		N/A	173.17	200.90	201.06
Provision/loan ratio		N/A	2.03	2.06	1.79
Cost/income ratio (excluding business tax)		N/A	33.38	36.33	40.77
Deposit-loan spread		N/A	5.01	5.01	4.47
Net interest spread (NIS)		N/A	2.57	2.40	2.14
Net interest margin (NIM)		N/A	2.73	2.57	2.31

Loan/deposit ratio including discounted bills (RMB and foreign currency) (Note)		≤75	69.77	65.39	69.67
Liquidity ratio	RMB	≥25	57.21	52.51	50.00
	Foreign currency	≥25	88.37	82.49	44.33
	RMB and foreign currency	≥25	57.99	53.21	49.56
Liquidity coverage ratio		≥60	88.55	80.25	N/A
Ratio of loans to the single largest client to net capital		≤10	2.87	2.93	4.73
Ratio of loans to top 10 clients to net capital		N/A	21.70	19.77	20.88
Pass loans flow rate		N/A	1.71	4.74	4.78
Special Mention loans flow rate		N/A	11.81	20.16	37.77
Substandard loans flow rate		N/A	28.25	55.68	43.61
Doubtful loans flow rate		N/A	56.60	98.29	88.70

Note: Loan/deposit ratio including discounted bills (RMB and foreign currency) is presented in accordance with the regulatory specifications.

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

(Unit: Share)

Total number of shareholders of common shares at the end of the reporting period		313,029				
Shareholding of Top 10 shareholders						
Name of shareholder	Capacity	Shareholding (%)	Total number of shares held	Number of restricted shares held	Pledged or frozen	
					Status	Number
Ping An Insurance (Group) Company of China, Ltd. - the Group - proprietary fund	Domestic legal entity	50.20	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	-	-	-
Ge Weidong	Domestic natural person	2.40	274,689,761	-	Pledged	146,780,000
Ping An Life Insurance Company of China, Ltd. - traditional – ordinary insurance products	Domestic legal entity	2.37	270,649,974	-	-	-
China Electronics Shenzhen Company	Domestic legal entity	1.25	143,299,957	-	-	-

China Construction Bank-LOF	Domestic legal entity	0.44	50,140,191	-	-	-
National Social Security Fund portfolio 104	Foreign legal entity	0.44	49,988,820	-	-	-
National Social Security Fund portfolio 102	Domestic legal entity	0.38	43,213,649	-	-	-
Industrial Bank Co., Ltd. — ICBC CS Financial and Real Estate LOF	Domestic legal entity	0.32	36,000,000	-	-	-
National Social Security Fund portfolio 109	Domestic legal entity	0.31	34,999,653	-	-	-

Shareholding of Top 10 shareholders without restriction conditions

Name of shareholder	Number of unrestricted shares held	Type of shares	
		Type of shares	Number
Ping An Insurance (Group) Company of China, Ltd. - the Group - proprietary fund	4,146,830,430	RMB common stock	4,146,830,430
Ping An Life Insurance Company of China, Ltd. - proprietary fund	728,793,600	RMB common stock	728,793,600
Ge Weidong	274,689,761	RMB common stock	274,689,761
Ping An Life Insurance Company of China, Ltd. - traditional – ordinary insurance products	270,649,974	RMB common stock	270,649,974
China Electronics Shenzhen Company	143,299,957	RMB common stock	143,299,957
China Construction Bank-LOF	50,140,191	RMB common stock	50,140,191
National Social Security Fund portfolio 104	49,988,820	RMB common stock	49,988,820
National Social Security Fund portfolio 102	43,213,649	RMB common stock	43,213,649
Industrial Bank Co., Ltd. — ICBC CS Financial and Real Estate LOF	36,000,000	RMB common stock	36,000,000
National Social Security Fund portfolio 109	34,999,653	RMB common stock	34,999,653

Description of the related relationship and concerted action of the above shareholders	<p>1. Ping An Life Insurance Company of China, Ltd. (the "Ping An Life") is a controlled subsidiary of and acting in concert with the Ping An Insurance (Group) Company of China, Ltd. "Ping An Insurance (Group) Company of China, Ltd. – the Group - proprietary fund", "Ping An Life Insurance Company of China, Ltd. - proprietary fund" and "Ping An Life Insurance Company of China, Ltd. – traditional – ordinary insurance product" are related parties.</p> <p>2. The Bank is not aware of any related relationship or concerted action between any of other shareholders.</p>
Description of the 10 common stockholders who have	The common stockholder Ge Weidong is holding 229,769,780 shares via common stock account and 44,919,981 shares via credit trading account in Orient Securities, actually

participated in securities margin trading (if so)	holding 274,689,761 shares in total.
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Have the Top 10 shareholders and the Top 10 unrestricted shareholders executed any agreed repurchasing within the reporting period?

Yes No

Number of preference shareholders and the Top 10 preference shareholders' shareholding situation at the end of the reporting period

Applicable Not applicable

§3 Major Events

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

√ Applicable Not Applicable

Item	Change	Reason of Change
Financial assets accounted by fair value whose change is accounted into current losses and gains	58.03%	Increase of investment scale
Financial derivative assets	33.91%	Increase of derivative transaction scale of foreign exchange and precious metals
Available-for-sale financial assets	30.88%	Small base number, increase of investment scale
Other assets	53.98%	Increase of project under construction and fund in float related to liquidation, etc.
Loans from Central Bank	48.37%	Increase of scale of selling callable bonds to Central Bank
Financial derivative liabilities	32.87%	Increase of derivative transaction scale of foreign exchange
Bond payables	86.64%	New issuance of interBank deposit receipts
Fee and commission income	53.83%	Increase of fee income related to investment bank, trust, wealth management, settlement, gold leasing and Bank cards, etc.
Investment income	(63.72%)	Decrease in the income of bill spread
Gains/losses from changes in fair values	(200.00%)	Small base number, RMB58 million for the same period of previous year
Foreign exchange gains or losses	(705.41%)	Small base number, RMB-37 million for the same period of previous year
Impairment losses on assets	129.85%	Increase of loan scale and reserves
Non-operating income	(33.33%)	Small base number, RMB 3 million for the same period of previous year
Non-operating expense	(33.33%)	Small base number, RMB 18 million for the same period of previous year

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 15 July 2014, *Proposal on Preferred Stock Private Placement of Ping An Bank Co., Ltd.*, *Proposal on Common Stock Private Placement of Ping An Bank Co., Ltd.* and other related proposals were considered and passed on the 5th meeting of the 9th session of the Board of the Bank. On 4 August 2014, *Proposal on Preferred Stock Private Placement of Ping An Bank Co., Ltd.*, *Proposal on Common Stock Private Placement of Ping An Bank Co., Ltd.* and other related proposals were considered and passed on the 2nd extraordinary general meeting of 2014. And the application of the above mentioned common stock private placement had been approved by the Issuance Examination Commission of China Securities Regulatory Commission on 16 March 2015. The proposal on preferred stock private placement still needs to be approved by China Banking Regulatory Commission and China Securities Regulatory Commission.

Please refer to relevant announcements published by the Bank in *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, *Securities Daily* and www.cninfo.com.cn on 16 July 2014, 5 August 2014 and 17 March 2015 for details.

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

Applicable Not Applicable

Commitments	Undertaker	Contents	Date	Term	Status
Commitments made in acquisition report or equity change report	Ping An Insurance (Group) Company of China, Ltd.	PAG made the following commitments when planning to subscribe for 1,638,336,654 shares of SDB under the non-public offering (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: 1. Upon the completion of this Material Asset Restructuring and during the period when PAG acts as SDB's controlling shareholder, in respect of similar businesses or business opportunities as SDB that are intended to be engaged by or substantially obtained by PAG and other companies controlled	29 July 2011	—	Performance is being carried out now

		<p>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>2. Upon 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 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>3. Upon 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.	In relation to the subscription for 1,323,384,991 new shares of the Bank through non-public issuance, PAG undertakes that it shall not transfer the shares within thirty-six months since the date of listing the new shares (January 9, 2014), excluding the transfer between PAG and its connected organizations (i.e. any parties directly or indirectly controlling PAG or under the direct or indirect control of PAG or under the control of the same controller as that of PAG) to the extent permitted by the applicable laws. Upon expiry of the above mentioned term, PAG will be free to dispose of such newly-issued shares pursuant to the requirements of CSRC and Shenzhen Stock Exchange.	31 December 2013	Within three years	Performance 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 and the following steps (if so)	Not Applicable				

3.4 Anticipation of operating performance in January-June 2015

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

Applicable Not Applicable

3.5 Explanation of other major events

3.5.1 Securities investment situation of the Bank

Applicable Not Applicable

At the end of the reporting period, book value of financial bonds (policy Bank bonds, ordinary financial bonds and subordinated financial bonds, excluding corporate bonds) held by the Bank was RMB 123.9 billion, among which ten financial bonds with large face value are as follows:

(In RMB million)

Bond Name	Face Value	Nominal annual interest rate (%)	Maturity date	Impairment provision
2010 policy bank bond	3,860	3.34	2020/2/25	-
2011 policy bank bond	3,030	3.60	2021/2/17	-
2010 policy bank bond	2,870	3.27	2017/1/26	-
2015 policy bank bond	2,730	3.85	2018/1/8	-

2009 policy bank bond	2,420	3.55	2019/5/19	-
2011 policy bank bond	2,410	3.65	2016/4/19	-
2009 policy bank bond	2,400	5.20	2016/6/16	-
2011 policy bank bond	2,250	4.25	2018/3/24	-
2010 policy bank bond	2,210	3.53	2017/6/29	-
2009 policy bank bond	1,970	3.60	2016/4/28	-

3.5.2 Shareholding of other listed companies

√ Applicable □ Not Applicable

(In RMB million)

Stock code	Name	Initial investment	Percentage of total shareholding at the end of the period	Book value at the end of the period	Gains/Losses in the reporting period	Change of owners' equity during the reporting period	Accounting entry	Origination
400061	Nanjing Tanker Corporation	314	4.02%	314	-	-	Available-for-sale	Reposessed equity
	Visa Inc.	-	0.01%	4	-	-	Available-for-sale	Deposits History
Total				318	-	-		

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

√ Applicable □ Not Applicable

(In RMB million)

Name of Investee Company	Investment amount	Impairment provision	Net value at the end of the period
China Unionpay Co. Ltd.	74	-	74

SWIFT	1	-	1
Clearing Center for City Commercial Banks	1	-	1
China Zheshang Bank Co., Ltd. (Note)	59	-	59
Total	135	-	135

Note: The Bank obtained the equity rights of 10,000,000 shares from China Zheshang Bank Co., Ltd. by the way of repossessed equity in 2014.

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

Applicable Not Applicable

(1) Derivatives investment table

<p>Risk analysis on derivatives position-holding during the reporting period and explanations on controlling measures (including but not limited to market risk, liquidity risk, credit risk, operational risk and legal risk)</p>	<p>1. Market risk. Market risk of derivatives refers to the risk of loss in on-balance-sheet and off-balance-sheet business due to change of market prices (interest rate, exchange rate, stock price, and commodity price). Market risk control of the Bank is mainly exercised via risk limit management from various perspectives such as exposure, risk level, and profit/loss.</p> <p>2. Liquidity risk. Liquidity risk of derivatives refers to the risk of a Bank when it has solvency but cannot obtain sufficient fund in a timely manner or cannot obtain sufficient fund in time with reasonable cost to deal with asset growth or serve due debts. For derivatives delivered in full amount, the Bank adopted the measure of square positioning to ensure sufficient fund for settlement and clearing; for derivatives delivered in net amount, there was no significant impact as the cash flow would have minor impact on current assets of the Bank.</p> <p>3. Operational risk. Operational risk is the risk resulting from deficient and defective internal procedure, staff, system, or external events, including the risks caused by staff, process, system and external factors. The Bank strictly observed the requirements of CBRC's Guidance on Operational risk Management of Commercial Banks, deployed designed traders, adopted professional front-middle-back office integrated monitoring system, set complete business operational process and authorization management system and complete and sound internal monitoring and auditing mechanism to avoid operational risk to the largest extent.</p> <p>4. Legal risk. Legal risk refers to the possibility of risk exposure caused by the non-compliance of business activity with legal requirements or external legal</p>
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	<p>matters. The Bank attached great importance to legal documentation related to derivative transactions, and signed legal agreements including ISDA, CSA, NAFMII with other Banks to avoid legal disputes and regulate dispute resolving methods. For our customers, the Bank also drafted customer transaction agreement by referring to the above inter-bank legal agreements pursuant to regulatory requirements and transaction management requirements, thus largely avoiding potential legal disputes.</p> <p>5. Force majeure risk. Force majeure refers to unforeseeable, unavoidable or insurmountable objective circumstances, including but not limited to fire, earthquake, flood or other natural disasters, war, military act, strike, pandemic, failure of IT system or communication or power-supply systems, financial crisis, moratorium of related market, or changes in national laws and regulations or policies such that the derivatives cannot conducted normal trading after the contract becomes effective. The Bank has concluded agreements with all retail, institutional and inter-bank customers and set out terms and conditions about force majeure to disclaim any liability arising from any breach of the contract in case of force majeure.</p>
<p>Changes of market price or product fair value of invested derivatives during the reporting period. The methods adopted in determining the fair value of derivatives as well as the assumptions and parameters should be disclosed together with the analysis result</p>	<p>In the first quarter of 2015, changes in the fair value of derivatives invested by the Bank were within control. The Bank adopted evaluation techniques to determine the fair value of financial derivatives. The evaluation technique includes making reference to the prices used by trading parties in voluntary transactions after making reference to familiar circumstances in latest market transactions, and reference to the current fair value and discounted cash flow technique of other financial instruments of substantially the same nature. Market parameters may be used in evaluation techniques whenever possible. However, the management has to make estimations in light of credit risk, market fluctuation rate and relevancy of its own and its trading counterparties when market parameters are unavailable.</p>
<p>Explanation on whether there were material changes in accounting policies and accounting treatment principles related to derivatives during the reporting period compared with that of last reporting period</p>	<p>The Bank set out <i>Accounting Policies and Accounting Treatment Principles</i> for derivatives in line with Accounting Standards for Business Enterprises. There was no major change of the relevant policy during the reporting period.</p>
<p>Specific comments from independent directors on corporate derivative</p>	<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 exchange as well as deferred/forward precious metals/futures, exchange options and forward commodities, etc. The Bank has established a tailor-made risk management structure, and set up a specialized risk management entity to effectively manage the risks of derivatives investment business via means such as establishment of system, limited authorization, daily supervision and control, internal training and accreditation of qualifications of business</p>

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

(In RMB million)

Agreement type	Beginning-of-period contract amount (Nominal)	End-of-period contract amount (Nominal)	Changes in fair value during the reporting period	End-of-period contract amount (nominal) as a percentage of the net assets at the end of the reporting period
Foreign exchange forward contract	494,841	611,252	(94)	447.14%
Interest rate swap contract	217,175	150,073	11	109.78%
Others	39,435	58,865	642	43.06%
Total	751,451	820,190	559	599.98%

Note: Contract amount of derivate financial instrument refers to the contract amount of the reference object, which shows only the transaction amount but not the related risks. The Bank adopts strict risks limit management strategy to the derivate financial instruments, so there is little actual risk exposure.

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

During the reporting period, the *2014 Internal Control Self-assessment Report of Ping An Bank Co., Ltd.* was considered and passed at the 11th meeting of the 9th session of the Board, and was announced to the public. PricewaterhouseCoopers Zhong Tian LLP has audited the financial reports of the Bank in respect of the effectiveness of the relevant internal control, and considered that the Bank maintained effective internal control for financial reports in all respects in compliance with *Basic Standard for Enterprise Internal Control* and the relevant requirements, and issued the *2014 Internal Control Audit Report of Ping An Bank Co., Ltd.*

In respect of 2015 internal control assessment, the Bank will continue to enhance the efficiency and effectiveness of internal control assessment on the basis of solidifying the existing results, and implement the principal of “risk-oriented and strengthening daily monitoring” through self-assessment by combining daily monitoring, special analysis of importance area and annual performance assessment. During the first quarter, the Bank summarized up the results and experience of 2014 internal control assessment in all aspects, actively prepared for all work of 2015 internal control assessment, further improved the internal

management system of the Bank and enhanced the implementation of the new regulations in accordance with *Guidelines for the Internal Control of Commercial Banks* issued by China Banking Regulatory Commission in September 2014. The Bank formulated the *Work Plan for 2015 Risk and Control Self-assessment* and the *Planning Scheme on the Implementation of “Work Plan for 2015 Risk and Control Self-assessment”*. Currently, all work of 2015 internal control assessment was promoted gradually as planned and implemented orderly.

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

Applicable Not Applicable

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

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

Time	Location	Mode	Type	Target	Major contents discussed and materials provided
2015/02/06	Shenzhen	Onsite survey,	Institution	Investment companies of Singapore government	Business status and development strategies
2015/03/13	Shenzhen	Onsite survey, telephone communication	Institution	All sorts of investors including securities brokers and funds investors	2014 annual report and results release
2015/03/23	Beijing, Shanghai, Guangzhou, Shenzhen, Hong Kong	Visit	Institution	All sorts of investors including funds investors	Business status and development strategies

3.6 Management Discussion and Analysis

3.6.1 Overview

During the reporting period, the international economic recovery remained sluggish and the national macro-control continued the general tone of “maintaining steadiness in progress”; the Central Bank has maintained appropriate market liquidity and realized the reasonable expansion of currency credit and social financing size through reducing the deposit reserve ratio, lowering the interest rate, publicizing and marketing business, etc. Following the further development of marketization of financing subject, the imminent implementation of deposit insurance system and the acceleration of marketization of interest rates, the operating environment in banking sector had undergone the deceleration in deposit growth, shrinking of interest margins, soaring risks and myriads of various challenges.

In the face of opportunities and challenges, the Bank will continue to follow the concept of “Reform, Innovation, Development” on the basis of the previous two years’ transition results; emphasize on business deployment in the domains of business with other banks, investment banks, small and micro as well as “Xin Yi Dai”; increase the intensity of the basis of retail businesses, and promote the continuous and sound development of the whole industry; fully unleash the edges of comprehensive finance as to intensify products innovation and internet financing platform building so as to provide better services to the substantial economy and improved clients’ experiences through “Orange-e-Platform”, “Hang-E-Tong”, “Pocket Bank”, “Orange-e-Platform”, “Dai Dai Ping An” and other featuring platforms and products; handle debts properly, emphasize assets mix and continue to intensify the liquidity management through differentiated mode of operating on liabilities; step up reforms and optimization of procedures through “Balanced Points Card”, “Clients’ Voice”, “Lean Production and Six Sigma Management” and other management instruments; at the same time, the Bank will also strengthen its comprehensive risks management to ensure the operate under compliance. Based on the aforementioned measures, the Bank’s deposits increased steadily, its loans were released in a fast pace, gains increased in a steady manner, the industry funds, securitization of assets and other innovative businesses were pushed forward swiftly, and the operational strategies of transition and innovation strengthened continuously.

During the first quarter of 2015, the operating situations of the whole Bank have taken on the following features:

1. Steady Profitability and Improvement of Investment Efficiency

During the reporting period, the Bank recorded the operating income of RMB20.671 billion, representing a year-on-year growth of 28.39%; benefiting from the fast development of investment bank, trust industry, financing, settlement and other business, the Bank recorded a net income of RMB5.387 billion in service charges and net commission income, representing a year-on-year growth of 67.98% with a future sound momentum of growth; the operating profit before impairment losses on assets was RMB12.198 billion, representing a year-on-year growth of 38.95%; the net profit was RMB5.629 billion, representing a

year-on-year growth of 11.38%; the basic earnings per share was RMB0.41, representing a year-on-year increase of RMB0.04; the range of increase in the whole Bank's expenditures were largely lower than that in revenue, the investment efficiency was continuously improved, within the reporting period, the cost-income ratio was 33.38%, representing a reduction of 4.27 percentage points, an reduction of 2.95 percentage points compared with that of 2014.

2. Leading the Industry in Deposits Increase, Stepping up Loans Release

During the reporting period, the Bank's loan business developed coordinately and it led the market in the growing speed of deposits and loans. As of the end of reporting period, total assets of the Bank amounted to RMB2,304.775 billion, representing a growth of 5.41% over the beginning of the year, of which, the released loans and advances (including discounts) amounted to RMB1,124.168 billion, representing a growth of 9.70% over the beginning of the year and the percentage increased by 1.92 percentage points compared with that at the beginning of the year. The deposits absorbed amounted to RMB1,578.437 billion, representing a growth of 2.95% over the beginning of the year; deposits absorbed from non-deposit financing institution grew at a sound speed and increased by RMB51.113 billion, an increase of 22.51%; of which, current deposits growth ratio was 32%.

3. Speeding up Business Transition and Accelerating of Platform Innovation

Seizing the opportunity accompanying with the national economic reform, the Bank availed itself of the edges in comprehensive financing business and differentiated operation, and hence developed the new mode of "Bank-Government Cooperation" intensive-growth bonds as well as the flagship industry funds, and cultivated a new benefits growth point; the Bank had successfully issued its debut commercial credit assets securitized products in inter-bank bonds market, broadened the Bank's securitized basic assets categories, and sped up the innovation of assets securitized business; the Bank widened the investment scope of financing products and better satisfied the diversified clients' financing demands through issuing the debut financing products of a single project and finishing the first business related to financing assets investment rights.

Small and Medium-size Enterprises Online Comprehensive Financing Service Platform "Orange--Platform": as at the end of the reporting period, the registered clients had reached to 295,900 persons, representing a growth of 35.40% over the beginning of the year, which greatly contributed to the growth of business and benefits.

Finance Trade Organization Online Cooperative Platform "Hang-E-Tong": creating the business center for Hang-E-Tong comprehensive finance, expanding its clients group, the online third party deposits and management banking and securities cooperative institutions had exceeded 70 institutions accumulatively; the cooperative clients for Hang-E-Tong inter-bank cooperation had reached to 350.

Individual Client Cellphone Banking "Pocket Banking": as of the end of the reporting period, the clients using the Pocket Banking has reached to 6,390,000 households, representing a growth of 18% over the

beginning of the year; besides, the Bank launched the “Smart Voice” function in the first place within the industry.

4. Quick Layout by Business Division, Smooth Approval of Capital Increase

The Bank sped up the layout of the industrial business divisions of logistics, agricultural, medical, cultural sectors and other sunrise industry, and opened up emerging markets; following the successful reform of finance trade specialization and assets management division, the Bank newly set up two specialized operating institutions including the capital operation center and credit card center, stepped up the professional operation.

During the reporting period, the Bank’s application regarding the non-public issuance of A share had been examined and approved by CSRC which will contribute to boosting the sufficiency level of the Bank’s capital and business development.

5. Implementation of Comprehensive Risks Management, Holistic Control of Assets Quality

The Bank has adopted the general strategy of “Adjusting Structure, Controlling Risks, Intensifying Management, Seizing Innovation, Promoting Development” to push forward the adjustment of business structure and mode continuously and improve risks management levels. Under the influence of slowing down of economic growth, the deeper development of industrial structure adjustment and upgrading, some of the trading companies, low-end manufacturers and privately-sponsored Small and Medium-size enterprises encountered severe difficulties in operations, tight or fractured capital chain, inability to repay and other situations; likewise, the Bank also underwent the said influence in its assets quality in a certain extent. Nevertheless, the Bank had adopted a series of measures such as optimizing credit structure, intensifying collection and account cancellation, preventing and removing various risks arising from inventory loan, controlling strictly on non-performing loans to maintain a relative steadiness in assets quality; although the NPL balance rose, the quality of the assets can be controlled holistically. By the end of the reporting period, the Bank’s NPL balance was RMB13.198 billion, representing a growth of 25.68% over the beginning of the year; the non-performing rate was 1.17% which increased by 0.15 percentage points over the beginning of the year; Provision coverage for loans was 173.17%, provision to loan ratio was 2.03% which dropped by 27.73% and 0.03 percentage points respectively over the beginning of the year.

3.6.2 Asset and liability items

As of the end of reporting period, total assets of the Bank amounted to RMB2,304.775 billion, representing a growth of 5.41% over the beginning of the year; total liabilities amounted to RMB2,168.071 billion, representing a growth of 5.48% over the beginning of the year.

Asset composition and changes

(In RMB million)

Item	31 March 2015		31 December 2014		Change from the end of period over the end of previous year
	Balance	%	Balance	%	
Total loans and advances	1,124,168	48.78%	1,024,734	46.86%	9.70%
Provision for impairment of loans and advances	(22,855)	(0.99%)	(21,097)	(0.96%)	8.33%
Net loans and advances	1,101,313	47.79%	1,003,637	45.90%	9.73%
Financial assets investment (Note)	528,373	22.93%	486,222	22.24%	8.67%
Cash and due from the Central Bank	266,705	11.57%	306,298	14.01%	(12.93%)
Precious metals	54,639	2.37%	45,254	2.07%	20.74%
Due from banks and other financial	67,568	2.93%	66,969	3.06%	0.89%
Placements with banks and other financial institutions and financial assets purchased under resale agreements	229,408	9.95%	224,477	10.27%	2.20%
Account receivables	8,613	0.37%	9,925	0.45%	(13.22%)
Interest receivables	11,633	0.50%	11,937	0.55%	(2.55%)
Fixed assets	3,697	0.16%	3,812	0.17%	(3.02%)
Intangible assets	5,157	0.22%	5,293	0.24%	(2.57%)
Goodwill	7,568	0.33%	7,568	0.35%	-
Properties for investment purposes	109	-	110	0.01%	(0.91%)
Deferred income tax assets	7,484	0.32%	6,834	0.31%	9.51%
Other assets	12,508	0.56%	8,123	0.37%	53.98%
Total assets	2,304,775	100.00%	2,186,459	100.00%	5.41%

Note: Investment related financial assets includes “financial assets measured with their fair value and their changes were counted into the profit and loss of the corresponding period, derivative financial assets, saleable financial assets, hold-to-maturity investment, receivable investment, long-term equity investment” listed in the items of the balance sheet.

Liability composition and changes

(In RMB million)

Item	31 March 2015		31 December 2014		Change from the end of period over the end of previous year
	Balance	%	Balance	%	
Deposit taking	1,578,437	72.80%	1,533,183	74.59%	2.95%
Due to banks and other financial institutions	417,579	19.26%	385,451	18.75%	8.34%
Placement from banks and other financial institutions	13,733	0.63%	13,551	0.66%	1.34%
Financial assets accounted by fair value whose change is accounted into current losses and gains	4,889	0.23%	4,259	0.21%	14.79%
Derivative financial liabilities	3,537	0.16%	2,662	0.13%	32.87%
Repurchase agreements	18,426	0.85%	22,568	1.10%	(18.35%)
Employee compensation payables	6,584	0.30%	7,961	0.39%	(17.30%)
Tax payables	7,212	0.33%	5,794	0.28%	24.47%
Interest payables	24,241	1.12%	25,229	1.23%	(3.92%)
Bond payables	77,921	3.59%	41,750	2.03%	86.64%
Others (note)	15,512	0.73%	13,102	0.63%	18.39%
Total liabilities	2,168,071	100.00%	2,055,510	100.00%	5.48%

Note: "Others" in the items of the statement includes "Loan from Central Bank, Account Payables, Expected Liability and Other Liabilities".

3.6.3 Asset Quality

As of the end of reporting period, NPL balance of the Bank was RMB13.198 billion, representing an increase of 25.68% compared with the beginning of the year. NPL ratio was 1.17%, up 0.15 percentage point from the beginning of the year. Provision coverage for loans was 173.17%, dropped 27.73 percentage points from the beginning of the year; provision to loan ratio was 2.03%, dropped 0.03 percentage points slightly from the beginning of the year.

5-tier loans and advances classification

(In RMB million)

5-tier classification	31 March 2015		31 December 2014		Change from the end of period over the end of previous year
	Balance	%	Balance	%	
Pass	1,064,358	94.68%	977,284	95.37%	8.91%
Special mentioned	46,612	4.15%	36,949	3.61%	26.15%
NPL	13,198	1.17%	10,501	1.02%	25.68%
Including: Substandard	6,594	0.59%	4,374	0.42%	50.75%
Doubtful	2,507	0.22%	2,146	0.21%	16.82%
Loss	4,097	0.36%	3,981	0.39%	2.91%
Total loans and advances	1,124,168	100.00%	1,024,734	100.00%	9.70%
Provision for impairment of loans and advances	(22,855)		(21,097)		8.33%
NPL ratio	1.17%		1.02%		+0.15 percentage point
Provision/loan ratio	2.03%		2.06%		-0.03 percentage point
Provision coverage ratio	173.17%		200.90%		-27.73 percentage points

During the reporting period, as affected by the current economic and financial situations as well as associated and mutual guarantees among enterprises, some of the enterprises had undergone difficulties in business operation and reduction of financing capacity which caused overdue payment of loans, interest arrears. The special mentioned loans increased.

Loan structure and quality by industry

(In RMB million)

Industries	31 March 2015			31 December 2014		
	Balance	%	NPL ratio	Balance	%	NPL ratio
Agriculture, husbandry and fishery	8,512	0.76%	0.61%	5,260	0.51%	0.76%
Mining (heavy industry)	51,311	4.56%	0.22%	41,340	4.03%	0.11%
Manufacturing (light industry)	168,559	14.99%	1.45%	142,876	13.94%	1.59%
Energy	10,192	0.91%	-	8,874	0.87%	-
Transportation, postal and telecommunications	27,416	2.44%	0.31%	25,491	2.49%	0.30%

Commerce	167,160	14.87%	1.97%	151,532	14.79%	1.63%
Real estate	109,079	9.70%	-	98,855	9.65%	
Social services, technology, culture and health care	68,910	6.13%	0.26%	64,894	6.33%	0.07%
Construction	48,308	4.30%	0.07%	43,576	4.25%	0.08%
Discounts	13,729	1.22%	-	12,413	1.21%	-
Retail Loans (including credit cards)	398,863	35.48%	1.76%	384,995	37.57%	1.43%
Others	52,129	4.64%	-	44,628	4.36%	-
Total loans and advances	1,124,168	100.00%	1.17%	1,024,734	100.00%	1.02%

As of the end of the reporting period, the Bank's non-performing loan mainly concentrated in business, manufacturing business and retail loan (including credit card) which accounted for 96% of the total NPL amount; the non-performing rates for the other industries were relatively low. Of which, the non-performing rate for the retail industry loan (including credit card) rose somewhat, which mainly due to the Bank's proactive capital structure adjustment and the appropriate addition of products with high yields such as credit cards, automobile finance, "Xin Yi Dai", operational loans, etc.; the Bank had adopted various measures ranging from optimizing business orientation, facilitating new clients' access, strengthening risks monitoring to intensifying the press for repayment with the aim of improving assets quality.

Loans and advances structure and quality by product

(In RMB million)

Item	31 March 2015		31 December 2014		Increase/decrease in NPL ratio
	Balance	NPL ratio	Balance	NPL ratio	
Corporate loans	725,305	0.85%	639,739	0.78%	+0.07 percentage point
Including: General loans	711,576	0.87%	627,326	0.79%	+0.08 percentage point
Discounts	13,729	-	12,413	-	-
Retail loans	290,238	1.33%	282,096	0.95%	+0.38 percentage point

Including: Housing mortgage loans	53,004	0.55%	55,365	0.49%	+0.06 percentage point
Entrepreneur loans	120,069	2.06%	116,875	1.40%	+0.66 percentage point
Auto loans	68,478	0.87%	65,495	0.58%	+0.29 percentage point
Others (Note)	48,687	1.01%	44,361	0.86%	+0.15 percentage point
Account receivables of credit cards	108,625	2.90%	102,899	2.77%	+0.13 percentage point
Total loans and advances	1,124,168	1.17%	1,024,734	1.02%	+0.15 percentage point

Note: Other loans include "Xin Yi Dai", certificate pledged consumption loans, petty consumer loans and other guaranteed or pledged consumption loans.

As of the end of the reporting period, the non-performing rate of retail industry loan (excluding credit card) rose by 0.38 percentage points over the beginning of the year; of which the operational loans, automobile loans and housing mortgage loans registered an increase of non-performing rate of 0.66 percentage points, 0.29 percentage points and 0.06 percentage points respectively: (1) the main reason for the increase of non-performing rate in operational loan rested on the continuous adjustment of stocks structure which caused the holistic slowing growth process; next, under the influence of the downturn of macroeconomics and the continuous exposure of some of regional risks, the NPL amount rose somewhat; however, the holistic risks were under control. (2) the automobile loan registered an increase in non-performing rate because the adjustment of products mix and the increase of the ratio of high yield products coupled with the external economic environment. (3) the non-performing rate of housing mortgage loans rose under the influence of the falling of loan scale; and the cycle for alleviating the non-performing of housing loan was relatively long; however, the risk can be controlled due to the full value of the mortgage.

The non-performing rate of a credit card account receivable rose 0.13 percentage point over the beginning of the year which was mainly restricted by the loan scale limitation and was influenced by the slowing amount growth of the receivables of credit cards; the Bank had implemented measures such as improving the card quality issued to new clients, executing the strategy of a more meticulous credit line, strengthening the earlier control and management of stock clients and improving the efficiency in pressing for payment; hence, the combination risks can be controlled holistically and the yield risks coverage

capacity was greatly enhanced.

Loan quality by region

(In RMB million)

Regions	31 March 2015		31 December 2014	
	Balance	NPL ratio	Balance	NPL ratio
Eastern region	338,482	1.10%	312,713	1.10%
Southern region	268,696	0.93%	250,483	0.58%
Western region	138,242	0.93%	123,455	0.48%
Northern region	212,044	0.77%	184,213	0.57%
Headquarters	166,704	2.42%	153,870	2.59%
Total loans and advances	1,124,168	1.17%	1,024,734	1.02%

Note: Institutions in the Regions and Headquarters in the form refer to:

Eastern region: Shanghai, Hangzhou, Taizhou, Yiwu, Ningbo, Wenzhou, Nanjing, Wuxi, Changzhou, Suzhou, Fuzhou, Zhangzhou, Xiamen, Quanzhou, Shanghai Pilot Free Trade Zone

Southern region: Shenzhen, Guangzhou, Zhuhai, Foshan, Dongguan, Huizhou, Zhongshan, Haikou

Western region: Chongqing, Chengdu, Leshan, Kunming, Honghe, Wuhan, Jingzhou, Xiangyang, Xi'an

Northern region: Beijing, Dalian, Tianjin, Jinan, Linyi, Weifang, Qingdao, Yantai, Zhengzhou, Shenyang, Shijiazhuang, Taiyuan

Headquarters: headquarter department (including credit card department, fiancé trade department, finance market, offshore business department, etc.)

In 2015, the Bank adjusted individual branch regions jurisdictions, and Haikou was adjusted from the Western region to the South region; Xi'an branch was adjusted from the North region to the Western region. For convenience of comparison, all dates involved in regions distribution in the report are the revised one on the comparative data issued on 31 December 2014.

As of the end of the reporting period, the non-performing rate in Eastern region kept in a stable state; the other regions were negatively impacted by the downturn of the entire economy, some of the trading enterprises, low-end manufacturers and privately owned Small and Medium-size enterprises in those regions had run into the situations of tight capital chain, fracture, and operational difficulties due to their

weak anti-risk capacities. Their non-performing rates had risen. The Bank will enhance its collection and resolving of the non-performing assets, exert strict control of increment risks to ensure the steadiness of the entire Bank's assets quality.

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

(In RMB million)

Item	January-March 2015
Opening balance	21,097
Add: accrual for the period (including non-credit impairment provision)	4,751
Less: interest offset of impaired loans	83
Less: non-credit impairment provision	99
Net provisions for the period	4,569
Add: recovery for the period	133
Less: exchange difference and other changes	12
Less: written-off for the period and sell	2,932
Closing balance	22,855

Situations of Restructured, overdue and non-accrual loans in the issue of loans and advances

(In RMB million)

Item	31 March 2015		31 December 2014	
	Balance	Percentage of total loans	Balance	Percentage of total loans
Restructured loans	12,427	1.11%	8,305	0.81%
Loans with principals or interest overdue within 90 days	21,169	1.88%	14,536	1.42%
Loans with principals or interest overdue over 90 days	36,302	3.23%	29,203	2.85%

(1) As at the end of the reporting period, the balance of restructured loans was RMB12.427 billion, increased by 49.63% and RMB4.122 billion as compared with the beginning of this year. The new

restructured loans were mainly the trading enterprises, low-end manufacturers and privately owned Small and Medium-size enterprise in Jiangsu and Zhejiang area. The Bank will authorize professional management group with the establishment problems to intensify the restructuring and solving of NPL, adjust the industrial construction accordingly step by step, and finally release and solve the credit risks of the steel trade enterprises.

(2) As at the end of the reporting period, the balance of loans within 90 days (including loans with principals not overdue or interest overdue within 90 days) was RMB21.169 billion, increased by 45.05% and RMB6.633 billion as compared with the beginning of this year. The balance of loans overdue over 90 days (including loans with principals not overdue or interest overdue over 90 days) was RMB36.314 billion, increased by 24.31% and RMB7.099 billion as compared with the beginning of this year. Most of the Bank's new overdue loans have collaterals and pledges. The Bank had proactively adopted various measures and formulated collection and restructuring plans by category, and stepped up communication with local governments, regulatory authorities and peers to jointly improve risk management and remedial works. As at current situation, overall risk is still under 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 general corporate loans and loans still managed as platforms after rectification) was RMB43.317 billion, representing an increase of RMB3.253 billion or 8.12% as compared with the beginning of the year and accounting for 3.85% of various loan balances, which dropped 0.06% over the beginning of the year.

Among which: in terms of classification caliber, the Bank's rectified its general corporate loans with balance amounted to RMB25.528 billion, accounting for 2.27% of various loan balances; the balance of loans which were still managed on the basis of platforms was RMB17.789 billion, accounting for 1.58% of various loan balances.

Since 2013, the Bank has emphasized on the adjustment of platform credit structure, and most of platforms were at the provincial level or the provincial capital level. In terms of loan quality, the platform's loan quality of the Bank remains sound without NPL at current situation.

Recovery of non-performing assets

During the reporting period, the Bank achieved good recovery results. It recovered non-performing assets of RMB 0.595 billion in aggregate, including credit assets (loan and advance principal) of RMB 0.595 billion. Of the recovered loan principal, loans of RMB 0.133 billion were written off and non-performing loans of RMB 0.432 billion were not written off. 96.88% 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 daily balance, and average yield or average cost rate of the major asset and liability items

(In RMB million)

Item	January-March 2015			January-March 2014		
	Average daily Balance	Interest income/expense	Average yield/cost rate	Average daily balance	Interest income/expense	Average yield/cost rate
Assets						
Loans and advances (excluding discounts)	1,070,382	20,539	7.78%	858,064	16,026	7.57%
Bond investment	255,967	2,549	4.04%	213,647	2,246	4.26%
Due from Central Bank	292,233	1,053	1.46%	237,249	904	1.55%
Bills discounting and inter-bank business	626,914	8,199	5.30%	619,689	8,662	5.67%
Others	7,899	124	6.37%	4,676	66	5.72%
Total of interest-earning assets	2,253,395	32,464	5.84%	1,933,325	27,904	5.85%
Liabilities						
Deposit taking	1,586,927	10,838	2.77%	1,299,392	7,897	2.46%
Bonds issued	62,500	840	5.45%	10,605	170	6.50%
Including: Inter-bank deposit receipt	42,385	504	4.82%	-	-	-
Inter-bank business	498,017	5,642	4.59%	522,340	8,287	6.43%
Total of interest-bearing liabilities	2,147,444	17,320	3.27%	1,832,337	16,354	3.62%
Net interest income		15,144			11,550	
Deposit-loan spread			5.01%			5.11%
Net interest spread (NIS)			2.57%			2.23%
Net interest margin (NIM)			2.73%			2.42%

Judging from the year-on-year situation, the Central Bank reduced interest twice in November 2014 and February 2015, and enlarged upward-floating space for deposit interest rate, and the difference between deposits and loans of the Bank declined under the influence of increase of clients' deposit cost rate. Nevertheless, by means of persistently enhancing risk pricing management, upgrading the efficiency of applying the credit resources and effectively improving loan structure, the Bank obtained increase of loan yield rate; meanwhile by enhancing assets and liability structure adjustment, the Bank obtained proportion increase of basic Banking business in both assets and liability, with the net interest spread and the net interest margin enjoying year-on-year increase.

Item	January-March 2015			October-December 2014		
	Average daily balance	Interest income/expense	Average yield/cost rate	Average daily balance	Interest income/expense	Average yield/cost rate
Assets						
Loans and advances (excluding discounts)	1,070,382	20,539	7.78%	999,599	19,782	7.85%
Bond investment	255,967	2,549	4.04%	224,461	2,290	4.05%
Due from Central Bank	292,233	1,053	1.46%	281,909	1,038	1.46%
Bills discounting and inter-bank business	626,914	8,199	5.30%	660,170	8,384	5.04%
Others	7,899	124	6.37%	8,626	138	6.35%
Total of interest-earning assets	2,253,395	32,464	5.84%	2,174,765	31,632	5.77%
Liabilities						
Deposit taking	1,586,927	10,838	2.77%	1,526,931	10,714	2.78%
Bonds issued	62,500	840	5.45%	46,691	651	5.53%
Including: inter-Bank deposit receipt	42,385	504	4.82%	26,578	308	4.60%
Inter-bank business	498,017	5,642	4.59%	496,696	5,639	4.50%
Total of interest-bearing liabilities	2,147,444	17,320	3.27%	2,070,318	17,004	3.26%
Net interest income		15,144			14,628	
Deposit-loan spread			5.01%			5.07%
Net interest spread			2.57%			2.51%

(NIS)						
Net interest margin (NIM)			2.73%			2.67%

Judging from the month-on-month situation, influenced by two-time reduction of interest in November 2014 and February 2015, the Bank experienced reduction of loan yield rate and difference between deposits and loans. But because of continual optimization of asset structure, we saw certain increase of proportion of loans in assets, certain increase of return on interest-bearing assets and certain increase of the net interest spread and net interest margin.

Average daily balance and yield of loans and advances

(In RMB million)

Item	January-March 2015			January-March 2014		
	Average daily balance	Interest income	Average yield	Average daily balance	Interest income	Average yield
Corporate loans (excluding discount)	671,922	10,631	6.42%	519,481	8,408	6.56%
Personal loans	398,460	9,908	10.08%	338,583	7,618	9.12%
Loans and advances (excluding discounts)	1,070,382	20,539	7.78%	858,064	16,026	7.57%

Item	January-March 2015			October-December 2014		
	Average daily balance	Interest expense	Average cost rate	Average daily balance	Interest expense	Average cost rate
Corporate loans (excluding discount)	671,922	10,631	6.42%	612,954	10,194	6.60%
Personal loans	398,460	9,908	10.08%	386,645	9,588	9.84%

Loans and advances (excluding discount)	1,070,382	20,539	7.78%	999,599	19,782	7.85%
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Average daily balance and cost rate of deposit taking

(In RMB million)

Item	January-March 2015			January-March 2014		
	Average daily balance	Interest expense	Average cost rate	Average daily balance	Interest expense	Average cost rate
Corporate deposits	1,023,315	7,261	2.88%	835,301	5,202	2.53%
Including: demand deposits	301,359	481	0.65%	308,540	473	0.62%
Time deposits	721,956	6,780	3.81%	526,761	4,729	3.64%
Including: Treasury and negotiated deposits	132,594	1,758	5.38%	93,265	1,262	5.49%
Margin deposits	326,297	2,008	2.50%	252,262	1,323	2.13%
Retail deposits	237,315	1,569	2.68%	211,829	1,372	2.63%
Including: demand deposits	89,793	98	0.44%	86,710	94	0.44%
Time deposits	147,522	1,471	4.04%	125,119	1,278	4.14%
Deposit taking	1,586,927	10,838	2.77%	1,299,392	7,897	2.46%

Item	January-March 2015			October-December 2014		
	Average daily balance	Interest expense	Average cost rate	Average daily balance	Interest expense	Average cost rate
Corporate deposits	1,023,315	7,261	2.88%	991,738	7,215	2.89%
Including: demand deposits	301,359	481	0.65%	294,126	526	0.71%
Time deposits	721,956	6,780	3.81%	697,612	6,689	3.80%
Including: Treasury and	132,594	1,758	5.38%	127,660	1,725	5.36%

negotiated deposits						
Margin deposits	326,297	2,008	2.50%	305,281	2,000	2.60%
Retail deposits	237,315	1,569	2.68%	229,912	1,499	2.59%
Including: demand deposits	89,793	98	0.44%	85,641	107	0.50%
Time deposits	147,522	1,471	4.04%	144,271	1,392	3.83%
Deposit taking	1,586,927	10,838	2.77%	1,526,931	10,714	2.78%

Fee income and expense

(In RMB million)

Item	January-March 2015	January-March 2014	Change from the same period of previous year
Settlement fee income	618	412	50.00%
Wealth management business fee income	784	385	103.64%
Agency and entrustment business fee income	1,028	461	122.99%
Bank card business fee income	1,879	1,502	25.10%
Consulting and advisory fee income	683	578	18.17%
Account management fee income	36	60	(40.00%)
Others	939	481	95.22%
Subtotal of fee income	5,967	3,879	53.83%
Agency business fee outlay	208	78	166.67%
Bank card business fee outlay	316	564	(43.97%)
Others	56	30	86.67%
Subtotal of fee outlay	580	672	(13.69%)
Net fee and commission income	5,387	3,207	67.98%

During the reporting period, the Bank continuously carried out services and product innovation for promotion of comprehensive service ability; hence, bringing about rapid growth of businesses of

investment bank, trusts and agency, etc.; at the same time, the performance of the fees income of wealth management, settlement and credit card businesses was also well.

Other net operating income

Other net operating incomes included investment income, gains/losses from changes in fair value, foreign exchange gains/losses and other business income. During the reporting period, other net operating income of the Bank was RMB0.14 billion, representing a drop of 89.58% over the same period of previous year, primarily arising from the drop in income from notes spread.

Operating expense

During the reporting period, operating expense of the Bank increased by 13.84% over the same period of previous year to RMB6.901 billion, while the cost to income ratio (excluding business tax) was 33.38%, down by 4.27 percentage points over the same period of previous year and 2.95 percentage points as compared with the year 2014. The increase of operating expense was primarily caused by outlets and business scale growth, and continuous investments in the management. In 2014, the Bank added 5 branches and 214 outlets of sub-branch level. In the first quarter of 2015, 32 business institutions (including 1 branch, 4 traditional sub-branches, 25 community sub-branches and 2 specialized institutions) were added. The growth of institutions made positive contributions to the operating expenses. Included in operating expense were staff expense of RMB3.758 billion with an increase of 10.46% over the same period of previous year, business expense of RMB2.176 billion with an increase of 18.00% over the same period of previous year, and depreciation, amortization and rental expenses of RMB0.967 billion with an increase of 18.50% over the same period of previous year.

Withdrawn asset impairment loss

(In RMB million)

Item	January-March 2015	January-March 2014	Change from the same period of previous year
Disbursement of loans and advances	4,652	2,058	126.04%

Accounts Receivable Investment	65	-	-
Debt Asset	25	-	-
Other assets	9	9	-
Total	4,751	2,067	129.85%

Income tax expenses

(In RMB million)

Item	January-March 2015	January-March 2014	Change from the same period of previous year
Profit before tax	7,437	6,697	11.05%
Income tax expenses	1,808	1,643	10.04%
Effective income tax rate	24.31%	24.53%	-0.22 percentage point

3.6.5 Capital adequacy ratio and leverage

3.6.5.1 Capital adequacy ratio

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

(In RMB million)

Item	31 March 2015	31 December 2014
Net core tier one capital	125,107	119,241
Other tier one capital	-	-
Net tier one capital	125,107	119,241
Net tier two capital	29,771	30,710
Net capital	154,878	149,951
Total risk-weighted assets	1,466,117	1,380,432
Credit risk-weighted assets	1,344,656	1,266,583

On-balance sheet risk-weighted assets	1,106,289	1,029,511
Off-balance sheet risk-weighted assets	232,596	232,909
Risk-weighted assets exposed to counterparty credit risk	5,771	4,163
Market risk-weighted assets	18,136	10,524
Operational risk-weighted assets	103,325	103,325
Core tier one capital adequacy ratio	8.53%	8.64%
Tier one capital adequacy ratio	8.53%	8.64%
Capital adequacy ratio	10.56%	10.86%

Note: During this period, the credit risk of the Bank was calculated with method of weighting, market risk with standard approach and operational risk with basic indicator approach. During the reporting period, there were no material changes in calculating methods, system and capital requirements of all kinds of risks including credit risk, market risk and operational risk, etc.

3.6.5.2 Leverage

(In RMB million)

Item	31 March 2015	31 December 2014	30 September 2014	30 June 2014
Leverage	4.46%	4.43%	4.21%	4.02%
Net tier one capital	12,511	11,924	11,500	10,919
Adjusted on/off-balance-sheet assets balance	280,698	268,882	273,391	371,799

Note: In accordance with stipulations of *Management Method of Commercial Bank Lever Ratio (Revised)* (Order 2015 No. 1 from China Banking Regulatory Commission), correlation data of 31 March 2015 and 31 December 2014, date of 30 September 2014 and 30 June 2014 were presented as per the specifications of *Management Method of Commercial Bank Lever Ratio* before revise. The lever ratio of the end of the reporting period is increased due to the increase of profit and net core tier one capital.

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 2.34% from the beginning of the year, while the corporate loan balance increased by 13.38% from the beginning of the year. The credit balance of trade finance amounted to RMB 463.448 billion and increased by 4.57 % from the beginning of the year.

Corporate network finance business enjoyed a rapid growth

The Company has set up the goal of "sustainable development" to put great efforts in innovation and IT construction based on the leading practice of supply chain finance supported real economy mode of "combination of production and finance ", and has developed network comprehensive service platform of "Orange-e-Platform" targeting at industrial E-commerce. Starting with operation and management served for Small and Medium sized enterprises, and based on financial functions as financing, assets management and payment, etc., "Orange-e-Platform" establishes widely alliances with various market bodies to integrate all kinds of service resources, shape industrial chain financial ecosphere, and promote the Company's business entering the internet.

As at the end of the reporting period, the new registered customers of "Orange-e-Platform" amounted to 295,900 and increased by 35.40% from the beginning of the year. All types of corporate network finance businesses centered by "Orange-e-Platform" maintained a high growth rate.

Offshore business scale and profits grew in wider range with good development momentum

In the face of offshore business, with special edges of the offshore license and through onshore and offshore linkage products combination, the Bank met the outbound financing and settling demands of the enterprise, decreased the enterprises' financing costs and provided solid financial service supports for activities such as investments, merge and acquisition and trading in the process of "go global" of the enterprises. During the reporting period, the new daily offshore deposit amounted to RMB 82.007 billion, and new daily offshore loan amounted to RMB 49.503 billion; the realized profits of offshore businesses amounted to RMB 0.283 billion and increased by 28.10 % on year-on-year basis. The offshore finance

represented a sound development momentum.

Reject ratio of trade financing business maintained at a lower level and the business innovation capacity was continuously strengthened

As at the end of the reporting period, the trade financing and credit facility balance amounted to RMB 463.448billion, representing a growth rate of 4.57% as compared with the beginning of the year; trade financing international settlement amounted to USD46.6 billion increased by 62.50 % on year on year basis, foreign exchange settlement and sale amounted to USD 17.7 billion, and increased by 45.21% on year on year basis. Reject ratio of trade financing business amounted to 0.47%, maintained at a lower level.

Trade financing business innovation capability was strengthened continuously and the outcomes of alliance were obvious. “Golden Orange Factoring Club” had absorbed more than 210 members, cloud platform online factoring customers amounted to more than 500 members, and accumulated settlement quantity of the platform reached RMB12.2billion. The expansion of agent Bank received obvious results, which forcefully expanded the international business capital resources and business cooperation channels and enhanced the Bank's brand image and influence in the industry at home and abroad. The Bank was actively building the Ping An bulk commodity supply chain finance ecosphere and providing the customers with comprehensive services integrating commodity financing, consulting services, bulk commodity "Alipay", off-site liquidation and settlement trust, etc.

Table of trade finance and international businesses

(Currency unit: RMB Million)

Item	March 31, 2015	Percentage	December 31, 2014	Percentage	Percentage Increase of period end over the period of the previous year
Trade finance balance	463,448	100.00%	443,215	100.00%	4.57%

Regions: Eastern region	138,710	29.93%	137,582	31.04%	0.82%
Southern region	177,967	38.40%	172,485	38.92%	3.18%
Western region	37,691	8.13%	37,272	8.41%	1.12%
Northern region	109,080	23.54%	95,876	21.63%	13.77%
Domestic/International: Domestic	284,941	61.48%	283,462	63.96%	0.52%
International (including offshore)	178,507	38.52%	159,753	36.04%	11.74%

3.6.6.2 Retail Business

During the reporting period, the big divisional organization reform was continuously deepened in the retail business, and based on the comprehensive financial advantages of Ping An Group (hereinafter referred to as "Group"), the customers migration and transformation were further quickened. At the same time, making good use of the professional platform network, full licensed products and channel resources, the Company continuously consolidates the foundation of retail business. As of the end of the reporting period, the balance of retail deposits represented a growth rate of 6.03% as compared with the beginning of the year; the balance of retail loans (including credit cards) increased at rate of 3.60% as compared with the beginning of the year; management individual customer assets grew rapidly and the period end balance amounted to RMB547.658 billion, representing a growth rate of 9.16% as compared with the beginning of the year; wealth clients amounted to 251,000, representing a growth rate of 10.42% as compared with the beginning of the year, among which the private bank clients meeting with standards amounted to 11,052, representing a growth rate of 10.12% as compared with the beginning of the year.

In the future 3 to 5 years, retail bank will endeavor to become the major bank for Chinese valued clients. In the face of clients operation, private banks, wealth management clients and settlement consumption customers were as the layered operation focus. Centering with such operation goals, retail bank will make use of the group comprehensive finance advantages to provide one-stop and all-round products services, providing differentiated and featured products services of Ping An targeting at the different customers, fully making use of the group on line and off line channel advantages to realize the seamless connection of O2O and to greatly enhance the clients experience.

Clients' structure enjoyed sustainable improvement and Assets Under Management (AUM) was rapidly promoted

Wealth management clients, private banks clients both increased by rate of 10.12% compared with the beginning of the year, which was far more than the growth rate of 5% of overall effective clients, and thus the clients structure was improved continuously; besides, the settlement clients amounted to 4,155,000, increased by 8% compared with the beginning of the year; clients growth and structure optimization promoted the growth of management individual clients assets at the rate of 9.16% compared with the beginning of the year.

Obvious Outcomes in clients immigration and clients gaining

Continuing to play the role of the internal and external edges of the Group and the Bank, establishing the immigration platforms for group clients, small and micro clients in the industry, credit card clients, auto financing and consumer financing clients; as at the end of the reporting period, the immigration platform made contribution of 800,000 new clients.

Services system construction was further enhanced and the service environment was obviously improved

In the first quarter, the construction outcome of "halls integration" was consolidated and the second phase of work was started with the phone center included in the work scope of "halls in the air". On-line and off-line services were promoted simultaneously; at the same time, several projects of the clients' satisfaction promotion were implemented, with the clients' net recommendation and third party clients satisfaction research included; combining with the internal clients' voices of the retail and putting efforts to enhance clients satisfaction. As at the end of the reporting period, retail clients' satisfaction score was increased by 3 points compared with previous year.

At the same time, Ping An Bank Smart Flagship Store had provided "simple & home" services for clients in three cities as Shenzhen, Shanghai and Guangzhou, and Beijing Flagship Store was under construction.

New channels such as private bank, community finance and network finance developed rapidly

Private bank

Ping An Bank private bank will continue to push ahead three valued propositions, namely the "comprehensive finance, global allocation and family inheritance" of clients, deepen private bank's four service systems of "investment management, healthy management, overseas study and family guarantee." Concentrating on the private gift inheritance family trust service launched at the end of 2014, private bank implemented family trust series forums in major cities continuously and provide whole-life-cycle wealth inheritance and security plans for high net worth clients covering full fields from individuals, families to family enterprises. In the face of the investment management, promoting global investment management platform and providing fully planned assets management plan for clients. At the same time, private bank will continue to enrich the product systems of the private bank and introduce leading private bank products in the market. In the face of the structural, privately placed and overseas products system, private bank will get rid of the stale and bring forth the fresh, and polish the market competitive edge of products. Healthy management platform project will be further improved, and private bank will newly add several overseas and domestic health management projects for managing the clients' health while managing their assets. Overseas study services started Ping An Inheritance School to meet with the clients' children's demands to experience the overseas study life in advance.

As at the end of the reporting period, the clients whose assets meeting with standards of the private bank of the Bank amounted to 11,052 , increased by 10.12% compared with the beginning of the year. Private bank branch center had established 14 directed operation team in major cities across the country, among which sub-branches centers in Beijing, Shanghai, Shenzhen and Xiamen had been opened and other sub-branches centers were under construction.

Community finance

The community branches construction was further promoted to realize the low cost physical cover and service sinking, and the comprehensive finance advantages of the group will be continuously played to provide financial and non-financial products and services for the community for the residents' convenience and to shape the image of "Good Neighbor of Ping An". As at the end of the reporting period, the opened community sub-branches with licenses amounted to 154, among which, 27 community sub-branches respectively managed over RMB100 million of clients' assets.

Network finance

In 2015, through innovative pocket bank (mobile bank), Ping An Orange (Ping An Direct Bank) and other electronic channels and functions, network finance continuously explored network finance mode. By virtue of the group comprehensive finance edges, through our exploration in mobile network, big data, O2O and other innovation business modes, the Bank gradually transformed from services channel to business operation platform, and explored the construction of business mode of retail network finance. During the reporting period, pocket bank's TSM-SE certification function, gesture login, smart voice operation (applicable to Mandarin and Cantonese) and various other platforms' major functions were put into practice, as at the end of the reporting period, the accumulated users of pocket bank amounted to 6.39 million, increased by 18% compared with the beginning of the year; on Ping An Orange, the fund channel and clients' recommendation function were put into practice, which further expansion on the means for Ping An Orange gaining and sticking clients. As at the end of the reporting period, the accumulated users of Ping An Orange amounted to 0.7 million, increased by 40% compared with the beginning of the year; network Bank clients amounted to 7.87 million, increased by 7 % compared with the beginning of the year. Besides, self-help bank promoted the trial of mobile VTM (exhibition platform) portable mobile card sender project, and launched interface and procedures renovation and optimization projects for ATM and other self-help devices; piloted the first smart "O2O platform"——Pocket Community in the industry, the debut round of trials of which had been implemented in 7 major cities such as Shenzhen, Zhengzhou, Nanjing and Hangzhou.

Automobile finance, consumer finance and other assets businesses were promoted steadily

Automobile finance

The brand cooperation was continuously deepened in the automobile finance businesses, the quantity of cooperation brands and signing retailers were increased persistently and the market share remained the leading position in the industry. The automatic approval rate of loans reached 20%, and the business approval efficiency were highly raised. Cross selling of life insurance expansion, network sale and electronic sales was further developed, agent insurance selling and other comprehensive finance business grew steadily.

As at the end of the reporting period, the automobile finance loan balance amounted to RMB68.478 billion and the non-performing rate was 0.87%. Owing to the products structure adjustment, increase of high profits products percentage, plus the effect of the external economic environment, the non-performing rate of automobile loan was on the rise compared with the beginning of the year. The sustainable optimization of assets quality in automobile finance was promoted through the adjustment of products structure. At present, the business profits is able to cover the risks.

Consumer finance

Starting with adhering to the clients' demands, consumer finance business continuously enriched and innovated the products and services to meet with the various financing demands of clients, among which: individual non-mortgage consumer credit advantage product "Xin Yi Dai" business, featuring with simpleness and quickness, meeting with the demands of emergency financing of the clients; the function and service of the innovated product "Golden Collar Connect" were further improved; to further support and implement the relevant state policy on the housing mortgage loan.

During the reporting period, the issued loan amounted to RMB12.8 billion, as at the end of the reporting period, the loan balance amounted to RMB120.203 billion. At the same time, consumer finance deeply adhered to the idea of "all-round risks management" and improved assets quality and combined risks to stable and controllable risks by enhancing new clients accesses, strengthening risks monitor and forecast and compulsory collection, etc..

Credit card business developed healthily and brand influence was promoted continuously

Credit card business maintained a rapid and stable growth. As at the end of the period, card circulation amounted to 16.9663 million, representing a growth rate of 3.29% compared with the beginning of the year; among which, the newly added card issuance in this year amounted to 1.235 million. Total transaction amount reached RMB 170.68 billion, increased by 18.97% on year-on-year basis, among which, online transaction amount increased by 14.30% on a year-on-year basis. As at the end of the reporting period, the corporate loan balance of the Bank amounted to RMB108.625 billion, and increased by 5.56% from the beginning of the year. In the first quarter, Ping An credit card put efforts into gaining clients and refined clients operation, focused on promotion of clients experiences, and continuously enhanced the brand influence of credit card to further strengthen risks control capability.

Breakthroughs were made in innovating clients' gaining channels, transforming group internal clients

through E channel and promoting "push the new clients to make a fortune 520" campaign, "sending 100 for opening new business" campaign and any other campaigns to gain external clients of the Group. During the reporting period, network channel clients' gaining increased by 46.5% on a year-on-year basis. Implementing strategic alliance cooperation with RT-Mart, which was the domestic retailing tycoon. In the first quarter, the Bank had entered 100 RT-Marts to implement businesses.

In the face of the clients' operation, Ping An Credit Card actively promote group comprehensive finance building and network business innovation to enhance the clients experience. Through pushing the credit card clients to immigrate to retail bank., during the reporting period, newly added clients held credit account and debit account at the same time amounted to more than 0.71 million, increased by 72% compared with the same period in previous year; at the same time, we implemented insurance cross selling to meet with the clients insurance needs of own characteristics. During the reporting period, the credit card agent insurance cross selling income grew at the rate of 208% on a year-on-year basis. Promoting network finance business innovation, and pushing the client gaining, payment, selling and service to be electronized in an all-round way. Pushing the enhancement of clients experience, by virtue of service means such as smart voice system, we-chat public number, exclusive credit card APP world connect, etc., implementing a series of procedures optimization measures concentrating on clients' net recommendation value to provide smart and accurate services for clients.

On the brand influence, in the first quarter, Ping An credit card introduced "Weekly swiping cards for iPhone6" large scale promotion and "Wealth god dispatching red packets, inviting to a reunion dinner" festival promotion; targeting at automobile clients group, continuously implementing "daily fueling at 12% off" activity; targeting at network clients group, implementing "loving purchasing at Wednesday" activity and therefore the market influence was promoted continuously.

On the risks control, Ping An Bank strengthened assessment model application in all links of risk control to promote the risk forecast level; recognizing new fraud risks under the development of network finance, promoting the risk investigation and management capacity facing network frauds; establishing all round account management system to realize the full systemization decision for clients risks. In the first quarter, the non-performing rate was 2.90%, increasing by 0.13% from the beginning of the year, which was mainly restricted by loan scale and was mainly affected by the slowdown of the increase amount of receivables of credit cards. The Bank had improved the new account card issuance quality, strengthened stock clients management and control at early stage, and enhance the collection efficiency, etc. to control the combination risks and the profits coverage risks capability grew higher.

Table of Retail Loan (excluding credit card) (Currency unit: RMB Million)

Item	Mar. 31, 2015	Percentage	Dec. 31, 2014	Percentage
Eastern region	122,899	42.33%	119,458	42.34%
Southern region	91,125	31.41%	88,999	31.55%

Western region	29,301	10.10%	28,062	9.95%
Northern region	46,627	16.06%	45,273	16.05%
Headquarter	286	0.10%	304	0.11%
Total retail Loan (excluding credit card) balance	290,238	100.00%	282,096	100.00%
Including: total of non-performing loans	3,853	1.33%	2,671	0.95%

3.6.6.3 Funds of Inter-bank Business

During the reporting period, the Bank adhered to operating strategies of “underestimating capital, optimizing structure, strengthening clients and maximizing benefit”, continuously optimized structure of assets and liabilities of funds of inter-bank business, promoted the level of investment income, expanded source of income from intermediate business; intensified risk management, drove channel expanding, promoted client service, actively coped with market fluctuations and policy influence, and finally realized steady rise of business.

Reinforcing Product Innovation and Business Model Transformation, Steady Development of Financial Inter-bank Business

During the reporting period, the Bank brought scale and risky assets occupation under strict control within financial inter-bank business, emphasized quality and profit of new assets with inter-bank interest margin and risky assets return being relatively stabilized; accelerated business model transformation, insisted on product innovation, improved business structure, elevated sales volume of products of various financial inter-bank businesses, expanded source of income from intermediate business; developed non-Bank clients, pushed out the business of inter-bank wealth account for promotion of deposit contribution of non-Bank clients and current deposit occupation and for reduction of overall cost of debt; implemented value client service system creating “Hang-E-Tong” comprehensive finance mall and expanding “Hang-E-Tong” client group, with cooperation with more than 70 cooperation institutions with the up line third party custody Bank license and about 350 clients under “Hang-E-Tong” Bank-Bank cooperation.

Outstanding Effect of Precious Metal Business Innovation, Further Promotion of Brand of “Share Option Specialist”

By actively promoting implementation of research and development of such innovative businesses as gold industry funds, "Cunjintong", etc., Ping An golden brand influence enjoyed continuous enhancement, and Ping An golden brand activity “Gold Dying Young, Safety Dying Young” had the honor to win the “Big Prize of Annual Brand of 2015 Chinese Advertisement” and the 6th Golden Mouse•Digital Marketing Mega Game “Brand with the Most Digital Marketing Innovation Spirit”. Clients’ degree of acceptance and

participation rose step by step with the successful issue of Gold finance products. The participation in the preliminary round of gold option transaction contributed to the first leasing transaction of intersection between main part and international some of gold exchange. The hedging mode of the innovative deferred transaction for clients effectively reduced risky assets occupation.

Ping An held such opportunities as devaluation of Euro, bidirectional fluctuation of RMB, etc., continuously generalized such foreign exchange derivatives as share option, etc. which were well received by clients because of economization of cost of large-scale foreign exchange purchasing for clients and reduction of debt financing cost of foreign currency. During the reporting period, business volume of foreign exchange settlement & sale for clients and foreign exchange derivatives increased rapidly, among which business volume of share option for clients has exceeded by one half of the business volume of last full year, with “Share Option Specialist” winning the initial battle.

Realization of Faster Increase of Assets Management Scale and Earnings

We took product transition and investment innovation as priority among priorities, which enabled industry-first “Ping An Index Series”, and the first index “PABMOA” came online in Bloomberg in March, releasing the first index of “Ping An Index Series”—PABMOA, pushing out the first structural deposit product to the public linked up with PABMOA, bringing about remarkable increase of project investment scale and outstanding enhancement of newly increased investment projects yield rate.

In the end of the reporting period, assets management scale of the Bank reached RMB376,686.00 million, increasing by 16.60% in comparison with beginning of the year. Finance products of net value type of Ping An wealth developed rapidly, with preferable level of product yield rate kept in this business.

Continual Optimization of Business Structure of Notes Finance

The business division of notes finance cooperated in liquidity management of the whole Bank, controlled notes assets scale, took the initiative to adjust business structure and deepened business cooperation with counterparties for reduction of transaction cost and capital occupation. The Bank actively promoted marketing of direct discount business for faster development of discount business.

3.6.6.4 Investment bank Business

During the reporting period, investment bank business got intermediate business income of RMB0.707 billion, increased by 55% on a year-on-year basis; the net worth balance of custody business in the end of term was RMB2,000 billion, increased by 12% in comparison with the beginning of the year, the trustee fee was RMB0.65 billion, increased by 214% on a year-on-year basis.

Structural financing and investment, bond consignment sales/ distribution sales and assets securitization businesses were promoted continuously

During the reporting period, the structural financing and investment realized projects reached 29, with

projects scales reaching RMB40.3 billion.

In the face of the bond consignment sales/ distribution sales businesses, the realized bond issuance scale reached RMB 26.9 billion, which was 1.74 times of the same period in previous year, the realized bond sales scale reached RMB12.6 billion, which was 21 times of the same period in previous year, 25 issues of bonds in total, debts financing business management system upper limit.

Breakthroughs were made in the assets securization business. The "Ping An 2015 First Phase Public Credit Assets Securitization" product initiated by the Bank was successfully issued, which became the first credit assets securization product issued by the Bank in the inter-banks market.

Trust business developed with obvious outcomes

Assets trust business followed the basic outline of "enlarge the scale, focus on the incomes, enrich the products, improve the services, strengthen competitive edge and shape the brand, strictly avoid the risks", through continuously enhancing operation service levels, promoting trust business sales in preposition, adhering to the latest trends in the trust industry, endeavoring to shape professional, comprehensive platform and network trust service platform, enhancing comprehensive profits for the trust business, and therefore the outcomes of the business development were obvious, the trust fee income growing at a range of 214% on year-on-year basis.

Sustainable growth in organizational finance business

Well conducting the finance business integrated extension and finance account management continuously, endeavoring to the development and maintenance of group large clients, implementing strategic cooperation with several large scale state-owned enterprise one after another

3.6.6.5 Small enterprise finance business

During the reporting period, small enterprise focused on structural adjustment, mainly adjusting traditional small and micro businesses which were not fit for the current small enterprise development trends, putting great efforts to develop small enterprise businesses related to livelihood as "food, clothes, houses and transportation", etc..

As at the end of the reporting period, the corporate loan balance of the small enterprises of the Bank

amounted to RMB111.708 billion, and increased by 2.39% from the beginning of the year. The non-performing rate was 1.84%.

Affected by disadvantageous factors such as the industrial structure adjustment, flowing capital tension and over financing in some regions and some industries, the non-performing amount of traditional small and micro businesses still had certain growth. Nevertheless, the loan assets quality of strategic products Dai Dai Ping An commercial card which developed in efforts was stable and the growth non-performing amount and rate both remained within a normal scope.

Expand the client coverage and adjust, optimize the business structure persistently.

On one hand, continuing to put the tangible trading area as the main target, and holding that plan goes first, focusing on big consumption industry; through clients layering, flexible interest rate, various verification and comprehensive operation and other optimization project plans, mainly focus on Dai Dai Ping An , and develop it with support of comprehensive solutions and products combinations, so as to prize the marketing of the tangible trading area and efficiently promote the Bank's credit coverage rate; on the other hand, actively expand platforms and industry chains, strengthen batch development mode of general to general cooperation, industrial approval; among which, by virtue of Orange-e-Platform, the Bank had introduced invoice loan product mode in commercial markets, medicine and automobile industry in precedent. In the future, by virtue of network thinking, we will create more digital businesses based on electronic commercial platform, third party information platform and industry chain core enterprise to realize new business growth.

With the platform of Dai Dai Ping An, deepening the comprehensive financial service

Extending on the basis of core concept of Dai Dai Ping An, formulating more replicable, risk controllable solutions, including the standardized house mortgage products - Housing Easy Loan, invoice loan products with the invoices as accounting basis and customized loan products specialized for quality clients within the trading area; and at the same time, further enrich the kinds and equities of the cards, and meet with individual needs of the clients group; and increase the research, development and promotion of the settlement products (mobile payment, pay photons, personalized solutions and settlement services) and comprehensive financial products (exclusive Banking, insurance mall, etc.) and realize full coverage of

credit, billing, and comprehensive finance.

To meet the trading area's small business clients at different levels, and to realize the differentiation service and solutions of combinations, on the basis of Standard Edition (below RMB1 million) of Dai Dai Ping An, the Bank newly introduced customized loan products (above RMB1 million) and the standardization house mortgage product House Easy Loan; the Bank further enriched and improved loan card system and enhance the clients service and experience. At present, the Bank is researching and developing Dai Dai Ping An black diamond cards, and corporate cards designed for providing small enterprises clients with more private bank level treatment and services so as to help small enterprises to realize settlement and use convenience.

Introducing Dai Dai Ping An Orange-e-invoice loan products through trans-department cooperation, this product will innovatively take the invoice data issued by the supplier as the approval basis for loan, adopting credit factory standardization approval mode, avoiding huge amount of paper requirements, guarantee requirements, cash flow requirements, off-line approval and money issuance and other normal modes, bringing convenience for the clients.

Dai Dai Ping An commercial cards developed steadily. As of the end of the reporting period, the clients of Dai Dai Ping An commercial cards amounted to 829,000, and increased by 3.63% from the beginning of the year; credit clients amounted to 205,400 with credit balance of RMB73.659 billion; Dai Dai cards deposit balance amounted to RMB17.515 billion and loan balance amounted to RMB51.229 billion, respectively increasing by 6.31% and 14.02% from the beginning of the year, and the average interest rate was 15.72%, the non-performing rate was 1.12%.

Speed to inject the internet gene and continuously promote the finance service efficiency and improve client experience

First, upgrade the traditional business on line and establish online financing platform, promote the mobile service channels building such as online banking, mobile phone, WeChat, APP, IPAD, message, calls and formulate mobile contact service circle. Second, innovate the service, introduce business steward, pilot trading area wifi and so on, explore to establish online management, operation, commerce and communication platform targeting at small enterprise clients in an all-round way, and provide more derived value added services for the trading area and small enterprises clients. Third, strengthen internet new tools and new thinking, further improve and apply mobile exhibition tools and clients management system, and promote the accurateness and elaboration of marketing; make full use of wechat for communicating, mobile internet "we media" for marketing and effectively promote the effect of the brand communication.

Strengthen the technology innovation capability of system, data and model

Carrying out business innovation by applying internet thinking and big data technology, strengthening data platform building, rapidly promoting the data utilization ability, intensifying accurate marketing and model risks control; innovating whole process long distance business management platform, realizing long

distance face-to-face signing and clients self-help loan application and pre-approval functions basing on the PAD terminal, and providing small and micro businesses with whole online, more professional and more rounded small and micro financial services.

Table of small enterprises finance business operation

(In RMB million)

Item	Tuesday, 31 March 2015		31 December 2014		Compared with the end of previous year	
	Balance	Percentage	Balance	Percentage	Balance change	Increase range
Managed loans of finance business division of small enterprises	111,708	100.00%	109,103	100.00%	2,605	2.39%
Including: Eastern region	26,602	23.81%	26,352	24.15%	250	0.95%
Southern region	40,683	36.42%	39,660	36.36%	1,023	2.58%
Western region	20,801	18.62%	19,753	18.10%	1,048	5.31%
Northern region	23,622	21.15%	23,338	21.39%	284	1.22%

3.6.6.6 Industry business divisions

Upon the establishment of modern agricultural finance business division and modern logistics finance business division in the second half year of 2014, our Bank totally had five industry business divisions of real estate finance, energy mineral resources finance, transportation finance, modern logistics finance and modern agricultural finance, and the medical care, health, culture tour finance business division is under construction. As of the end of the reporting period, the deposit balance of the industry business divisions amounted to RMB185.363 billion and the loan balance amounted to RMB197.291 billion; during the reporting period, the realized operation income was RMB2.714 billion.

By virtue of unique operation mechanism, targeting at different operation characteristics of clients in all industries, industry business division gradually improved “list system” clients management, with the support of the operation concept of the comprehensive finance and investment bank, explored to innovate commercial modes, established comprehensive finance service system covering clients’ whole life cycles and clients’ upstream and downstream industry chains. The divisions served the industry clients on the basis of insisting on risks prevention and control, and continued to open up a development road with distinct features.

3.6.6.7 Comprehensive finance business

Public integrated extension maintained sound performance

As of the end of the reporting period, net income of public integrated extension channel operation amounted to RMB0.297 billion, increasing by 224.28% on year-on-year basis. Ping An production

insurance and pension insurance recommendation bank's public deposit amounted to daily average of RMB10.625, increased by 33.58 % on year-on-year basis. Bank operation net income amounted to RMB75 million. 17 new series cooperation projects were added between Ping An Bank and Ping An Investment, investment and financing projects scaled to RMB16.2 billion, daily average deposit amounted to RMB16.399 billion, net operation income amounted to RMB0.222 billion. The Bank earned premiums for production insurance and pension insurance amounted to RMB38 million, which brought RMB5 million intermediary business income for the Bank. Further promoted the internet extent of golden orange clubs, implement the development of Golden Orange Club Website 2.0 version. As of the end of the reporting period, there were more than 470 members in the golden orange club, including 11 securities company, 27 finance companies, more than 50 rural commercial banks, urban commercial banks and rural cooperatives, 34 fund companies, 60 trust companies, 57 real estate companies, 130 factorings, 28 private fund companies, 30 logistics companies, 26 farming companies and 12 insurance assets management companies.

Comprehensive finance advantages contributed to retail development

Retail life insurance integrated extension new model, group selling credit card, bank selling insurance and bank and securities cooperation and other comprehensive finance performance maintained steady growth.

Compared to the beginning of the year, clients assets from the channel of integrated extension increased by RMB16.7 billion, and wealth clients was increased by 7,757, new gaining clients' average assets were promoted continuously; credit cards added a natural clients gaining products for the group's brother companies, and through cross selling channels, the bank's clients gaining accounted for 35.8% in the newly added cards quantity; retail whole channel agent selling group insurance totally realized profits of RMB0.128 billion; by virtue of the upward opportunity of the securities market, in the first quarter, the cooperation on the three managements business with Ping An securities was deepened, new signed three managements clients amounted to 81,300, increased by 20 times on a year-on-year basis.

3.6.6.8 Financial services

As of the end of the reporting period, the balance of the principal guaranteed financial products of the bank amounted to RMB203.9 billion, of the non-principal guaranteed financial products of the bank amounted to RMB172.8 billion.

3.6.9 Organizations construction conditions

During the reporting period, the bank newly added 32 operation organizations, among which there was one branch (Taiyuan Branch), 4 traditional sub-branches, 25 community sub-branches, 2 specialized institutions (capital operation center, credit card center). The organizations after newly addition of the bank reached 779.

§4 Audit report

Audit opinion: This report is unaudited.

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

24 April 2015

Appendices:

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

Ping An Bank Co., Ltd.
Balance Sheet
31 March 2015

In RMB million

ASSETS	31 March 2015	31 December 2014
Cash on hand and due from the Central Bank	266,705	306,298
Precious metals	54,639	45,254
Placements of deposits with other banks	67,568	66,969
Funds loaned to other financial institutions	46,360	45,841
Financial assets measured with their fair value and their changes were counted into the profit and loss of the corresponding period	40,790	25,811
Derivative financial assets	5,758	4,300
Reverse repurchase agreements	183,048	178,636
Accounts receivable	8,613	9,925
Interest receivable	11,633	11,937
Loans and advances	1,101,313	1,003,637
Available-for-sale financial assets	1,954	1,493
Held-to-maturity investments	231,094	207,874
Receivables type investment	248,291	246,258
Long-term equity investments	486	486
Investment properties	109	110
Fixed assets	3,697	3,812
Intangible assets	5,157	5,293
Goodwill	7,568	7,568
Deferred tax assets	7,484	6,834
Other assets	12,508	8,123
Total assets	2,304,755	2,186,459
LIABILITIES AND SHAREHOLDERS' EQUITY		
Due to the Central Bank	4,086	2,754
Funds borrowed from other banks and financial institutions	417,579	385,451
Placements of deposits from other banks and financial institutions	13,733	13,551
Financial liabilities measured with their fair value and their changes were counted into the profit and loss of the corresponding period	4,889	4,259
Derivative financial liabilities	3,537	2,662
Repurchase agreements	18,426	22,568
Deposit Taking	1,578,437	1,533,183
Employee salary payable	6,584	7,961
Tax payable	7,212	5,794
Accounts payable	1,448	1,883
Interest payable	24,241	25,229
Bonds payable	77,921	41,750
Provisions	25	25
Other liabilities	9,953	8,440
Total liabilities	2,168,071	2,055,510
SHAREHOLDERS' EQUITY:		
Share capital	11,425	11,425
Capital reserve	52,270	52,270
Other comprehensive income	(1,725)	(1,851)
Surplus reserve	6,334	6,334
General reserve	19,115	19,115
Unappropriated profit	49,285	43,656
Total shareholders' equity	136,704	130,949
Total liabilities and shareholders' equity	2,304,775	2,186,459

Legal representative: Sun Jianyi President; Shao Ping Vice President and Chief Financial Officer; Sun Xianlang Accounting manager; Han Xu

Ping An Bank Co., Ltd.
Income statement
From Jan to Mar of 2015

Items	In RMB million	
	From Jan to Mar of 2015	From Jan to Mar of 2015
I. Operating income	20,671	16,100
Net interest income	15,144	11,550
Interest income	32,464	27,904
Interest expense	17,320	16,354
Net fee and commission income	5,387	3,207
Fee and commission income	5,967	3,879
Fee and commission expense	580	672
Investment income	464	1,279
Gains or losses from changes in fair values	(58)	58
Foreign exchange gains/(losses)	(298)	(37)
Other operating income	32	43
II. Operating costs	8,473	7,321
Business tax and surcharge	1,572	1,259
Business and administrative expenses	6,901	6,062
III. Operating profit before impairment losses on assets	12,198	8,779
Impairment losses on asset	4,751	2,067
IV. Operating profit	7,447	6,712
Add: Non-operating income	2	3
Less: Non-operating expenses	12	18
V. Total Profits	7,437	6,697
Less: Income tax expense	1,808	1,643
VI. Net profit	5,629	5,054
VII. After-tax Net Amount of Other Comprehensive Gains	126	165
Other comprehensive incomes to be re-classified into gains and losses	126	165
1. Shares enjoyed among investee's other comprehensive income to be reclassified into profit and loss under equity method	-	-
2. Profit and loss of alteration of saleable financial assets' far value.	126	165
VIII. Total comprehensive income	5,755	5,219
IX. Earnings per share		
(I) Basic earnings per share	0.41	0.37
(II) Diluted earnings per share	0.41	0.37

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

Ping An Bank Co., Ltd.
Cash Flow statement
From Jan to Mar of 2015

In RMB million

ASSETS	From Jan to Mar of 2015	From Jan to Mar of 2014
I. CASH FLOWS FROM OPERATING ACTIVITIES:		
Net decrease in placements of deposits with the Central Bank and other banks	18,588	
Net increase in amounts due from the Central Bank	1,318	-
Net increase in customer deposit and placements of deposits from other banks	77,043	215,591
Net increase in funds loaned to other financial institutions	182	-
Net decrease in accounts receivable	1,312	387
Net increase in accounts payable	-	60
Net decrease in reverse repurchase agreements	36,987	-
Cash receipts from interest, fee and commission income	31,341	24,808
Cash receipts from other operating activities	321	1,222
Subtotal of cash inflows from operating activities	167,092	242,068
Net increase in placements of deposits with the Central Bank and other banks	-	57,736
Net decrease in amounts due from the Central Bank	-	476
Net increase in funds loaned to other financial institutions	1,656	2,428
Net decrease in funds borrowed from other financial institutions	-	3,342
Net increase in reverse repurchase agreements	-	3,822
Net decrease in accounts payable	435	-
Net increase in loans and advances	102,500	44,288
Net decrease in repurchase agreements	4,146	24,985
Cash payments for interest, fee and commission expenses	17,416	14,222
Cash payments for salaries and staff expenses	5,135	4,932
Cash payments for taxes	2,669	2,279
Cash payments relating to other operating activities	21,640	23,461
Subtotal of cash outflows from operating activities	155,597	181,971
Net cash flows generated from operating activities	11,495	60,097
II. CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash receipts from disinvestments	122,185	112,591
Cash receipts from investment income	6,843	6,053
Subtotal of cash inflows from investing activities	129,028	118,644
Cash payments for investments	150,547	109,355
Cash payments for fixed assets, intangible assets and other long-term assets	1,251	1,231
Subtotal of cash outflows from investing activities	151,798	110,586
Net cash flows generated from investing activities	(22,770)	8,058
III. CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash receipts from bond issue	55,717	9,000
Subtotal of cash inflows from financing activities	55,717	9,000
Cash payments for debt repayment	20,050	-
Cash payments for bond interest	612	-
Subtotal of cash outflows from financing activities	20,662	-
Net cash flows generated from financing activities	35,055	9,000
IV. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	(198)	767
V. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	23,582	77,922
Add: Balance of cash and cash equivalents at beginning of the period	183,456	181,104
IV. BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	207,038	259,026

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

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.