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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 Preliminary Proposal for Ping An Bank's Public Issuance of A Share Convertible Corporate Bonds”, which is published by Ping An Insurance (Group) Company of China, Ltd. on the website of Shanghai Stock Exchange, is reproduced herein for your reference.

By order of the Board  
**Yao Jun**  
Company Secretary

Shenzhen, PRC, July 28, 2017

*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 Lin Lijun, Soopakij Chearavanont, Yang Xiaoping, Xiong Peijin and Liu Chong; the Independent Non-executive Directors are Woo Ka Biu Jackson, Stephen Thomas Meldrum, Yip Dicky Peter, Wong Oscar Sai Hung, Sun Dongdong and Ge Ming.*

**THE ANNOUNCEMENT OF  
PING AN INSURANCE (GROUP) COMPANY OF CHINA, LTD.  
IN RELATION TO THE DISCLOSURE OF PRELIMINARY PROPOSAL  
FOR PING AN BANK'S  
PUBLIC ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS**

The board (hereinafter referred to as the "Board") of directors (hereinafter referred to as the "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.

On July 28, 2017, Ping An Bank Co., Ltd. (hereinafter referred to as "Ping An Bank"), a holding subsidiary of the Company, held the 8th meeting of the 10th session of the board of directors, which considered, among other matters, the Resolution of Ping An Bank regarding the Proposal for the Public Issuance and Listing of A Share Convertible Corporate Bonds. Please refer to the relevant announcements published by Ping An Bank on the website of Shenzhen Stock Exchange ([www.szse.cn](http://www.szse.cn)) at the same date for the detailed information of Ping An Bank's public issuance of A share convertible corporate bonds.

Please also refer to the "Announcement of Ping An Bank on Preliminary Proposal for the Public Issuance of A Share Convertible Corporate Bonds" as attached to this announcement of the Company published on the website of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)).

The Board of Directors  
Ping An Insurance (Group) Company of China, Ltd.  
July 28, 2017

## **Ping An Bank Co., Ltd.**

### **Announcement on Preliminary Proposal for the Public Issuance of A Share Convertible Corporate Bonds**

The Bank and all members of the Board of Directors guarantee that the information disclosed herein is authentic, accurate and complete, and free of any misrepresentations, misleading statements, or material omissions.

#### **Important Tips:**

- Name and issuance method of the securities: the public issuance of A Share Convertible Corporate Bonds with an amount of not more than RMB26 billion. The actual size of the issuance shall be determined by the board of directors of the Bank (the "Board") (or other persons authorized by the Board) within the above range, subject to the authorization at the Shareholders' Meeting.
- Participation of connected parties in the issuance: The existing holders of A Shares of the Bank shall have pre-emptive rights to subscribe for the A Share Convertible Corporate Bonds to be issued. The actual amount to be preferentially allocated to the existing holders of A Shares shall be determined by the Board (or other persons authorized by the Board), subject to the authorization at the Shareholders' Meeting, with reference to the market conditions before the issuance, and shall be disclosed in the Prospectus of the Convertible Corporate Bonds for the issuance.

#### **I. THE STATEMENT OF THAT THE ISSUANCE SATISFIES THE REQUIREMENTS IN RELATION TO THE ISSUANCE OF THE SECURITIES SPECIFIED IN THE ADMINISTRATIVE MEASURES FOR THE ISSUANCE OF SECURITIES BY LISTED COMPANIES**

Pursuant to the relevant requirements under the Company Law of the People's Republic of China ("PRC"), the Securities Law of the PRC, the Administrative Measures for the Issuance of Securities by Listed Companies, the Rules Governing Capital Management of Commercial Banks (Provisional) and other laws and regulations and normative legal documents, Ping An Bank Co., Ltd. (the "Bank") considers that it is not a responsible party

of any liability of dishonest activities and it has satisfied the relevant qualifications and requirements in relation to the public issuance (the "Issuance") of the A Share Convertible Corporate Bonds (the "Convertible Bonds" or "CB"), after carefully checking the relevant qualifications and requirements for the application for the Issuance.

## **II. OVERVIEW OF THE ISSUANCE**

### **(I) Type of Securities to be Issued**

The type of securities to be issued under this Issuance is the convertible bonds which can be converted into A Shares of the Bank. Such convertible bonds and the A Shares of the Bank to be converted therefrom in the future will be listed on the Shenzhen Stock Exchange.

### **(II) Issue Size**

The total amount of the Convertible Bonds proposed to be issued will be not more than RMB26 billion. The actual size of the Issuance shall be determined by the Board (or other persons authorized by the Board) within the above range, subject to the authorization at the Shareholders' Meeting.

### **(III) Par Value and Issue Price**

The Convertible Bonds will be issued at par with a nominal value of RMB100 each.

### **(IV) Term of Bond**

The term of the Convertible Bonds will be six years from the date of Issuance.

### **(V) Interest Rate of Bond**

The manner of determining the interest rate of the Convertible Bonds and the final interest rate of each interest accrual year shall be determined by the Board (or other persons authorized by the Board), subject to the authorization at the Shareholders' Meeting, in accordance with the PRC policies, market conditions and the actual conditions of the Bank prior to the Issuance.

### **(VI) Timing and Method of Interest Payment**

#### **1. Calculation of the Annual Interest**

The interest of each interest accrual year (the "Annual Interest") means the interest accrued to the holders of the Convertible Bonds (the "CB Holders") per annum since the date of issuance of the Convertible Bonds, calculated based on the aggregate nominal value of the Convertible Bonds. The formula for calculating the Annual Interest is:

$$I=B \times i$$

I: denotes the Annual Interest;

B: denotes the aggregate nominal value of the Convertible Bonds held by a CB Holder as at the record date for interest payment rights in an interest accrual year (“that year” or “each year”); and

i: denotes the interest rate of the Convertible Bonds of that year.

## 2. Means of Interest payment

(1) Interest of the Convertible Bonds will be paid annually, accruing from the date of issuance of the Convertible Bonds.

(2) Interest payment date: The interest is payable annually on each anniversary of the date of issuance of the Convertible Bonds. If such day falls on a statutory holiday or rest day, the interest payment date shall be postponed to the first business day immediately thereafter, provided that no additional interest will be accrued during the period of postponement. The period between an interest payment date and the immediately following interest payment date will be an interest accrual year.

(3) Record date for interest payment rights: The record date for interest payment rights in each year will be the last trading day preceding the interest payment date. The Bank will pay the interest accrued in that year within five trading days from the interest payment date. The Bank will not pay any interest for that year and subsequent interest accrual years to the CB Holders whose Convertible Bonds have been applied to be converted into the A Shares of the Bank on or before the record date for interest payment rights.

(4) Tax payable on the interest income of a CB Holder shall be borne by such CB Holder.

## **(VII) Conversion Period**

The conversion period of the Convertible Bonds commences on the first trading day immediately following the expiry of the six-month period after the date of issuance of the Convertible Bonds and ends on the maturity date of the Convertible Bonds.

## **(VIII) Determination and Adjustment of the CB Conversion Price**

### 1. Basis for Determining the Initial CB Conversion Price

The initial conversion price of the Convertible Bonds (the “CB Conversion Price”) shall not be lower than the average trading price of A Shares of the Bank for the 20

trading days preceding the date of publication of the Prospectus (in the event that during such 20 trading days, the share price has been adjusted due to ex-rights or ex-dividend, the price of each of these trading days before adjustment shall be adjusted with reference to the ex-rights or ex-dividend share price) and the average trading price of A Shares of the Bank on the trading day preceding the date of publication of the Prospectus of the Convertible Bonds as well as the latest audited net asset value per share and nominal value per share. The actual initial CB Conversion Price shall be determined by the Board of the Bank (or other persons authorized by the Board), subject to the authorization at the Shareholders' Meeting, before Issuance with reference to the market conditions.

## 2. Adjustments to the CB Conversion Price

Upon the occurrence of distribution of stock dividend, capital conversion (from capital reserve), issuance of new shares, rights issue (excluding any increase in the share capital as a result of conversion of the Convertible Bonds), issues which affect the share capital of the Bank or distribution of cash dividend after the Issuance, the Bank will adjust the CB Conversion Price based on the actual situation and in accordance with the principles of fairness, justice, equitability and full protection of the CB Holders' interests. The specific formulas for adjustments to the CB Conversion Price will be determined by the Board of the Bank (or other persons authorized by the Board) pursuant to relevant requirements and set out in the Prospectus.

Where the abovementioned changes in shareholding and/or shareholder's interests occur, the Bank will adjust the CB Conversion Price in accordance with the methods finally determined. The adjustment of the CB Conversion Price will be published in the form of an announcement on the media designated by China Securities Regulatory Commission ("CSRC") for the information disclosure of listed companies. The announcement will indicate the date of adjustment to the CB Conversion Price, adjustment method and suspension period of conversion (if necessary). If the CB Conversion Price adjustment date is on or after the CB Holder's application for conversion, and before the share registration date, then such conversion will be based on the CB Conversion Price adjusted by the Bank.

In the event that the rights in relation to the debts or conversion of the CB Holders derived from the Issuance are affected by the change in the Bank's share class, quantity and/or Shareholders' interest due to the possible share repurchase,

consolidation, subdivision or any other circumstances which may occur, the Bank will adjust the CB Conversion Price based on the actual situation and in accordance with the principles of fairness, justice, equitability and full protection of the CB Holders' interests. The CB Conversion Price will be adjusted based on the relevant PRC laws and regulations and the relevant provisions of the securities regulatory authorities of that time.

**(IX) Downward Adjustment to the CB Conversion Price**

1. Adjustment Authorization and Magnitude

The CB Conversion Price may be subject to downward adjustments if, during the term of the Convertible Bonds, the closing prices of the A Shares in any 15 trading days out of any 30 consecutive trading days are lower than 80% of the prevailing CB Conversion Price. The Board shall have the rights to raise proposal of any such adjustments for the Shareholders to consider and seek their approval at a Shareholders' Meeting of the Bank.

In the event that an adjustment to the CB Conversion Price by the Bank is made due to ex-rights or ex-dividend during the aforementioned trading days, in respect of the trading days prior to the adjustment to the CB Conversion Price, the calculation shall be based on the unadjusted CB Conversion Price and the closing price of the shares on each such day, and in respect of the days on which adjustments to the CB Conversion Price are made and the trading days afterwards, the calculation shall be based on the adjusted CB Conversion Price and the closing price of the shares on each such day.

The abovementioned proposal is subject to approval of more than two-thirds of the participating Shareholders with voting rights. Shareholders who hold the Convertible Bonds issued hereunder should abstain from voting. The adjusted CB Conversion Price should be no less than the average trading price of the A Shares of the Bank for the 20 trading days immediately before the Shareholders' Meeting for consideration and approval of the aforementioned proposal (in the event that during such 20 trading days, the share price has been adjusted due to ex-rights or ex-dividend, the price of each of these trading days before adjustment shall be adjusted with reference to the ex-rights or ex-dividend share price) and the average trading price of the A Shares of the Bank on the trading day immediately prior to Shareholders' Meeting for the consideration and approval of the aforementioned proposal, and should be also no less than the net asset

value per share based on the latest audited financial statement and the nominal value per share.

## 2. Procedure of Adjustment

If the Bank decides to make a downward adjustment to the CB Conversion Price, the Bank will publish an announcement regarding the resolutions of Shareholders' Meeting in the media designated by the CSRC for information disclosure of listed companies. The announcement will cover the magnitude of the adjustment, the registration date of shares and the suspension period of share conversion (if necessary). Application for share conversion will resume on the first trading day after the registration date (i.e. the effective date of the downward adjustment to the CB Conversion Price), and the adjusted CB Conversion Price shall be applied.

If the adjustment date is prior to the registration date and on or after the share conversion application date, the share conversion application should be executed based on the price after the adjustment.

### **(X) Method for Determining the Number of Shares for Conversion**

Where a CB Holder applies to convert the Convertible Bonds during the conversion period, the formula for calculating number of the shares to be issued upon conversion shall be  $Q = V/P$ . Any fractional share shall be rounded down to the nearest whole number.

In the aforesaid formula, "V" denotes the aggregate nominal value of the Convertible Bonds applied for conversion, and "P" denotes the prevailing CB Conversion Price as at the date of application for conversion.

Within five trading days from the conversion of the Convertible Bonds by the CB Holders, the Bank will pay the CB Holders in cash an amount equal to the nominal value of the remaining balance of such Convertible Bonds which are insufficient to be converted into one share and any interest accrued on such balance in accordance with the relevant requirements of the Shenzhen Stock Exchange and such other authorities (please refer to "(XII). Terms of Redemption" for details of the method of calculation of the interest accrued).

### **(XI) Dividend Rights of the Year of Conversion**

The new shares of the Bank to be issued as a result of the conversion of the Convertible Bonds shall rank pari passu with all the existing shares, and are entitled

to dividend of that period for all ordinary shareholders registered on the date of share registration for dividend distribution.

## **(XII) Terms of Redemption**

### **1. Terms of Redemption at Maturity**

Within five trading days after the maturity of the Convertible Bonds, the Bank will redeem all the Convertible Bonds which have not been converted into shares at a premium (including the annual interest of the final term) over the par value of the Convertible Bonds. The actual premium shall be determined by the Board (or other persons authorized by the Board) with reference to the market conditions, pursuant to the authorization at the Shareholders' Meeting.

### **2. Terms of Conditional Redemption**

During the conversion period of the Convertible Bonds, if the closing price of the A Shares of the Bank is equal to or not lower than 120% of the prevailing CB Conversion Price in at least 15 trading days out of any 30 consecutive trading days, the Bank has the right to redeem all or part of the Convertible Bonds which have not been converted into shares at par value plus the accrued interest then, subject to the approval from relevant regulatory authorities (if necessary). In the event that an adjustment to the CB Conversion Price is made due to ex-rights or ex-dividend during the aforementioned trading days, the calculation shall be made based on unadjusted CB Conversion Price relating to, and the closing price of, the trading day prior to such adjustment, and on the adjusted Conversion Price relating to, and the closing price of, the trading day after such adjustment.

In addition, when the aggregate nominal value of the balance of the outstanding Convertible Bonds issued hereunder is less than RMB30 million, the Bank shall have the right to redeem all the Convertible Bonds which have not been converted into shares at a price equal to the nominal value plus the interest accrued then.

Formula for calculating the then accrued interest is:

$$IA=B \times i \times t / 365$$

IA: Accrued interest for the current period;

B: Aggregate nominal value of the Convertible Bonds issued hereunder that are held by the CB Holders and will be redeemed;

i: Interest rate of the Convertible Bonds for current year; and

t: Number of days on which interest is accrued, i.e. the actual number of calendar days

from the last interest payment date (included) to the redemption date of current year (excluded).

### **(XIII) Terms of Sale Back**

If the actual usage of the proceeds raised from the issuance of the Convertible Bonds by the Bank differs from the undertaking of the use of proceeds set out by the Bank in the Prospectus, and such difference is considered by the CSRC as a deviation in the use of the proceeds, the CB Holders will have a one-off right to sell the Convertible Bonds back to the Bank at the nominal value plus the interest accrued then. Under this scenario, the CB Holders may sell their Convertible Bonds back to the Bank during the sale back reporting period after it is announced by the Bank. If the CB Holders do not exercise their sale back rights during the sale back reporting period, such rights shall automatically lapse. Save as aforesaid, the Convertible Bonds cannot be sold back at the option of the CB Holders.

### **(XIV) Method of Issuance and Target Investors**

The detailed method of the issuance of the Convertible Bonds will be determined by the Board (or other persons authorized by the Board), pursuant to the authorization at the Shareholders' Meeting. The target investors are natural persons, legal persons, securities investment funds and other investors that meet the conditions prescribed by the laws who have maintained securities accounts with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, except for those prohibited by the state laws and regulations.

### **(XV) Subscription Arrangement for the Existing A Shareholders**

The existing holders of A Shares of the Bank shall have preferential rights to subscribe for the Convertible Bonds to be issued. The actual amount to be preferentially allocated to the existing holders of A Shares shall be determined by the Board (or other persons authorized by the Board) with reference to the market conditions before the Issuance, pursuant to the authorization at the Shareholders' Meeting, and shall be disclosed in the Prospectus of the Convertible Bonds. The exercise of such preferential allocation is subject to the Company Law of the PRC or all other applicable laws, rules and regulations of government or regulatory authorities.

### **(XVI) CB Holders and Meetings**

#### **1. Rights and Obligations of CB Holders**

## (1) Rights of CB Holders

- ① Entitlement to interests in accordance with the amount of the Convertible Bonds held by the CB Holders;
- ② Rights to convert Convertible Bonds into Shares of the Bank according to the agreed conditions;
- ③ Entitlement to exercise sale back rights according to the agreed conditions;
- ④ Assignment, bestowal or pledge of the Convertible Bonds in accordance with the laws, administrative regulations and the Articles of Association;
- ⑤ Access to relevant information in accordance with the laws, and the Articles of Association;
- ⑥ Claim to the Bank for principal and interests of Convertible Bonds in accordance with the agreed period and manner;
- ⑦ Other rights granted by the laws, administrative regulations and Articles of Association as creditors of the Bank.

## (2) Obligations of CB Holders

- ① Compliance with the relevant terms of the Convertible Bonds of the Bank;
- ② Making due payment of the subscription amount;
- ③ Except as specified in laws, regulations, or the Prospectus of the Convertible Bonds, the CB Holders shall not request the Bank to make prepayment of the principal and interests of the Convertible Bonds;
- ④ Compliance with other obligations undertaken by the CB Holders in accordance with the laws, administrative regulations and the Articles of Association

## 2. Meetings of the CB Holders

### (1) Convening the meetings of CB Holders

The Board shall convene a CB Holders' meeting when any of the following circumstances arises:

- ① Proposal for changes of the agreements of the Prospectus;
- ② Failure of the Bank in paying principal and interests on time;
- ③ Reduction of the Bank's capital, merger, separation, dissolution or bankruptcy of the Bank; and
- ④ Other matters which may significantly affect the material interests of the CB Holders.

The following institutions or individuals could propose the convening of the CB Holders' meeting:

- ① The Board of the Bank;
- ② Written proposal submitted by the CB Holders who hold 10% or more of the total par value of the outstanding Convertible Bonds; and
- ③ Other institutions or persons designated by CSRC.

(2) Convening of the meeting of CB Holders

- ① CB Holders' meeting will be convened and chaired by the Board; and
- ② The meeting of CB Holders should be convened by the Board within 30 days after the proposal of the meeting has been raised or received by the Board. The Board shall publish a notice in at least one designated media for information disclosure of listed companies 15 days prior to the meeting of the CB Holders, which shall specify the meeting time, venue, contents, and methods, etc. as confirmed by the Board.

(3) Participants of the CB Holders' meetings

Unless the laws and regulations indicate otherwise, the CB Holders have the right to attend or appoint proxies to attend the CB Holders' meeting and to exercise their voting rights.

The following institutions or persons may participate in the CB Holders' meeting and submit proposal at the meeting for discussions and determination of the meeting, but do not have voting rights:

- ① The issuer of the Convertible Bonds;
- ② Other substantial connected parties

The Board should engage lawyers to attend the CB Holders' meeting and issue legal opinion in relation to the calling of the meeting, the convening of the meeting, voting procedures, and the eligibility of the participants.

(4) Procedures of the CB Holders' meetings

- ① The Chairman of the meeting will announce the meeting agenda and important notice, confirm and announce the scrutineer in accordance with the procedures, and present the proposals. Voting will be commenced after discussion of the proposals, the resolution of the CB Holders' meetings will be effective upon witness by a lawyer;

- ② CB Holders' meetings will be chaired by the Chairman of the Board of the Bank. If the Chairman is unable to attend the meeting, the Chairman shall authorize a director to

chair the meeting. If neither is able to chair the meeting, a CB Holder elected by the CB Holders representing more than 50% (excluding 50%) of the total par value of the Convertible Bonds in attendance should chair the CB Holders' meeting;

③ The convener should record the attendees of the meeting. The record should list the participants' names (or entity name), identity card number, residential address, the total par value of the Convertible Bonds held or represented by the participant, the appointing CB Holder's names (or entity names), etc.

(5) Voting and resolution of the CB Holders' meeting

① The voting method of the CB Holders' meetings is one vote per certificate of the Convertible Bond;

② Voting will be processed by open ballot at the CB Holders' meetings;

③ Effective resolution of the CB Holders' meetings should be passed by the CB Holders representing more than two-thirds of the total par value of the Convertible Bonds in attendance;

④ All the items and sub-items contained in the proposals or the same proposal at the CB Holders' meetings should be considered and voted separately;

⑤ A resolution will be valid after it has been resolved by the CB Holders at the CB Holders' meeting, and for resolutions subject to approval by the CSRC or other regulatory authorities, the resolution will be effective from the date of approval or confirmation of the relevant authorities;

⑥ Unless otherwise expressly agreed to make special compensation for the people who disagree with the resolutions and the absentees of the meeting, the resolutions are equally applicable to all the CB Holders;

⑦ After the resolutions are passed by the CB Holders at the meeting, the Board will publish an announcement to inform the CB Holders of the resolutions and execute such resolutions.

(6) The subscription or otherwise holding of the Convertible Bonds in other forms by the CB Holders shall be deemed as their consent to the aforementioned procedures of the CB Holders' meetings.

#### **(XVII) Use of Proceeds**

The proceeds from the issuance of the Convertible Bonds will be utilized to support the future development of business, and the amount received after the conversion of the

Convertible Bonds will be used to replenish the core Tier-1 capital of the Bank in accordance with relevant regulatory requirements.

**(XVIII) Guarantees**

No guarantee is provided in relation to the Convertible Bonds to be issued under the Issuance.

**(XIX) Validity Period of the Resolution**

The resolution of the issuance of the Convertible Bonds will be valid for 12 months from the date of the passing of the relevant resolutions at the Shareholders' Meeting of the Bank.

The Issuance shall still be subject to approval by China Banking Regulatory Commission ("CBRC"), CSRC or other regulatory authorities, and will finally depend on the proposal approved by the aforesaid regulatory authorities.

**(XX) Matters Relating to Authorization**

1. Authorization in Connection with the Issuance

To ensure smooth implementation of the Issuance, it will be proposed at the Shareholders' Meeting to authorize the Board, which will then delegate to the Chairman, Bank President or Board Secretary the full power to, jointly or individually, handle matters regarding the issuance of the Convertible Bonds under the framework and principles approved at the General Meeting. The period of authorization shall be 12 months commencing from the effective date of the resolutions of Shareholders' Meeting. The Board will, according to the actual conditions of the Convertible Bonds issuance, seek a new authorization from the Shareholders' Meeting before the expiry of the authorization period. The actual content and scope of the authorization shall include but not limited to:

(1) Subject to laws and regulations and the authorization scope of the resolutions of Shareholders' Meeting, in accordance with the requirements of regulatory authorities and in view of the actual conditions of the Bank and the definite and specific terms and proposal of the Issuance before issuance, to formulate and implement the final proposal of the Issuance, including but not limited to, confirming the issue size, method of issuance, target investors, interest rate, terms of conversion, terms of redemption, amounts of preferential allotment to existing A Shareholders, rating arrangements etc., and determine the timing of the Issuance and any other matters in relation to the proposal for the Issuance;

(2) If there are changes to the state laws and regulations, or policies of the relevant regulatory authorities regarding the issuance of the Convertible Bonds, or there are changes in market conditions, subject to laws and regulations to the extent permitted, in accordance with the opinions of the regulatory authorities and in view of the actual conditions of the Bank and the market, to appropriately amend, adjust and supplement the proposal of the issuance of the Convertible Bonds, unless such amendments, adjustments and supplements are specifically required by the laws, regulations, Articles of Association and regulatory authorities to be resolved at the Shareholders' Meeting;

(3) To establish accounts dedicated to the funds to be raised of the Issuance;

(4) Upon completion of the Issuance, to deal with relevant matters of the Issuance including the listing of the Convertible Bonds, to appropriately amend the relevant provisions of registered share capital of the Articles of Association in relation to the Issuance based on the timely conditions of the conversion, and to deal with the matters in relation to the amendments to the Articles of Association, the approval of changes of registered share capital, and the filing with administration for industry and commerce etc.;

(5) Subject to relevant laws and regulations, requirement of the regulatory authorities, to analyze, study and prove the dilutive impact of the issuance of the Convertible Bonds on immediate returns, to formulate, implement and supplement relevant measures on the immediate returns, to amend, supplement and perfect relevant analysis and measures pursuant to any newly issued policies, regulations, implementation rules and natural law within the scope of original framework, as well as to handle relevant matters in this regard;

(6) To undertake matters of the Issuance reporting in accordance with the requirements of regulatory authorities, to produce, prepare, amend, perfect, sign and file all the documents and information in relation to the issuance and listing, to sign, amend, supplement, perform and suspend all the important documents including contracts and agreements (including but not limited to sponsoring agreement, underwriting agreement, agreement on funds raised supervision, appointment agreement of intermediaries etc.) in relation to the Issuance, as well as to deal with information disclosure matters in relation to the Issuance in accordance with the regulatory requirements;

(7) Subject to laws and regulations to the extent permitted, in accordance with the

opinions of the regulatory authorities and in view of the actual conditions of the Bank, to appropriately amend, adjust and supplement the proposal of the issuance of the Convertible Bonds;

(8) To take all necessary action to decide/deal with other matters related to the Issuance to the extent permitted by the relevant laws and regulations.

## 2. Other Authorization in Connection with Convertible Bonds

During the term of the Convertible Bonds, it is proposed at the Shareholders' Meeting to authorize the Board the full power to handle the following matters under the framework and principles approved at the Shareholders' Meeting:

(1) Matters in connection with redemption: Subject to the requirements of laws and regulations, approval of relevant regulatory authorities (if necessary), provisions of the Articles of Association and in view of the market conditions, to authorize the Board to deal with all matters in relation to redemption with full power, including but not limited to, determining the redemption time, redemption percentage, and execution procedures, etc.;

(2) Matters in connection with conversion: Subject to the requirements of laws and regulations, provisions of the Articles of Association and the market conditions, to authorize the Board to deal with all matters in relation to conversion with full power, including but not limited to adjusting CB Conversion Price.

## III. FINANCIAL INFORMATION AND THE MANAGEMENT'S DISCUSSION AND ANALYSIS

### (I) Balance Sheet, Income Statement, Cash Flow Statement and Statement of Changes in Shareholders' Equity of the Bank

The financial statements for 2014, 2015 and 2016 of the Bank have been audited by PricewaterhouseCoopers Zhong Tian LLP. The unaudited quarterly report of the first quarter in 2017 of the Bank has been disclosed on 22 April 2017.

#### 1. Balance Sheet

Unit: RMB Million

Items	31 March 2017	31 December 2016	31 December 2015	31 December 2014
<b>Assets</b>				
Cash and deposits with the Central Bank	269,541	311,258	291,715	306,298

Items	31 March 2017	31 December 2016	31 December 2015	31 December 2014
Placements of deposits with other banks	173,066	166,882	109,046	66,969
Precious metals	108,137	93,787	63,744	45,254
Funds loaned to other financial institutions	69,009	97,450	76,636	45,841
Financial assets at fair value through profit or loss	44,044	57,179	19,757	25,811
Derivative financial assets	4,188	8,730	8,144	4,300
Financial assets purchased under reverse repurchase agreements	810	8,876	117,291	178,636
Accounts receivable	5,226	5,568	6,624	9,925
Interest receivable	17,071	15,770	14,124	11,937
Loans and advances	1,504,184	1,435,869	1,186,872	1,003,637
Available-for-sale financial assets	1,238	1,179	1,245	1,493
Held-to-maturity investments	291,433	286,802	266,166	207,874
Receivables type investment	465,280	414,278	307,635	246,258
Long-term equity investment	-	-	521	486
Investment properties	221	221	212	110
Fixed assets	8,119	8,316	4,788	3,812
Intangible assets	4,734	4,771	4,961	5,293
Goodwill	7,568	7,568	7,568	7,568
Deferred tax assets	18,935	17,831	8,728	6,834
Other assets	13,391	11,099	11,372	8,123
<b>Total assets</b>	<b>3,006,195</b>	<b>2,953,434</b>	<b>2,507,149</b>	<b>2,186,459</b>
<b>Liabilities and Shareholders equity</b>				
<b>Liabilities</b>				
Due to the Central Bank	25,074	19,137	3,051	2,754
Placements of deposits from other banks and financial institutions	400,576	392,351	311,106	385,451
Funds borrowed from other banks and financial institutions	59,513	52,586	12,143	13,551
Financial liabilities at fair value through profit or loss	9,663	21,913	8,506	4,259
Derivative financial liabilities	6,964	8,349	4,037	2,662
Financial assets sold under repurchase agreements	12,332	18,941	11,000	22,568
Deposit taking	1,912,082	1,921,835	1,733,921	1,533,183
Employee salary payable	6,907	9,289	10,351	7,961
Tax payable	15,199	12,754	6,571	5,794
Accounts payable	-	-	44	1,883
Interest payable	21,327	21,532	23,267	25,229
Bonds payable	317,079	263,464	212,963	41,750
Estimated liabilities	60	90	26	25
Other liabilities	11,680	9,022	8,663	8,440
<b>Total liabilities</b>	<b>2,798,456</b>	<b>2,751,263</b>	<b>2,345,649</b>	<b>2,055,510</b>
<b>Shareholders' equity</b>				
Share capital	17,170	17,170	14,309	11,425
Other equity instruments	19,953	19,953	-	-
Of which: Preference shares	19,953	19,953	-	-
Capital reserve	56,465	56,465	59,326	52,270
Other comprehensive income	-581	-809	-1,117	-1,851

Items	31 March 2017	31 December 2016	31 December 2015	31 December 2014
Surplus reserve	10,781	10,781	8,521	6,334
General reserve	34,468	34,468	27,528	19,115
Retained earnings	69,483	64,143	52,933	43,656
<b>Total shareholders' equity</b>	<b>207,739</b>	<b>202,171</b>	<b>161,500</b>	<b>130,949</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,006,195</b>	<b>2,953,434</b>	<b>2,507,149</b>	<b>2,186,459</b>

Note: The Bank reclassified the net yield of precious metal lease in 2016 and redistributed it from net income in non-interest to net interest income, leading to the corresponding adjustments to interest receivable and other assets, and regulated the standards of the data of 2015 correspondingly.

## 2. Income Statement

Unit: RMB Million

Items	January- March 2017	2016	2015	2014
<b>I. Operating income</b>				
Interest income	35,045	131,119	134,153	119,202
Interest expense	-16,176	-54,708	-65,692	-66,156
Net interest income	18,869	76,411	68,461	53,046
Fee and commission income	9,125	31,309	26,681	19,706
Fee and commission expense	-975	-3,450	-2,598	-2,328
Net fee and commission income	8,150	27,859	24,083	17,378
Investment income	611	2,368	3,924	3,168
Of which: Investment (loss)/Income from investment to joint ventures	-	-141	46	28
Gains or losses from changes in fair values	-25	49	107	-10
Foreign exchange gains/(losses)	45	882	-573	-388
Other operating income	62	146	161	213
<b>Total operating income</b>	<b>27,712</b>	<b>107,715</b>	<b>96,163</b>	<b>73,407</b>
<b>II. Operating costs</b>				
Business tax and surcharges	-246	-3,445	-6,671	-5,482
Business and administrative expenses	-6,804	-27,973	-30,112	-26,668
<b>Total operating costs</b>	<b>-7,050</b>	<b>-31,418</b>	<b>-36,783</b>	<b>-32,150</b>
<b>III. Operating profit before impairment losses on assets</b>	<b>20,662</b>	<b>76,297</b>	<b>59,380</b>	<b>41,257</b>
Impairment losses on assets	-12,434	-46,518	-30,485	-15,011
<b>IV. Operating profit</b>	<b>8,228</b>	<b>29,779</b>	<b>28,895</b>	<b>26,246</b>
Add: Non-operating income	16	221	40	40
Less: Non-operating expenses	-14	-65	-89	-92
<b>V. Total profit</b>	<b>8,230</b>	<b>29,935</b>	<b>28,846</b>	<b>26,194</b>
Less: Income tax expenses	-2,016	-7,336	-6,981	-6,392
<b>VI. Net Profit</b>	<b>6,214</b>	<b>22,599</b>	<b>21,865</b>	<b>19,802</b>
<b>VII. After-tax Net Amount of Other Comprehensive Income</b>				
Other comprehensive incomes to be re-classified into gains and losses	228	308	734	586
1. Shares enjoyed among investee's other comprehensive income to be reclassified into profit and loss under equity method	-	-23	6	-9
2. Profit and loss from change in fair value of saleable financial assets	228	331	728	595

Items	January-March 2017	2016	2015	2014
<b>VIII. Total comprehensive income</b>	<b>6,442</b>	<b>22,907</b>	<b>22,599</b>	<b>20,388</b>

Note: The Bank reclassified the net yield of precious metal lease in 2016 and redistributed it from net income in non-interest to net interest income and regulated the standards of the data of 2015 correspondingly.

### 3. Cash Flow Statement

Unit: RMB Million

Items	January-March 2017	2016	2015	2014
<b>I. Cash flow from operating activities</b>				
Net increase in amounts due from the Central Bank	5,922	15,138	235	453
Net increase in customer deposit and placements of deposits from other banks	-	267,773	125,000	250,529
Net decrease in funds loaned to other financial institutions	-	-	-	4,010
Net increase in funds borrowed from other financial institutions	6,928	40,443	-	-
Net increase in assets sold under agreements to repurchase	-	7,938	-	-
Net decrease in reverse repurchase agreements	1,884	33,763	90,042	72,564
Net decrease in accounts receivable	341	1,056	3,301	-
Cash receipts from interest, fees and commission income	35,597	130,259	130,849	109,205
Cash receipts from other operating activities	13,667	6,830	12,317	4,115
<b>Subtotal of cash inflows from operating activities</b>	<b>64,339</b>	<b>503,200</b>	<b>361,744</b>	<b>440,876</b>
Net increase in placement of deposit with Central Bank and other banks	-24,313	-46,635	-5,472	-70,215
Net increase in loans and advances	-82,251	-295,878	-216,255	-186,583
Net increase in funds loaned to other financial institutions	-17,176	-8,227	-1,728	-
Net decrease in funds borrowed from other financial institutions	-	-	-1,408	-9,082
Net decrease in assets sold under agreements to repurchase	-6,614	-	-11,571	-13,519
Net decrease in customer deposit and placements of deposits from other banks	-1,862	-	-	-
Net increase in accounts receivable	-	-	-	-2,867
Net decrease in accounts payable	-	-44	-1,839	-266
Cash payments for interest, fees and commission expenses	-13,578	-48,504	-63,320	-58,532
Cash payments for salaries and staff expenses	-5,435	-13,762	-12,871	-12,175
Cash payments for taxes	-2,747	-13,811	-15,106	-12,991
Cash payments relating to other operating activities	-25,371	-65,350	-34,000	-49,325
<b>Subtotal of cash outflows from operating activities</b>	<b>-179,347</b>	<b>-492,211</b>	<b>-363,570</b>	<b>-415,555</b>
<b>Net cash flows from operating activities</b>	<b>-115,008</b>	<b>10,989</b>	<b>-1,826</b>	<b>25,321</b>
<b>II. Cash flow from investment activities</b>				
Cash receipts from disinvestments	281,512	1,765,550	732,920	391,968
Cash receipts from investment income	8,120	27,979	26,588	24,351
Cash receipts from disposal of fixed assets and other long-term assets	-	9	-	7

Items	January-March 2017	2016	2015	2014
<b>Subtotal of cash inflows from investing activities</b>	<b>289,632</b>	<b>1,793,538</b>	<b>759,508</b>	<b>416,326</b>
Cash payments for investments	-336,716	-1,893,109	-852,200	-466,974
Cash payments for fixed assets, intangible assets and other long-term assets	-125	-2,772	-3,534	-3,835
<b>Subtotal of cash outflows from investing activities</b>	<b>-336,841</b>	<b>-1,895,881</b>	<b>-855,734</b>	<b>-470,809</b>
<b>Net cash flows generated from investing activities</b>	<b>-47,209</b>	<b>-102,343</b>	<b>-96,226</b>	<b>-54,483</b>
<b>III. Cash flows from financing activities</b>				
Cash receipts from issue of share capital	-	-	9,940	-
Cash receipts from issue of other equity instruments	-	20,000	-	-
Cash receipts from bond issue	305,833	712,790	370,796	52,005
Cash receipts relating to other financing activities	-	-	-	3
<b>Subtotal of cash inflows from financing activities</b>	<b>305,833</b>	<b>732,790</b>	<b>380,736</b>	<b>52,008</b>
Cash payments for principal of bonds	-255,000	-669,980	-203,210	-18,800
Cash payments for bond interest	-643	-1,361	-1,361	-496
Cash payments for distribution of dividends and profit	-874	-2,189	-1,988	-1,523
Cash payments made for issue of other equity instruments	-	-48	-	-
<b>Subtotal of cash outflows from financing activities</b>	<b>-256,517</b>	<b>-673,578</b>	<b>-206,559</b>	<b>-20,819</b>
<b>Net cash flows generated from financing activities</b>	<b>49,316</b>	<b>59,212</b>	<b>174,177</b>	<b>31,189</b>
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	<b>-431</b>	<b>4,215</b>	<b>1,760</b>	<b>325</b>
<b>V. Net (decrease) /increase in cash and cash equivalents</b>	<b>-113,332</b>	<b>-27,927</b>	<b>77,885</b>	<b>2,352</b>
Add: Balance of cash and cash equivalents at beginning of the year	233,414	261,341	183,456	181,104
<b>VI. Balance of cash and cash equivalents at the end of the year</b>	<b>120,082</b>	<b>233,414</b>	<b>261,341</b>	<b>183,456</b>

#### 4. Statement of Changes in Shareholders' Equity

Unit: RMB Million

2016								
Items	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Generic risk reserve	Retained earnings	Total shareholders' equity
<b>I. Balance as at 1 January 2016</b>	14,309	-	59,326	-1,117	8,521	27,528	52,933	161,500
<b>II. Increase/decrease in current year</b>								
(I) Net Profit	-	-	-	-	-	-	22,599	22,599
(II) Other comprehensive income	-	-	-	308	-	-	-	308
<b>Total comprehensive income</b>	-	-	-	308	-	-	22,599	22,907
(III) Capital contributed by shareholders								
Issuance of preferred stocks	-	19,953	-	-	-	-	-	19,953
(IV) Profit distribution								
1. Appropriation of surplus reserves	-	-	-	-	2,260	-	-2,260	-
2. Withdrawal of generic risk reserves	-	-	-	-	-	6,940	-6,940	-
3. Cash dividend	-	-	-	-	-	-	-2,189	-2,189
(V) Share capital transferred from capital reserves	2,861	-	-2,861	-	-	-	-	-
<b>III. Balance as at 31 December 2016</b>	17,170	19,953	56,465	-809	10,781	34,468	64,143	202,171

Unit: RMB Million

2015								
Items	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Generic risk reserve	Retained earnings	Total shareholders' equity
<b>I. Balance as at 1 January 2015</b>	11,425	-	52,270	-1,851	6,334	19,115	43,656	130,949
<b>II. Increase/decrease in current year</b>								
(I) Net Profit	-	-	-	-	-	-	21,865	21,865
(II) Other comprehensive income	-	-	-	734	-	-	-	734
<b>Total comprehensive income</b>	-	-	-	734	-	-	21,865	22,599
(III) Capital contributed by shareholders	599		9,341					9,940

2015								
Items	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Generic risk reserve	Retained earnings	Total shareholders' equity
(IV) Profit distribution								
1. Appropriation of surplus reserves	-	-	-	-	2,187	-	-2,187	-
2. Withdrawal of generic risk reserves	-	-	-	-	-	8,413	-8,413	-
3. Cash dividend	-	-	-	-	-	-	-1,988	-1,988
(V) Share capital transferred from capital reserves	2,285	-	-2,285	-	-	-	-	-
<b>III. Balance as at 31 December 2015</b>	14,309	-	59,326	-1,117	8,521	27,528	52,933	161,500

Unit: RMB Million

2014								
Items	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Generic risk reserve	Retained earnings	Total shareholders' equity
<b>I. Balance as at 1 January 2014</b>	9,521	-	54,171	-2,437	4,354	16,509	29,963	112,081
<b>II. Increase/decrease in current year</b>								
(I) Net Profit	-	-	-	-	-	-	19,802	19,802
(II) Other comprehensive income	-	-	-	586	-	-	-	586
<b>Total comprehensive income</b>	-	-	-	586	-	-	19,802	20,388
(III) Capital contributed by shareholders								
(IV) Profit distribution								
1. Appropriation of surplus reserves	-	-	-	-	1,980	-	-1,980	-
2. Withdrawal of generic risk reserves	-	-	-	-	-	2,606	-2,606	-
3. Cash dividend	-	-	-	-	-	-	-1,523	-1,523
(V) Share capital transferred from capital reserves	1,904	-	-1,904	-	-	-	-	-
(VI) Others	-	-	3	-	-	-	-	3
<b>III. Balance as at 31 December 2014</b>	11,425	-	52,270	-1,851	6,334	19,115	43,656	130,949

## (II) Changes in the Scope of Consolidated Financial Statements

The scope of the Bank's consolidated financial statements for the previous three years and the first quarter of 2017 comply with the regulations of the Ministry of Finance and relevant requirements of the Accounting Standards for Business Enterprises. There is no change in the scope of the Bank's consolidated financial statements for the previous three years and the first quarter of 2017.

## (III) Major Financial Indicators of the Bank

### 1. Major Financial Indicators

Major Financial Indicators	January-March 2017/31 March 2017	2016 /31 December 2016	2015 /31 December 2015	2014 /31 December 2014
Basic earnings per share (in RMB)	0.31	1.32	1.30	1.20
Diluted earnings per share (in RMB)	0.31	1.32	1.30	1.20
Basic earnings per share less non-recurring gains/losses (in RMB)	0.31	1.32	1.30	1.21
Weighted average return on net assets (%)	12.35	13.18	14.94	16.35
Weighted average return on net assets less non-recurring gains/losses (%)	12.34	13.18	14.96	16.38

Note: The weighted average return on net assets and the weighted average return on net assets less non-recurring gains/losses in the first quarter of 2017 are on an annualized basis.

### 2. Major Regulatory Indicators

Unit: %

Items	31 March 2017	31 December 2016	31 December 2015	31 December 2014
Provision coverage	163.32	155.37	165.86	200.90
Non-performing loan (NPL) rate	1.74	1.74	1.45	1.02
Cost/income ratio (excluding business tax)	24.55	25.97	31.31	36.33
Core tier one capital adequacy ratio	8.28	8.36	9.03	8.64
Tier one capital adequacy ratio	9.23	9.34	9.03	8.64
Capital adequacy ratio	11.48	11.53	10.94	10.86
Liquidity ratio (in RMB)	-	47.62	52.14	52.51
Liquidity ratio (in foreign currency)	-	99.04	103.30	82.49
Loan-deposit ratio including discount (in RMB and foreign currency)	-	75.21	69.01	65.39
Ratio of loan to net capital for a single largest customer	-	5.19	3.46	2.93
Ratio of loan to net capital for top ten largest customers	-	25.78	20.16	19.77

Note: Certain supervision indicators were not disclosed in the report of first quarter in 2017.

#### (IV) Management Discussion and Analysis

In the discussion herein, any conflict in mantissa between the total amount of relevant values and the sum of itemized values is attributable to rounding.

##### 1. Analysis of Main Items in the Balance Sheet

###### (1) Assets

As at the end of 2014, 2015, 2016 and the first quarter of 2017, the Bank's total assets reached RMB2,186,459 million, RMB2,507,149 million, RMB2,953,434 million and RMB3,006,195 million respectively.

Unit: RMB Million, unless specifically indicated

Items	31 March 2017		31 December 2016		31 December 2015		31 December 2014	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Net loans and advances	1,504,184	50.04	1,435,869	48.62	1,186,872	47.34	1,003,637	45.90
Investment financial assets (Note)	806,183	26.82	768,168	26.01	603,468	24.07	486,222	22.24
Cash and deposits with the Central Bank	269,541	8.97	311,258	10.54	291,715	11.64	306,298	14.01
Precious metals	108,137	3.60	93,787	3.18	63,744	2.54	45,254	2.07
Placements of deposits with other banks and financial institutions	173,066	5.76	166,882	5.65	109,046	4.35	66,969	3.06
Funds loaned to other financial institutions and financial assets purchased under reverse repurchase agreements	69,819	2.32	106,326	3.60	193,927	7.73	224,477	10.27
Accounts receivable	5,226	0.17	5,568	0.19	6,624	0.26	9,925	0.45
Interest receivable	17,071	0.57	15,770	0.53	14,124	0.56	12,186	0.56
Fixed assets	8,119	0.27	8,316	0.28	4,788	0.19	3,812	0.17
Intangible assets	4,734	0.16	4,771	0.16	4,961	0.20	5,293	0.24
Goodwill	7,568	0.25	7,568	0.26	7,568	0.30	7,568	0.35
Investment properties	221	0.01	221	0.01	212	0.01	110	0.01
Deferred tax	18,935	0.63	17,831	0.60	8,728	0.35	6,834	0.31

assets								
Other assets	13,391	0.43	11,099	0.37	11,372	0.45	7,874	0.36
<b>Total assets</b>	<b>3,006,195</b>	<b>100.00</b>	<b>2,953,434</b>	<b>100.00</b>	<b>2,507,149</b>	<b>100.00</b>	<b>2,186,459</b>	<b>100.00</b>

Note: "Investment financial assets" include "Financial assets at fair value through profit or loss, derivative financial assets, available-for-sale financial assets, held-to-maturity investments, receivables type investment and long-term equity investment" in the items of Balance Sheet.

The Bank's assets are mainly composed of, among others, net loans and advances, investment financial assets, cash and deposits with the Central Bank, placements of deposits with other banks and financial institutions. As the end of the first quarter of 2017, net loans and advances, investment financial assets, cash and deposits with the Central Bank, and placements of deposits with other banks and financial institutions of the Bank are RMB1,504,184 million, RMB806,183 million, RMB269,541 million and RMB 173,066 million respectively.

As at the end of 2014, 2015, 2016 and the first quarter of 2017, the Bank's net loans and advances reached RMB1,003,637 million, RMB1,186,872 million, RMB1,435,869 million and RMB1,504,184 million respectively.

As at the end of 2014, 2015, 2016 and the first quarter of 2017, the Bank's investment financial assets reached RMB486,222 million, RMB603,468 million, RMB768,168 million and RMB806,183 million respectively.

As at the end of 2014, 2015, 2016 and the first quarter of 2017, the Bank's cash and deposits with the Central Bank reached RMB306,298 million, RMB291,715 million, RMB311,258 million and RMB269,541 million respectively.

As at the end of 2014, 2015, 2016 and the first quarter of 2017, the Bank's placements of deposits with other banks and financial institutions reached RMB66,969 million, RMB109,046 million, RMB166,882 million and RMB173,066 million respectively.

## (2) Liabilities

As at the end of 2014, 2015, 2016 and the first quarter of 2017, the Bank has the total liabilities of RMB2,055,510 million, RMB2,345,649 million, RMB2,751,263 million and RMB2,798,456 million respectively.

Unit: RMB Million, unless specifically indicated

Items	31 March 2017		31 December 2016		31 December 2015		31 December 2014	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Deposit taking	1,912,082	68.33	1,921,835	69.85	1,733,921	73.92	1,533,183	74.59
Placements	400,576	14.31	392,351	14.26	311,106	13.26	385,451	18.75

Items	31 March 2017		31 December 2016		31 December 2015		31 December 2014	
	Amount	Percentage (%)						
of placements of deposits from other banks and financial institutions								
Funds borrowed from other banks and financial institutions	59,513	2.13	52,586	1.91	12,143	0.52	13,551	0.66
Financial liabilities at fair value through profit or loss	9,663	0.35	21,913	0.80	8,506	0.36	4,259	0.21
Derivative financial liabilities	6,964	0.25	8,349	0.30	4,037	0.17	2,662	0.13
Financial assets sold under repurchase agreements	12,332	0.44	18,941	0.69	11,000	0.47	22,568	1.10
Employee salary payable	6,907	0.25	9,289	0.34	10,351	0.44	7,961	0.39
Tax payable	15,199	0.54	12,754	0.46	6,571	0.28	5,794	0.28
Interest payable	21,327	0.76	21,532	0.78	23,267	0.99	25,229	1.23
Bonds payable	317,079	11.33	263,464	9.58	212,963	9.08	41,750	2.03
Other liabilities (Note)	36,814	1.32	28,249	1.03	11,784	0.51	13,102	0.63
<b>Total liabilities</b>	<b>2,798,456</b>	<b>100.00</b>	<b>2,751,263</b>	<b>100.00%</b>	<b>2,345,649</b>	<b>100.00</b>	<b>2,055,510</b>	<b>100.00</b>

Note: "Other liabilities" include "due to the Central Bank, accounts payable, provisions and other liabilities" in the items of Balance Sheet.

The Bank's liabilities are mainly composed of, among others, deposit taking, placements of deposits from other banks and financial institutions, bonds payable, funds borrowed from other banks and financial institutions. As at the end of the first quarter of 2017, deposit taking, placements of deposits from other banks and financial institutions, bonds payable, and funds borrowed from other banks and financial institutions of the Bank are RMB1,912,082 million, RMB400,576 million, RMB317,079 million and RMB59,513 million respectively.

As at the end of 2014, 2015, 2016 and the first quarter of 2017, the Bank has the deposit taking of RMB1,533,183 million, RMB1,733,921 million, RMB1,921,835 million and RMB1,912,082 million respectively.

As at the end of 2014, 2015, 2016 and the first quarter of 2017, the Bank has the deposits from other banks and financial institutions of RMB385,451 million, RMB311,106 million, RMB392,351 million and RMB400,576 million respectively.

As at the end of 2014, 2015, 2016 and the first quarter of 2017, the Bank has the bonds payable of RMB41,750 million, RMB212,963 million, RMB263,464 million and RMB317,079 million respectively.

As at the end of 2014, 2015, 2016 and the first quarter of 2017, the Bank has the borrowings from banks and other financial institutions of RMB13,551 million, RMB12,143 million, RMB52,586 million and RMB59,513 million respectively.

## 2. Analysis of Main Items in the Income Statement

In 2014, 2015, 2016 and January-March 2017, the Bank achieved the net profits of RMB19,802 million, RMB21,865 million, RMB22,599 million and RMB6,214 million respectively, with the profitability improved steadily.

Unit: RMB Million

Items	January-March 2017	2016	2015	2014
Operating income	27,712	107,715	96,163	73,407
Net interest income	18,869	76,411	68,461	53,046
Net fee and commission income	8,150	27,859	24,083	17,378
Operating costs	-7,050	-31,418	-36,783	-32,150
Operating profit	8,228	29,779	28,895	26,246
Non-operating income	16	221	40	40
Non-operating expenses	-14	-65	-89	-92
Total profits	8,230	29,935	28,846	26,194
Net Profit	6,214	22,599	21,865	19,802

Note: The Bank reclassified the net yield of precious metal lease in 2016 and redistributed it from net income in non-interest to net interest income and regulated the standards of the data of 2015 correspondingly.

In 2014, 2015, 2016 and January-March 2017, the Bank achieved the operating income of RMB73,407 million, RMB96,163 million, RMB107,715 million and RMB27,712 million respectively. Increase in the Bank's operating income is mainly attributable to the increase in net interest income and net fee and commission income. In 2014, 2015, 2016 and January-March 2017, the Bank achieved the net interest income of

RMB53,046 million, RMB68,461 million, RMB76,411 million and RMB18,869 million respectively; net fee and commission income reached RMB17,378 million, RMB24,083 million, RMB27,859 million and RMB8,150 million respectively.

### 3. Analysis of Cash Flow Statement

In 2014, 2015, 2016 and January-March 2017, the Bank's net increase/ (decrease) in cash and cash equivalents reached RMB2,352 million, RMB77,885 million, RMB-27,927 million and RMB-113,332 million respectively.

Unit: RMB Million

Items	January-March 2017	2016	2015	2014
Subtotal of cash inflows from operating activities	64,339	503,200	361,744	440,876
Subtotal of cash outflows from operating activities	-179,347	-492,211	-363,570	-415,555
Net cash flows generated from operating activities	-115,008	10,989	-1,826	25,321
Subtotal of cash inflows from investing activities	289,632	1,793,538	759,508	416,326
Subtotal of cash outflows from investing activities	-336,841	-1,895,881	-855,734	-470,809
Net cash flows generated from investing activities	-47,209	-102,343	-96,226	-54,483
Subtotal of cash inflows from financing activities	305,833	732,790	380,736	52,008
Subtotal of cash outflows from financing activities	-256,517	-673,578	-206,559	-20,819
Net cash flows generated from financing activities	49,316	59,212	174,177	31,189
Effect of exchange rate changes on cash and cash equivalents	-431	4,215	1,760	325
<b>Net (decrease) /increase in cash and cash equivalents</b>	<b>-113,332</b>	<b>-27,927</b>	<b>77,885</b>	<b>2,352</b>

In 2014, 2015, 2016 and January-March 2017, the Bank's net cash flows from operating activities reached RMB25,321 million, RMB-1,826 million, RMB10,989 million and RMB-115,008 million respectively; Net cash flows generated from investing activities reached RMB-54,483 million, RMB-96,226 million, RMB-102,343 million and RMB-47,209 million respectively; Net cash flows generated from financing activities reached RMB31,189 million, RMB174,177 million, RMB59,212 million and RMB49,316 million respectively.

#### **IV. USE OF PROCEEDS RAISED FROM THE PUBLIC ISSUANCE OF THE CONVERTIBLE BONDS**

The proceeds from the issuance of the Convertible Bonds will be utilized to support the future development of business, and the amount received after the conversion of the Convertible Bonds will be used to replenish the core Tier-1 capital of the Bank in accordance with relevant regulatory requirements.

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

29 July 2017

**This announcement was originally drafted in Chinese and the English translation of the announcement is for your reference only. In case of any inconsistencies between the Chinese and the English version, the Chinese version shall prevail.**