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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 2013 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, 2013

As at the date of this announcement, the Executive Directors of the Company are Ma Mingzhe, Sun Jianyi, Ren Huichuan, Ku Man and Yao Jason Bo; the Non-executive Directors are Fan Mingchun, Lin Lijun, Li Zhe and Guo Limin; the Independent Non-executive Directors are Zhang Hongyi, Chen Su, Xia Liping, Tang Yunwei, Lee Carmelo Ka Sze, Woo Ka Biu Jackson and Stephen Thomas Meldrum.

**THE ANNOUNCEMENT OF
PING AN INSURANCE (GROUP) COMPANY OF CHINA, LTD.
IN RELATION TO THE DISCLOSURE OF
2013 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 "2013 First Quarterly Report of Ping An Bank" on the website of Shenzhen Stock Exchange (www.szse.cn) on April 24, 2013. Please also refer to the "2013 First Quarterly Report of Ping An Bank" as the attachment of this announcement published on the website of Shanghai Stock Exchange (www.sse.com.cn) by the Company.

The Board of Directors
Ping An Insurance (Group) Company of China, Ltd.
April 23, 2013

Ping An Bank Co., Ltd.

2013 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 that there are no false representations and misleading statements contained in, or material omissions from this report, and severally and jointly assume responsibility for the authenticity, accuracy and completeness of the contents of this report.

1.2 The 26th meeting of the 8th session of the Board of the Bank considered the 2013 First Quarterly Report. 18 directors were expected to attend the meeting, amongst which, 18 directors were present in person. The Board of the Bank approved the report 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 Wang Lan (head of the Accounting Department) guarantee the authenticity and completeness of the financial report contained in the 2013 First Quarterly Report.

1.4 This quarterly financial report of the Bank does not go through the formal audit; however, Ernst & Young Hua Ming LLP conducted AUP towards certain items and the compiling procedures of financial statement.

1.5 Definitions

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

§2 Basic Facts of the Company

2.1 Key Accounting Data and Financial Indicators

Whether the financial data for prior periods has been adjusted or restated retrospectively during the reporting period

Yes No

(In RMB million)

Item	31 March 2013	31 December 2012	Change from the end of the reporting period over the end of previous year (%)
Total assets	1,811,249	1,606,537	12.74%
Shareholders' equity	88,759	84,799	4.67%
Share capital	5,123	5,123	-
Net asset per share (Yuan)	17.33	16.55	4.67%
Item	January - March 2013	January - March 2012	Increase/decrease for compared with the same period of last year (%)
Operating income	10,802	9,724	11.09%
Net profit	3,589	3,495	2.69%
Net profit attributable to shareholders of parent	3,589	3,429	4.67%
Net cash flow from operating activities	14,119	76,828	(81.62%)
Net cash flow from operating activities per share (Yuan)	2.76	15.00	(81.62%)
Basic EPS (Yuan)	0.70	0.67	4.67%
Diluted EPS (Yuan)	0.70	0.67	4.67%
Basic EPS less non-recurring gains/losses (Yuan)	0.70	0.67	4.67%
Average return on total assets (un-annualized)	0.21%	0.26%	-0.05 percentage point
Average return on total assets (annualized)	0.84%	1.04%	-0.20 percentage point
Fully diluted net return on assets (un-annualized)	4.04%	4.46%	-0.42 percentage point
Fully diluted net return on assets (annualized)	14.42%	15.75%	-1.33 percentage points
Weighted average return on net asset (un-annualized)	4.14%	4.57%	-0.43 percentage point
Weighted average return on net asset (annualized)	15.61%	17.11%	-1.50 percentage points
Weighted average return on net asset	4.14%	4.56%	-0.42 percentage point

less non-recurring gains/losses (un-annualized)			
Weighted average return on net asset less non-recurring gains/losses (annualized)	15.60%	17.07%	-1.47 percentage points
Items of non-recurring gains/losses	Amount from the beginning of the year to the end of the reporting period		
Gains/losses on disposal of non-current assets			(1)
Losses on contingency			-
Other non-operating income and expense except the above items			2
Impact on income tax of above adjustments			-
Total			1

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

(In RMB million)

Item	31 March 2013	31 December 2012	31 December 2011	Change from the end of the reporting period over the end of previous year (%)
I. Total deposits	1,064,514	1,021,108	850,845	4.25%
Including:				
Corporate deposits	878,616	839,949	698,565	4.60%
Retail deposits	185,898	181,159	152,280	2.62%
II. Total loans	754,801	720,780	620,642	4.72%
Including:				
Corporate loans	501,711	494,945	430,702	1.37%
General corporate loans	469,028	484,535	413,019	(3.20%)
Discounted bills	32,683	10,410	17,683	213.96%
Retail loans	192,817	176,110	165,227	9.49%
Receivables for credit cards	60,273	49,725	24,713	21.21%
Provision for impairment of loans	(13,456)	(12,518)	(10,567)	7.49%
Loans and advances, net	741,345	708,262	610,075	4.67%

2.2 Supplementary financial ratios

(Unit: %)

Indicator		Standard level of indicator	31 March 2013	31 December 2012	31 December 2011
Capital adequacy ratio		≥8	10.17	11.37	11.51
Core capital adequacy ratio		≥4	8.25	8.59	8.46
Non-performing loan (NPL) rate		≤5	0.98	0.95	0.53
Provision coverage		Not applicable	182.68	182.32	320.66
Loan loss provision ratio		Not applicable	1.78	1.74	1.70
Cost/income ratio (excluding business tax)		Not applicable	38.73	39.41	39.99
Deposit-loan spread		Not applicable	4.11	4.33	4.25
Net interest spread (NIS)		Not applicable	2.01	2.19	2.39
Net interest margin (NIM)		Not applicable	2.18	2.37	2.56
Loan/deposit ratio (including discounted bills)	RMB and foreign currency	≤75	71.03	70.64	72.88
Loan/deposit ratio (excluding discounted bills)	RMB and foreign currency	Not applicable	67.89	69.61	70.75
Liquidity ratio	RMB	≥25	44.39	51.31	55.72
	Foreign currency	≥25	101.67	88.90	62.89
	RMB and foreign currency	≥25	45.79	51.99	55.43
Ratio of loans to the single largest client to net capital		≤10	3.29	2.95	3.71
Ratio of loans to top 10 clients to net capital		Not applicable	22.29	15.60	19.24
Pass loans flow rate		Not applicable	0.55	2.03	0.67
Special Mention loans flow rate		Not applicable	8.60	53.38	9.35
Substandard loans flow rate		Not applicable	3.81	43.28	39.40
Doubtful loans flow rate		Not applicable	32.59	78.22	13.01

2.3 Total number of shareholders and the shareholding status of the top ten unrestricted shareholders at the end of the reporting period

(Unit: shares)

Total number of shares at the end of the reporting period	5,123,350,416	Total number of shareholders at the end of the reporting period	256,985		
Shareholding of top 10 shareholders					
Name of the shareholder	Capacity	Shareholding (%)	Number of shares held	Number of restricted shares held	Number of shares pledged or frozen
Ping An Insurance (Group) Company of China, Ltd. – the Group – proprietary fund	Domestic legal entity	42.16	2,159,807,516	1,638,336,654	-

Ping An Life Insurance Company of China, Ltd.-proprietary fund	Domestic legal entity	7.41	379,580,000	379,580,000	-
Ping An Life Insurance Company of China, Ltd. - traditional - ordinary insurance products	Domestic legal entity	2.75	140,963,528	-	-
China Electronics Shenzhen Company	Domestic legal entity	1.81	92,867,385	-	-
Collateral securities client trading account of Orient Securities Company Limited	Domestic legal entity	1.53	78,403,944	-	-
Collateral securities client trading account of Citic Securities Co., Ltd	Domestic legal entity	1.31	67,242,349	-	-
Bank of China – Efund SI100 ETF	Domestic legal entity	0.69	35,107,204	-	-
ICBC – Rongtong SI 100 Index Securities Investment Fund	Domestic legal entity	0.55	28,380,025	-	-
China Minsheng Banking – Yinhua SZSE 100 Index classified securities investment fund	Domestic legal entity	0.54	27,439,420	-	-
Collateral securities client trading account of Guosen Securities Co., Ltd	Domestic legal entity	0.41	20,985,447	-	-

Shareholding of top 10 shareholders without restriction conditions

Name of shareholder	Number of unrestricted shares held	Type of shares
Ping An Insurance (Group) Company of China, Ltd. – the Group – proprietary fund	521,470,862	RMB ordinary shares
Ping An Life Insurance Company of China, Ltd. – traditional - ordinary insurance products	140,963,528	RMB ordinary shares
China Electronics Shenzhen Company	92,867,385	RMB ordinary shares
Collateral securities client trading account of Orient Securities Company Limited	78,403,944	RMB ordinary shares
Collateral securities client trading account of Citic Securities Co., Ltd	67,242,349	RMB ordinary shares
Bank of China – Efund SI100 ETF	35,107,204	RMB ordinary shares
ICBC – Rongtong SI 100 Index Securities Investment Fund	28,380,025	RMB ordinary shares
China Minsheng Banking – Yinhua SZSE 100 Index classified securities investment fund	27,439,420	RMB ordinary shares
Collateral securities client trading account of Guosen Securities Co., Ltd	20,985,447	RMB ordinary shares
CSOP Asset Management Limited – CSOP FTSE A50ETF	19,203,250	RMB ordinary shares
Description of the related relationship and concerted action of the above shareholders	<p>1. Ping An Life Insurance Company of China, Ltd. is a controlled subsidiary of and acting in concert with the Ping An Insurance (Group) Company of China, Ltd. “Ping An Insurance (Group) Company of China, Ltd. – the Group - proprietary fund”, “Ping An Life Insurance Company of China, Ltd. - proprietary fund” and “Ping An Life Insurance Company of China, Ltd. – traditional – ordinary insurance product” are related parties.</p> <p>2. The Bank is not aware of any related relationship or concerted action between any of other shareholders.</p>	

§3 Major events

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

√Applicable □Not applicable

Item	Change	Reasons of change
Precious metals	105.10%	Increase in scale of gold business
Held-for-trading financial assets	80.58%	Investment structure adjustment
Reverse repurchase agreements	85.54%	Structure adjustment of Inter-bank business
Investment in receivables	56.74%	Investment structure adjustment
Other assets	114.15%	Increase in settlement of fund at the end of period
Due to Central Bank	(91.33%)	Structure adjustment of Inter-bank business
Placements of deposits from other banks and financial institutions	48.02%	Structure adjustment of Inter-bank business
Funds borrowed from other banks and financial institutions	(44.04%)	Structure adjustment of Inter-bank business
Financial liabilities at fair value through profit or loss	142.74%	Increase in scale of gold business
Repurchase agreements	40.18%	Structure adjustment of Inter-bank business
Accounts payable	(32.99%)	Decrease in factoring of payables
Bond payables	(40.38%)	Redemption of matured subordinated debts of RMB6.5 billion
Other liabilities	174.47%	Increase in settlement of fund at the end of period
Fee and commission expenses	51.35%	Increase in fee income for banking card, etc.
Gains or losses from changes in fair values	333.33%	Small base number, increase in fair value of held-for-trading financial assets
Foreign exchange gains or losses	(82.14%)	Decrease in gains or losses from changes in fair values of forward exchange
Net income from other business	(54.84%)	Small base number
Impairment losses on assets	52.48%	Increase in provision
Non-operating income	(78.57%)	Small base number

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 August 15, 2012, the eighteen meeting of the 8th session Board of the Bank has deliberated and passed relevant resolutions such as PAB Proposal of Extension of the Effective Period for the Proposal on the Company's Non-public Offering of Shares.

On August 31, 2012, the second Extraordinary Shareholders Meeting in 2012 of the Bank has deliberated and passed relevant resolutions such as PAB Proposal of extension of effective period of resolution of non-public issuance of share.

Such non-public offering resolution is subject to the approval by regulatory authorities, such as China Banking Regulatory Commission ("CBRC") and CSRC.

For details, please refer to relevant announcements published by the Bank in China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily on 16 August and 1 September 2012 and www.cninfo.com.cn.

3.3 Undertakings by the Company or shareholders with more than 5% of shareholding during or up to the reporting period

Applicable Not applicable

Commitments	Undertaker	Contents	Date	Term	Status
Commitments in share reform	—	—	—	—	—
Commitments made in acquisition report or equity change report	Ping An Insurance (Group) Company of China, Ltd.	PAG committed in <i>SDB Acquisition Report</i> published on June 30, 2011: As to all SDB shares owned by the Offeror and its affiliated institutions as of the date when those SDB shares subscribed by the Offeror through the deal are registered, the Offeror and its affiliated institutions will not transfer any of them within thirty six months after the newly-subscribed SDB shares are registered under the	June 30, 2011	Within three years	Performance is being carried out now

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

		<p>account.</p> <p>3. As to the two properties without ownership certificates owned by the original Ping An Bank, PAG issued the <i>PAG Commitment Letter on Providing Compensation for Potential Dispute about Ownership of Ping An Bank's Properties</i>. According to the commitment letter, PAG committed that if there is any dispute about the ownership of the above properties of the original Ping An Bank in the future, PAG will try its best to coordinate all parties, strive to settle disputes properly and avoid any adverse impact on the normal operations of the bank. If the dispute of the property ownership causes additional cost to the abovementioned subordinate institutions or have lowered their income, PAG promised to compensate the Bank in cash for the loss of profit derived as a result of handling the dispute of property ownership of the original Ping An Bank.</p> <p>On the basis of the above commitment letter, PAG makes the <i>Commitment Letter of Ping An Insurance (Group) Company of China, Ltd. Regarding the Solutions to the Properties with Ownership Defects of Ping An Bank Co., Ltd.</i>, which undertakes that: within three years after the completion of this transaction, if the Bank cannot process real estate certificate for the two properties and cannot properly dispose of those properties, then PAG will purchase or designate a third party to purchase those properties at a fair and reasonable price within three months upon the expiry of the three year period.</p> <p>4. After the completion of this Material Asset Restructuring and during the period when PAG acts as SDB's controlling shareholder, in respect of similar businesses or business opportunities as SDB that are intended to be engaged by or substantially obtained by PAG and other companies controlled by PAG in the future, and that the assets and businesses formed by those businesses or business opportunities may cause potential peer competition with SDB, PAG and other companies controlled by PAG will not engage in businesses that are the same or similar to SDB, so as to avoid in direct or indirect competition in relation to SDB's business operations.</p> <p>5. After the completion of this Material Asset Restructuring, with regard to the related party</p>			
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		<p>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>6. After the completion of this Material Asset Restructuring and during the period when PAG acts as SDB's controlling shareholder, SDB's independence will be maintained so as to ensure that SDB is independent to PAG and other companies controlled by PAG in terms of personnel, assets, finance, institutions and business.</p> <p>II. Regarding the said two properties without ownership certificate of the original Ping An Bank, the Bank promises that after the completion of the deal:</p> <p>1. The Bank will proactively communicate with property ownership administrative authorities and relevant parties and try its best to get the ownership certificates of the above two properties;</p> <p>2. If there is substantial obstruction in obtaining the property ownership certificates, the Bank will dispose the above two properties through methods including but not limited to selling them within three years after the completion of the deal;</p> <p>3. If the Bank fails to dispose the properties in the way mentioned in (2) above within three years after the completion of the deal due to any reason, the Bank will sell the properties to PAG or its designated third party at a fair and reasonable price within three months after the expiry of the three year period; and</p> <p>4. If there is any dispute about ownership before the above properties are disposed, the Bank will ask PAG to compensate the Bank according to the <i>PAG Commitment Letter on Providing Compensation for Potential Dispute about Ownership of Ping An Bank's Properties</i> issued by PAG.</p>			
Commitments	Ping An	Ping An Life made commitments not to transfer the	September	Within	Performance

made upon share issuance	Life	379,580,000 new shares acquired from SDB in NPO within 36 months from the date of completion of this subscription of shares (September 17, 2010), however, under the permission of the laws and approval of relevant regulatory authorities, the transfer between Ping An Life and its related parties (including the controlling shareholder, de facto controller of Ping An Life and different subjects controlled by the same controller of Ping An Life) will not be restricted. If there is any selling deal against the said commitment, Shenzhen branch of China Securities Depository and Clearing Corporation Limited will be delegated to transfer all the proceeds from selling of the subscribed shares to SDB's listed company account and the proceeds will be owned by all SDB shareholders.	17, 2010	three years	is being carried out now
Other commitments (including retrospective commitments)	—	—	—	—	—

3.4 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 reason

Applicable Not applicable

3.5 Execution of dividend policy in the reporting period

Applicable Not applicable

At the 25th meeting of the 8th session of the Board of the Bank held on 7 March 2013, *Profit Distribution Proposal for 2012 of Ping An Bank Co., Ltd.* was deliberated and passed, whereby distribution of cash dividends of RMB1.70 per 10 shares (inclusive of tax) and share dividends of 6 shares per 10 shares was proposed based on the total share capital of 5,123,350,000 of the Bank as at 31 December 2012. The above resolution is subject to the deliberation and passing at the 2012 annual general meeting of the Bank.

The cash dividend policy formulated by the Bank complies with the provisions of the Articles and the requirements of the resolution of the general meeting with specific and clear standards and proportion for dividend. Through listening to the opinions of shareholders (especially minority and medium shareholders), independent directors and the Supervisory Committee via various channels, the relevant decision making procedures and mechanism have been completely formulated, and

independent directors have conducted due diligence and played their due roles, while the legal interests of minority and medium shareholders were adequately safeguarded. The conditions and procedures for adjusting and changing the Bank's cash dividend policy are in compliance with regulations and transparent.

3.6 Explanation of other major events

3.6.1 Securities investment situation of the Bank

Applicable Not applicable

At the end of the reporting period, book value of treasury and financial bonds (including PBOC notes, policy bank notes, ordinary financial bonds and subordinated financial bonds) held by the Bank was RMB157.7 billion, among which the bonds with large amount are as follows:

(In RMB million)

Type	Face value	Nominal annual interest rate (%)	Maturity date
11 financial bonds	37,590	3.42~4.9	2013/5/12~2021/10/26
10 financial bonds	32,160	2.95~4.02	2013/10/26~2020/11/4
09 financial bonds	16,010	1.95~4.18	2014/1/16~2019/9/23
12 financial bonds	11,041	0~4.44	2013/4/6~2022/9/17
08 financial bonds	10,430	2.04~5.5	2013/4/8~2018/12/16
PBOC notes	8,450	2.65~3.97	2013/4/23~2014/10/14
10 T-bonds	7,687	2.3~4.6	2013/4/10~2040/6/21
11 T-bonds	4,781	3.03~6.15	2014/3/10~2041/6/23
07 financial bonds	4,150	3.84~5.14	2014/4/3~2017/11/29
12 T-bonds	4,052	2.74~6.15	2015/4/10~2062/11/15

3.6.2 Shareholding of other listed company

Applicable Not applicable

(In RMB million, %)

Stock code	Name	Initial investment	Percentage of total shareholding at the end of the period	Book value at the end of the period	Gains/Losses in the reporting period	Change of owners' equity during the reporting period	Accounting entry	Origination
000150	Yihua Real Estate	6	1.36%	19	-	(2)	Available-for-sale	Reposessed equity
600094	Great Town	4	0.07%	6	-	(2)	Available-for-sale	Reposessed equity
000034	ShenxinTaifeng	6	0.18%	3	-	-	Available-for-sale	Reposessed equity
000030	ST Shengrun A	3	0.03%	3	-	-	Available-for-sale	Reposessed equity
	Visa Inc.	-	0.01%	2	-	-	Available-for-sale	Legacy investment
Total		19	-	33	-	(4)		

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

√Applicable □Not applicable

(In RMB million)

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

3.6.4 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 <i>Guidance on Operational risk Management of Commercial Banks</i>, deployed designed traders, adopted professional front-middle-back office integrated monitoring system, set complete business operational process and authorization management system and complete and sound internal monitoring and auditing mechanism to avoid operational risk to the largest extent.</p> <p>4. Legal risk. Legal risk refers to the possibility of risk exposure caused by the non-compliance of business activity with legal requirements or external legal matters. The Bank attached great importance to legal documentation related to derivative transactions, and signed legal agreements including ISDA, CSA, MAFMII 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. 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 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</p>
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	<p>tradings 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 2013, changes in the fair value of derivatives invested by the Bank were not material. The Bank adopted evaluation techniques to determine the fair value of financial derivatives. The evaluation technique includes making reference to the prices used by trading parties in voluntary transactions after making reference to familiar circumstances in latest market transactions, and reference to the current fair value and discounted cash flow technique of other financial instruments of substantially the same nature. Market parameters may be used in evaluation techniques whenever possible. However, the management has to make estimations in light of credit risk, market fluctuation rate and relevancy of its own and its trading counterparties when market parameters are unavailable.</p>
<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 accounting policies and accounting treatment principles for derivatives in line with Accounting Standards for Business Enterprises. There was no major change of the relevant policy during the reporting period.</p>
<p>Specific comments from independent directors on corporate derivative investments and risk control</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, etc. The Bank has established a tailor-made risk management structure, and set up a specialized risk management entity to effectively manage the risks of derivatives investment business via means such as establishment of system, limited authorization, daily supervision and control, internal training and accreditation of qualifications of business personnel.</p>

(2) Position of derivative 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	153,193	187,447	(91)	211.19%
Interest rate swap contract	25,832	27,106	1	30.54%
Others	2	537	1	0.61%
Total	179,027	215,090	(89)	242.34%

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

3.6.5 Share offering plan raised by shareholders holding more than 30% of total shares and the implementation, and whether there is any situation of providing funds or providing external guarantee in violation of regulations to controlling shareholder or its related party

Applicable Not applicable

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

The 2012 Internal Control Self-assessment Report of Ping An Bank Co., Ltd. was passed at the 25th meeting of the 8th session of the Board of the Bank held on 7 March 2013. Ernst & Young Hua Ming 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 *Guidance for Internal Control of Commercial Banks* and the relevant requirements, and issued *the 2012 Internal Control Audit Report of Ping An Bank Co., Ltd.*

In 2013, the Bank will continue, on the basis of enhancing the existing works, to improve the management mechanism for internal control to further enhance the implementation of internal control, which will be carried out in an orderly manner as scheduled.

3.6.7 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	Targets	Major contents discussed and materials provided
2013/01/05	Shenzhen	Onsite survey	Taikang Life	Business status and development strategies
2013/01/08	Shenzhen	Onsite survey	BOC International	Business status and development strategies

2013/01/09	Shenzhen	Onsite survey	Bosera Funds	Business status and development strategies
2013/01/10	Shenzhen	Onsite survey	Everbright Securities, etc	Business status and development strategies
2013/01/14	Shenzhen	Onsite survey	Sinolink Securities	Business status and development strategies
2013/01/16	Shenzhen	Onsite survey	China Merchants Fund	Business status and development strategies
2013/01/17	Shenzhen	Onsite survey	Guangzhou Securities	Business status and development strategies
2013/01/18	Shanghai	Investment bank meeting	All sorts of investors including securities brokers and funds investors	Business status and development strategies
2013/01/22	Shenzhen	Onsite survey	Galaxy Securities	Business status and development strategies
2013/01/23	Shenzhen	Onsite survey	Haitong Securities, etc	Business status and development strategies
2013/01/23	Shenzhen	Onsite survey	China Merchants Securities, etc	Business status and development strategies
2013/01/23	Shenzhen	Onsite survey	GF Securities, etc	Business status and development strategies
2013/01/23	Shenzhen	Onsite survey	Central China Securities	Business status and development strategies
2013/01/29	Shenzhen	Onsite survey	UBS, etc	Business status and development strategies
2013/01/29	Shenzhen	Onsite survey	Industrial Securities, etc	Business status and development strategies
2013/01/29	Shenzhen	Onsite survey	Orient Securities, etc	Business status and development strategies
2013/01/29	Shenzhen	Onsite survey	Ping An Securities, etc	Business status and development strategies
2013/03/08	Shenzhen	Onsite survey, telephone communication	All sorts of investors including securities brokers and funds investors	2012 annual report and results release
2013/03/12	Shenzhen	Onsite survey	Bosera Funds	Business status and development strategies
2013/03/18	Shenzhen, Shanghai	Roadshow	All sorts of investors including securities brokers and funds investors	2012 annual report roadshow
2013/03/19	Guangzhou, Beijing	Roadshow	All sorts of investors including securities brokers and funds investors	2012 annual report roadshow
2013/03/21	Shenzhen	Telephone communication	Moody	Business status and development strategies

3.7 Management Discussion and Analysis

3.7.1 Overview

In the first quarter of 2013, amid the numerous uncertainties of international economic and regional situation, the slowdown economic growth in China showed signs of stabilization. The government continued a sound monetary policy as its national macroeconomic control. In the face of the market-driven interest rate and accelerated financial disintermediation, interest spreads charged by banks narrowed and the pressure on increasing profit grew. Various risk regulatory indicators and requirements became more stringent, interbank competition of the same products intensified and technology for the operations of banks continued to improve, raising the requirement for risk management and business innovation of the banking industry.

Under the complicated operating environment, the Bank steadfastly implemented the “Best Bank” strategy, under which through the change in growing model by improvement of its integrated financial services capabilities, a long-term effective mechanism for sustainable development of liability business was established on one hand with investment being further increased in business innovation and development and promoting advanced technology to lay a solid foundation for the Bank’s rapid development, whilst by adhering to the philosophy of “customer-centric”, our assets and liabilities structure was furthered optimized on the other hand, focusing on the operations of micro finance business, credit cards and consumer finance business. Through the establishment of system such as the SCFP (supply chain financial platform), our premium products and business platforms continued to grow in size and scale. Meanwhile, the Bank’s comprehensive risk management capability was enhanced by having the risk control system that encompasses all processes in place to ensure the rapid and stable development of every business line.

Steady growth in scale with consistent assured quality: As at the end of the reporting period, total assets of the Bank amounted to RMB1,811.249 billion, representing a growth of 12.74% as compared with the beginning of the year; total deposits amounted to RMB1,064.514 billion, representing a growth of 4.25% from the beginning of the year; total loans amounted to RMB754.801 billion, representing an increase of 4.72% from the beginning of the year. Of which, retail loans (credit cards exclusive) increased by 9.49% over the beginning of the year.

During the reporting period, the Bank’s NPLs in the Eastern region of China slightly increased, but overall risk was still under control as most of the new NPLs have collaterals and pledges. As of the end of the reporting period, the Bank’s NPL balance amounted to RMB7.366 billion, up RMB500 million as compared with the beginning of the year; NPL ratio was 0.98%, increasing by 0.03 percentage point from the beginning of the year; provision to loan ratio was 1.78%, up 0.04 percentage

point from the beginning of the year. Provision coverage for loans was 182.68%, up 0.36 percentage point over the beginning of the year.

Improved profitability with continuous improvement in income structure: During the reporting period, the Bank's profit continued to grow, with net profit attributable to the owners of the parent company amounting to RMB3.589 billion, representing a year-on-year increase of 4.67% or a month-on-month increase of 13.39%. Income structure had been further improved. Non-interest income accounted for 19.39%, increasing by 1.20 percentage points from the same period of last year.

Healthy development of strategic business and strategic restructuring beginning to bear fruit: As at the end of the period, balance of trade financing facilities was RMB286.696 billion, which was comparable to the beginning of the year. The number of trade finance customers was 9,668, representing an increase of 292 over the beginning of the year. Our balance of micro loans increased by 15.63% from the beginning of the year to RMB64.56 billion and the balance of credit card loans was RMB60.273 billion, up 21.21% over the beginning of the year while credit card circulation reached 11.66 million.

Stable growth of institutions: During the reporting period, the Bank has 3 newly opened institutions, including 1 operating institution of branch level and 2 operating institutions of sub-branch level, thus, the Bank had 453 outlets in total (closed outlets inclusive).

3.7.2 Asset and liability items

As of the end of reporting period, total assets of the Bank amounted to RMB1,811.249 billion, representing a growth of 12.74% over the beginning of the year; total liabilities amounted to RMB1,722.49 billion, representing a growth of 13.19% over the beginning of the year.

Asset composition and changes

(In RMB million)

Item	31 March 2013		31 December 2012		Change from the end of period over the end of previous year (%)
	Balance	%	Balance	%	
Loans and advances	754,801	41.67%	720,780	44.87%	4.72%
Provision for impairment of loans	(13,456)	(0.74%)	(12,518)	(0.78%)	7.49%
Net loans and advances	741,345	40.93%	708,262	44.09%	4.67%
Investment and other financial assets	336,173	18.56%	289,585	18.03%	16.09%
Cash and due from the Central Bank	212,952	11.76%	219,347	13.65%	(2.92%)
Precious metals	4,986	0.28%	2,431	0.15%	105.10%
Due from banks and other financial institutions	75,075	4.14%	94,295	5.87%	(20.38%)

Placements with banks and other financial institutions and assets purchased under resale agreements	397,641	21.95%	251,899	15.68%	57.86%
Account receivables	7,395	0.41%	8,364	0.52%	(11.59%)
Interest receivables	9,450	0.52%	8,757	0.55%	7.91%
Fixed assets	3,417	0.19%	3,536	0.22%	(3.37%)
Intangible assets	5,749	0.32%	5,878	0.37%	(2.19%)
Goodwill	7,568	0.42%	7,568	0.47%	-
Properties for investment purposes	193	0.01%	196	0.01%	(1.53%)
Deferred income tax assets	2,947	0.16%	3,450	0.21%	(14.58%)
Other assets	6,358	0.35%	2,969	0.18%	114.15%
Total assets	1,811,249	100.00%	1,606,537	100.00%	12.74%

Liability composition and changes

(In RMB million)

Item	31 March 2013		31 December 2012		Change from the end of period over the end of previous year (%)
	Balance	%	Balance	%	
Deposit taking	1,064,514	61.80%	1,021,108	67.10%	4.25%
Due to banks and other financial institutions	524,315	30.44%	354,223	23.28%	48.02%
Borrowings from banks and other financial institutions	21,861	1.27%	39,068	2.57%	(44.04%)
Financial liabilities at fair value through profit or loss for the current period	4,180	0.24%	1,722	0.11%	142.74%
Derivative financial liabilities	988	0.06%	952	0.06%	3.78%
Repurchase agreements	64,691	3.76%	46,148	3.03%	40.18%
Employee compensation payables	3,445	0.20%	4,863	0.32%	(29.16%)
Tax payables	2,009	0.12%	2,299	0.15%	(12.61%)
Interest payables	13,474	0.78%	11,526	0.76%	16.90%
Bond payables	9,587	0.56%	16,079	1.06%	(40.38%)
Deferred income tax liabilities	1,261	0.07%	1,272	0.08%	(0.86%)
Other liabilities	12,165	0.70%	22,478	1.48%	(45.88%)
Total liabilities	1,722,490	100.00%	1,521,738	100.00%	13.19%

3.7.3 Asset quality

As of the end of reporting period, NPL balance of the Bank was RMB7.366 billion, representing an increase of RMB0.5 billion as compared with the beginning of the year. NPL ratio was 0.98%, up 0.03 percentage point from the beginning of the year. Provision to loan ratio was 1.78%, up 0.04 percentage point from the beginning of the year. Provision coverage for loans was 182.68%, up 0.36 percentage point over the beginning of the year.

Dampened by the external impacts such as the economic slowdown in China in 2012, the small and medium-sized enterprises in the Yangtze River Delta region experienced operating difficulties, which hampered their debt servicing ability. The Bank had a larger proportion of loans granted to the Eastern region (the Yangtze River Delta region), accounting for 31.5% of the Bank's total loans. The economic downturn in the Yangtze River Delta region brought greater impact to the Bank's asset quality, leading to a continuous rise in NPL ratio. However, during the reporting period, the Bank's new NPLs were mainly concentrated in regions such as Shanghai and Wenzhou, most of which had collaterals and pledges while the quality of our branches' credit assets in other regions (Southern region, Western region, Northern region) remained stable, overall risk was still under control. Looking ahead, the Bank will further optimize its credit structure, grant more high-quality loans, prevent and resolve various potential risks that may arise from deposit loans and strictly control incremental NPLs, so as to guarantee the stability of asset quality.

5-tier loan classification

(In RMB million)

5 loan types	31 March 2013		31 December 2012		Change from the end of period over the end of previous year (%)
	Balance	%	Balance	%	
Pass	738,367	97.82%	706,737	98.05%	4.48%
Special mention	9,068	1.20%	7,177	1.00%	26.35%
NPL	7,366	0.98%	6,866	0.95%	7.28%
Including: Substandard	5,135	0.68%	5,030	0.70%	2.09%
Doubtful	895	0.12%	962	0.13%	(6.96%)
Loss	1,336	0.18%	874	0.12%	52.86%
Total loans	754,801	100.00%	720,780	100.00%	4.72%
Balance of loan impairment provision	(13,456)		(12,518)		7.49%
NPL ratio	0.98%		0.95%		+0.03 percentage point
Provision coverage ratio	182.68%		182.32%		+0.36 percentage point

During the reporting period, the Bank's special mention loans and NPLs, in particular certain branches of the Eastern region, continued to increase, but overall risk was still under control.

Loan structure and quality by industry

(In RMB million)

Industries	31 March 2013			31 December 2012		
	Balance	%	NPL ratio	Balance	%	NPL ratio
Agriculture, husbandry and fishery	2,216	0.29%	-	1,792	0.25%	-
Mining (heavy industry)	11,377	1.51%	-	11,620	1.61%	-
Manufacturing (light industry)	143,563	19.02%	1.99%	159,620	22.15%	1.83%
Energy	10,806	1.43%	-	13,472	1.87%	-
Transportation, postal and telecommunications	29,627	3.93%	0.17%	30,308	4.20%	0.28%
Commerce	129,134	17.11%	1.77%	138,810	19.25%	1.63%
Real estate	53,761	7.12%	0.02%	42,273	5.86%	0.02%
Social service, technology, culture and health care	44,852	5.94%	0.29%	46,247	6.42%	0.28%
Construction	33,617	4.45%	0.38%	34,452	4.78%	0.37%
Others (mainly personal loans)	263,165	34.87%	0.73%	231,776	32.17%	0.58%
Discounts	32,683	4.33%	-	10,410	1.44%	-
Total loans and advances	754,801	100.00%	0.98%	720,780	100.00%	0.95%

As of the end of the reporting period, the Bank's NPLs mainly concentrated in the manufacturing and commerce industries, and NPL ratios for other industries all fell below 1%.

Loan quality by region

(In RMB million)

Region	31 March 2013		31 December 2012	
	Balance	NPL ratio	Balance	NPL ratio
Eastern region	237,812	1.22%	248,688	1.06%
Southern region	228,623	0.41%	216,672	0.47%
Western region	73,517	0.29%	60,122	0.35%
Northern region	135,616	0.59%	137,167	0.53%
Headquarters	79,233	3.16%	58,131	3.89%
Total	754,801	0.98%	720,780	0.95%

As of the end of the reporting period, the Bank's NPL ratios in the Eastern region was 1.22%, up 0.16 percentage point as compared with the beginning of the year, whilst that of the other regions remained stable and overall risk was still under control.

Loan structure and quality by product

(In RMB million)

Item	31 March 2013		31 December 2012		Increase/decrease in NPL ratio
	Balance	NPL ratio	Balance	NPL ratio	
Corporate loans (excluding credit cards)	501,711	1.09%	494,945	1.12%	-0.03 percentage point
Including: General loans	469,028	1.16%	484,535	1.14%	+0.02 percentage point
Discounts	32,683	-	10,410	-	-
Retail loans (excluding credit cards)	192,817	0.68%	176,110	0.48%	+0.20 percentage point
Including: Housing mortgage loans	72,766	0.39%	70,406	0.24%	+0.15 percentage point
Entrepreneur loans	63,978	1.05%	55,187	0.83%	+0.22 percentage point
Auto loans	25,685	0.22%	21,125	0.18%	+0.04 percentage point
Others	30,388	0.96%	29,392	0.62%	+0.34 percentage point
Account receivables of credit cards	60,273	1.01%	49,725	0.98%	+0.03 percentage point
Total loans	754,801	0.98%	720,780	0.95%	+0.03 percentage point

As at the end of the reporting period, NPL ratio of the Bank's retail loans (credit card exclusive) increased by 0.20 percentage point over the beginning of the year, mainly owing to the increase in NPL ratio of housing mortgage loans, entrepreneur loans and other loans. The increase in NPL ratio was mainly attributable to the amendment of the rules for asset quality classification by the Bank in the first quarter of the year (NPL criterion was shortened from the overdue 180 days originally to overdue 90 days), and aggravated by the external economic environment in the first quarter, some micro-enterprises and self-employed operators were less able to mitigate their exposure and thus became more susceptible to industry downturn, and coupled with the lack of fund lending activities in the private sector, borrower experienced operating difficulties and failed to repay their debts as they fall due.

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

(In RMB million)

Item	January-March 2013
Opening balance	12,518
Add: accrual for the period (including non-credit impairment provision)	1,046
Less: interest offset of impaired loans	95
Less: non-credit impairment provision	27

Net provisions for the period	924
Add: recovery for the period	87
Add: exchange difference and other changes	-2
Less: written-off for the period	71
Closing balance	13,456

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

(In RMB million)

Item	31 March 2013		31 December 2012	
	Balance	Percentage of total loans	Balance	Percentage of total loans
Restructured loans	751	0.10%	717	0.10%
Loans with principals or interest overdue within 90 days	6,763	0.90%	5,027	0.70%
Loans with principals or interest overdue over 90 days	12,348	1.64%	9,546	1.32%

As of the end of the first quarter in 2013, the restructured loan balance of the Bank was RMB751 million, representing an increase of RMB34 million or 4.74% over the beginning of the year. Overdue loan balance of the Bank within 90 days was RMB6.763 billion, representing an increase of RMB1.736 billion or 34.53% compared with the beginning of the year, while overdue loan balance of the Bank over 90 days was RMB12.348 billion, representing an increase of RMB2.802 billion or 29.35% compared with the beginning of the year. The Bank's new overdue loans were mainly from the Yangtze River Delta region, most of which have collaterals and pledges. The Bank has actively adopted various measures and formulated collection and disposal and restructuring plans by category, and stepped up communication with local governments, regulatory authorities and peers to jointly improve risk management and remedial works. Up-to-date, overall risk is still under control.

Government financing platform loans

Through opening-up package and one-by-one review of government financing platform loans from 2010 to 2012 and the special clearing up and standardizing work, the Bank has gradually realized effective control on the government financing platform loans based on the scheduled working plan. In 2013, the Bank continued to foster the resolving of platform loan risks via measures such as "listing management, portfolio optimization, strict control on new loans and deposit amount management",

provided that regulatory requirements were met.

As of the end of the reporting period, the balance of the Bank's loans to government financing platform (including general corporate loans and loans still managed as platforms after rectification) was RMB41.787 billion, representing an increase of RMB2.64 billion or 6.74% as compared with the beginning of the year and accounting for 5.54% of various loan balances.

Among which: in terms of loan type, the balance of the Bank's loans corrected to general corporate loans was RMB23.907 billion, accounting for 3.17% of total loan balance; the balance of loans still managed as platform was RMB17.88 billion, accounting for 2.37% of total loan balance.

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

Recovery of non-performing assets

During the reporting period, the Bank achieved good recovery results. It recovered non-performing assets of RMB417 million in aggregate, including credit assets (loan principal) of RMB374 million. Of the recovered loan principal, loans of RMB87 million were written off and non-performing loans of RMB287 million were not written off. 98.41% of loans were recovered in cash while the rest was in the form of repossessed assets.

3.7.4 Income and profit

Interest income and expense

Daily average balance, and average yield or average cost rate of the major asset and liability items during the report period

(In RMB million, %)

Item	January-March 2013			January-March 2012		
	Daily average balance	Interest income/expense	Average yield/cost rate (%)	Daily average balance	Interest income/expense	Average yield/cost rate (%)
Assets						
Customer loans and advances (excluding discount)	721,672	11,596	6.52%	618,152	10,783	7.02%
Bond investment	195,873	1,865	3.86%	194,641	1,953	4.04%
Due from Central Bank	204,106	737	1.46%	169,569	644	1.53%
Bills discounting and inter-bank business	496,652	5,979	4.88%	137,543	2,073	6.06%
Others	4,738	69	5.91%	171,612	2,879	6.75%
Total of interest-earning	1,623,041	20,246	5.06%	1,291,517	18,332	5.71%

assets						
Liabilities						
Customer deposits	998,252	5,944	2.41%	864,359	5,473	2.55%
Bonds issued	15,288	236	6.26%	16,126	251	6.26%
Inter-bank business	521,530	5,359	4.17%	272,999	3,512	5.17%
Others	-	-	-	63,059	1,141	7.28%
Total of interest-bearing liabilities	1,535,070	11,539	3.05%	1,216,543	10,377	3.43%
Net interest income		8,707			7,955	
Deposit-loan spread			4.11%			4.47%
Net interest spread (NIS)			2.01%			2.28%
Net interest margin (NIM)			2.18%			2.48%

Notes: (1) NIS = Yield of interest-earning asset–cost rate of interest–bearing liabilities; NIM = (Net interest income/average daily balance of interest-earning assets) * 100%.

(2) For the convenience of comparison and analysis, some of the comparative figures were reclassified based on the classification for the year.

On a period-on-period basis, affected by two round's interest rate adjustment of the Central Bank's policy since June 2012, return on assets and cost rate of liabilities decreased, and deposit-loan spread was narrowed given a wider floating range of deposits and loans. Meanwhile, the Bank's inter-bank business grew rapidly with increasing scale and profits. However, since the interest spread of inter-bank business is lower than that of the fundamental banking business, the growth of inter-bank business had a dilutive effect on overall net interest spread and net interest margin.

Item	January-March 2013			October-December 2012		
	Daily average balance	Interest income/expense	Average yield/cost rate (%)	Daily average balance	Interest income/expense	Average yield/cost rate (%)
Assets						
Customer loans and advances (excluding discount)	721,672	11,596	6.52%	683,979	11,386	6.62%
Bond investment	195,873	1,865	3.86%	195,591	1,903	3.87%
Due from Central Bank	204,106	737	1.46%	186,274	696	1.49%
Bills discounting and	496,652	5,979	4.88%	331,480	3,986	4.78%

inter-bank business						
Others	4,738	69	5.91%	67,417	838	4.95%
Total of interest-earning assets	1,623,041	20,246	5.06%	1,464,741	18,809	5.11%
Liabilities						
Customer deposits	998,252	5,944	2.41%	938,121	5,838	2.48%
Bonds issued	15,288	236	6.26%	16,077	251	6.21%
Inter-bank business	521,530	5,359	4.17%	407,439	4,001	3.91%
Others	-	-	-	19,957	243	4.84%
Total of interest-bearing liabilities	1,535,070	11,539	3.05%	1,381,594	10,333	2.98%
Net interest income		8,707			8,476	
Deposit-loan spread			4.11%			4.14%
Net interest spread (NIS)			2.01%			2.13%
Net interest margin (NIM)			2.18%			2.30%

On a quarter-on-quarter basis, the re-pricing effect of the interest rate adjustment policies of the Central Bank in 2012 continued to emerge. Although the Bank increased the portfolio and pricing management in this quarter with significant improvement in the structure of new loans and interest rates, it still take time to gradually realize the overall loan yield. Meanwhile, inter-bank business continued to grow rapidly on a quarterly basis, which contributed greater profits while having a dilutive effect on net interest spread and net interest margin.

Yield of customer loans and advances

(In RMB million, %)

Item	January-March 2013			January-March 2012		
	Daily average balance	Interest income	Average yield (%)	Daily average balance	Interest income	Average yield (%)
Corporate loans (excluding discount)	472,884	7,050	6.05%	419,131	7,275	6.98%
Personal loans	248,788	4,546	7.41%	199,021	3,508	7.09%
Customer loans and advances (excluding discount)	721,672	11,596	6.52%	618,152	10,783	7.02%

Through portfolio and pricing management, the structure and pricing of new loans were improved. The proportion of high-yield retail loans increased, the yield of which maintained an uptrend year-on-year during the interest rate cut cycle by the Central Bank. As for corporate loans, according to CBRC's policy, agency payment business was accounted as loans since the end of 2012. The interest rate of the business was only 3.49% in the first quarter (mainly foreign currency business), which dragged down the overall yields for corporate loans.

Item	January-March 2013			October-December 2012		
	Daily average balance	Interest income	Average yield (%)	Daily average balance	Interest income	Average yield (%)
Corporate loans (excluding discount)	472,884	7,050	6.05%	460,831	7,286	6.29%
Personal loans	248,788	4,546	7.41%	223,148	4,100	7.31%
Customer loans and advances (excluding discount)	721,672	11,596	6.52%	683,979	11,386	6.62%

On a quarter-on-quarter basis, the proportion and pricing of high-yield retail loans continued to increase. Average interest rate of new loans was higher than benchmark interest rate.

Cost rate of customer deposits

(In RMB million, %)

Item	January-March 2013			January-March 2012		
	Daily average balance	Interest expense	Average cost rate (%)	Daily average balance	Interest expense	Average cost rate (%)
Corporate deposits	627,055	3,857	2.49%	504,473	3,216	2.56%
Including: demand deposits	235,499	407	0.70%	194,859	388	0.80%
Time deposits	391,556	3,450	3.57%	309,614	2,828	3.67%
Including: Treasury and negotiated deposits	84,528	1,124	5.39%	67,285	914	5.46%
Margin deposits	198,890	1,084	2.21%	203,540	1,198	2.37%
Retail deposits	172,307	1,003	2.36%	156,346	1,059	2.72%
Including: demand deposits	62,051	60	0.39%	53,661	71	0.53%
Time deposits	110,256	943	3.47%	102,685	988	3.87%
Total deposits	998,252	5,944	2.41%	864,359	5,473	2.55%

Item	January-March 2013			October-December 2012		
	Daily average balance	Interest expense	Average cost rate (%)	Daily average balance	Interest expense	Average cost rate (%)
Corporate deposits	627,055	3,857	2.49%	576,673	3,616	2.49%
Including: demand deposits	235,499	407	0.70%	213,434	376	0.70%
Time deposits	391,556	3,450	3.57%	363,239	3,240	3.55%
Including: Treasury and negotiated deposits	84,528	1,124	5.39%	74,379	981	5.25%
Margin deposits	198,890	1,084	2.21%	194,639	1,214	2.48%
Retail deposits	172,307	1,003	2.36%	166,809	1,008	2.40%
Including: demand deposits	62,051	60	0.39%	58,495	58	0.39%
Time deposits	110,256	943	3.47%	108,314	950	3.49%
Total deposits	998,252	5,944	2.41%	938,121	5,838	2.48%

Fee income and expense

(In RMB million)

Item	January-March 2013	January-March 2012	YoY change (%)
Settlement fee income	242	225	7.56%
Wealth management business fee income	249	137	81.75%
Agency and entrustment business fee income	71	272	(73.90%)
Bank card business fee income	916	491	86.56%
Consulting and advisory fee income	207	150	38.00%
Account management fee income	53	113	(53.10%)
Others	291	208	39.90%
Subtotal of fee income	2,029	1,596	27.13%
Agency business fee outlay	35	24	45.83%
Bank card business fee outlay	173	104	66.35%
Others	16	20	(20.00%)
Subtotal of fee outlay	224	148	51.35%
Net fee and commission income	1,805	1,448	24.65%

During the reporting period, the Bank's agency and entrustment business fee income as well as account management fee income dropped significantly under the influence of macro environment and regulatory policies. However, benefiting from the expansion of the Bank's size and customer base as well as factors such as the rapid development of the bank card and investment banking business, innovative wealth management products and improved service quality, the growth in the Bank's net fee

income showed a satisfactory uptrend.

Other net operating income

Other net operating income includes investment income, gains/losses from changes in fair value, foreign exchange gains/losses and other business income. During the reporting period, other net operating income of the Bank was RMB290 million, representing a decrease of 9.66% over the same period of last year, primarily due to decrease in gains or losses from changes in fair values of forward foreign exchange products.

Operating expense

During the reporting period, operating expense of the Bank increased by 12.69% over the same period of last year to RMB4.184 billion, primarily due to headcount, outlets and business scale growth, and continued investment in upgrading the management process and IT system. In 2012, the Bank has achieved remarkable progress in the establishment of outlets and institutions, with 1 new first-tier branch, 5 second-tier branches, 49 outlets of sub-branch level. Most of these institutions and outlets commenced operation in the second half of the year, which made positive contributions to our operating expenses. During the reporting period, cost to income ratio (business tax exclusive) was 38.73%, representing an increase of 0.55 percentage point from 38.18% of the same period last year, and a decrease of 0.68 percentage point from 2012. Included in operating expense were staff expense of RMB2.164 billion with an increase of 3.85% over the same period of last year, business expense of RMB1.355 billion with an increase of 27.54% over the same period of last year, and depreciation, amortization and rental expenses of RMB665 million with an increase of 17.36% over the same period of last year.

Asset impairment loss

(In RMB million)

Item	January-March 2013	January-March 2012	YoY change (%)
Disbursement of loans and advances	1,019	664	53.46%
Other assets	27	22	22.73%
Total	1,046	686	52.48%

Income tax expenses

During the reporting period, income tax rate of the Bank was 23.93%, up 2 percentage points over

the same period of last year.

(In RMB million)

Item	January-March 2013	January-March 2012	YoY change (%)
Profit before tax	4,718	4,477	5.38%
Income tax expenses	1,129	982	14.97%
Effective income tax rate	23.93%	21.93%	+2.00 percentage points

3.7.5 Capital management (new capital agreement)

(In RMB million)

Item	Standard value	31 March 2013
Net core tier 1 capital		75,412
Net tier 1 capital		75,412
Net capital		91,089
Credit risk-weighted assets		971,483
On-balance sheet risk-weighted assets		802,828
Off-balance sheet risk-weighted assets		166,562
Risk-weighted assets exposed to counterparty credit risk		2,093
Market risk-weighted assets		3,713
Operational risk-weighted assets		61,032
Total risk-weighted assets		1,036,228
Core tier 1 capital adequacy ratio	≥5.5%	7.28%
Tier 1 capital adequacy ratio	≥6.5%	7.28%
Capital adequacy ratio	≥8.5%	8.79%

3.7.6 Business development

3.7.6.1 Corporate business

As at the end of the reporting period, the corporate deposit balance of the Bank increased by 4.60% from the beginning of the year, and the corporate loan balance increased by 1.37% from the beginning of the year.

During the reporting period, under the establishment of technology-driven core competitiveness for its business and the operation approaches of creating an integrated financial service brand with unique characteristics, the Bank kept focusing on financial innovation for its products and business model, and continued to thoroughly develop industry customers via capturing key industries,

professional markets and target customer groups. In terms of business operation, the Bank seized the opportunities arising from urbanization, utilized integrated finance measures and strived to increase its co-operation with trust, securities firms and investment banks, etc. The Bank introduced new products and services, and placed great efforts on the development of businesses such as notes, wealth management, trust, lease, factoring and asset management, catering for multi-tier, diversified financial needs of corporate customers with characterized business models and operation concepts. In terms of customer management, a scientific customer categorization management system was formulated and differentiated services were provided to each category of customers to foster customers to upgrade to more privileged category.

Corporate integrated cross-selling business developed continuously

During the reporting period, the corporate integrated cross-selling business continued to grow. The cross-selling deposits amounted to RMB12.147 billion on daily average basis, and the balance amounted to RMB14.073 billion. The corporate cross-selling loans amounted to RMB3.088 billion on daily average basis, and the balance amounted to RMB2.821 billion.

Trade finance business continued to maintain a healthy and solid development

During the reporting period, the Bank's trade finance advocated and upheld a customer-centric and industry-oriented business development model. With adjustment and optimization on the industry structure and customer structure, the Bank ramped up its exploration efforts on characterized regions and industries in a bid to actively expand its quality customer bases. In the first quarter, fragmentation of the industry continued, among which the proportion of the portfolio for the steel industry decreased by 0.7 percentage point over the beginning of the year; the number of trade finance customers was 9,668, representing an increase of 292 over the beginning of the year. The NPL ratio of trade finance was 0.34%, which remained at a relatively low level. The Bank has been concerned about the risk exposure of the steel industry since last year, actively withdrawing some steel industry customers of higher potential risk. Moreover, exacerbated by the long holiday of the Chinese New Year and low sales season for certain industries, balance of trade financing facilities of the Bank was RMB286.696 billion, which was comparable to that of the beginning of the year.

Table of trade finance

					(In RMB million)
Item	31 March 2013	%	31 December 2012	%	Change from the end of period over the end of previous year (%)
Trade finance balance	286,696	100%	287,282	100%	-

Regions: Eastern region	72,282	25%	68,543	24%	6%
Southern region	108,334	38%	111,240	39%	(3%)
Western region	31,585	11%	29,197	10%	8%
Northern region	74,495	26%	78,302	27%	(5%)
Domestic/International: Domestic	242,904	85%	247,141	86%	(2%)
International (including offshore)	43,792	15%	40,141	14%	9%
Export	4,043	1%	6,145	2%	(34%)
Import	39,749	14%	33,996	12%	17%

3.7.6.2 Retail business

As at the end of the reporting period, the Bank's retail deposit balance increased by 9.49% from the beginning of the year, and retail deposit increased slightly. The net income from retail fee-based business recorded an increase of 19.33% from the corresponding period of last year.

The Bank has further established an open research and development and introduction platform for its products, while expanding its asset scale and consolidating its business foundation. Customer deposits were driven by asset type products and through the categorization of customers into various groups, differentiated pricing could be achieved. Enrichment of products for agency insurance has provided customers with comprehensive insurance services and raised production capacity and fee rate, which in turn enhanced the fee-based business income for insurance business. In the first quarter, the agency life insurance business realized premium of RMB221 million. By establishing and exploring its payment and settlement platforms, the Bank fuelled up the growth of deposits, while enhancing customers' loyalty. The Bank further implemented and enriched the context of its customer value proposition by rolling out standards for customer experience in respect of services, solutions and interests. With "establishment of business models, enhancement on training and management, team building and hardware support", the proposition of customer value was fully realized.

Personal wealth management business

The Bank took the initiatives in diversifying the number of its wealth management products and emphasized on product innovation with focus on the research and development of bank credit and bank securities products, thereby increasing the number of products, including structural securities, structural bonds, directional asset management plan and collective asset management plan. Upholding the operating philosophy of customer differentiation, the Bank developed proprietary wealth management products, which facilitated the soliciting of customers and increased sales. The Bank also

strengthened cross-selling of different products in reliance on group platform, thus offering customers with “one-stop” integrated financial services.

Steady growth in cross-selling business

During the reporting period, the retail cross-selling deposit business maintained a steady growth with an amount of RMB14.892 billion on daily average basis, and the balance amounted to RMB15.552 billion. The cross-selling loan business recorded a rapid growth with an amount of RMB4.708 billion on daily average basis, and the balance amounted to RMB5.442 billion. Among which, the accumulated amount of lending in the first quarter was RMB1.89 billion, representing an increase of 464% from the corresponding period of last year.

Table of personal loans

(In RMB million)

Item	31 March 2013	%	31 December 2012	%
I. Personal loans excluding credit cards				
Eastern region	82,478	42.78%	75,657	42.96%
Southern region	66,332	34.40%	60,916	34.59%
Western region	15,615	8.10%	12,505	7.10%
Northern region	28,391	14.72%	27,031	15.35%
Headquarters	1	-	1	-
Total balance of personal loans excluding credit cards	192,817	100.00%	176,110	100.00%
Including: Total NPL	1,303	0.68%	850	0.48%
II. Mortgage loans in personal loans				
Balance of mortgage loans	76,300	39.57%	73,974	42.00%
Including: Housing mortgage loans	72,766	37.74%	70,406	39.98%
Mortgage NPL	318	0.42%	181	0.24%
Including: Housing mortgage NPL	284	0.39%	169	0.24%

Personal loan balance (excluding credit cards) increased by RMB16.7 billion from the beginning of the year. Among which, the Eastern, Southern and Western regions recorded significant growth of RMB6.8 billion, RMB5.4 billion and RMB3.1 billion from the beginning of the year, respectively.

3.7.6.3 Treasury business

During the reporting period, in addition to refining its asset allocation, the Bank also placed greater efforts on new product development, and enhanced its business handling efficiency on the back of enhanced management techniques brought by system development and system building. The collaboration efficiency between headquarters and branches as well as different products and channels was optimized, so as to fully deploy and unleash the business potential of all branches and channels.

With better risk control and research analysis, the Bank built up a solid management and control mechanism internally, while providing correct information to its customers and fully identified risks externally. The Bank continued to attract key talents to maintain a healthy business development. In 2013, the Bank will regulate the management of its own business and continue to optimize business structure while keeping abreast of market updates, steadily and properly undergoing product innovation, enhancing research and analysis with emphasize on compliance and internal control with a view to realizing the steady growth of its inter-bank business as long as risks were controllable.

Continuous deepening of peer co-operation with expanding scale in inter-bank assets and liabilities

The Bank cooperated with inter-banks to further expand the customer bases and product sales channels, while accelerating the establishment of systems such as inter-bank platforms. As at the end of the reporting period, the accumulated number of online third-party custody, margin and bank securities co-operative entities reached 76, online Hang E-Tong entities and products were accumulated to 30 and 37, respectively, and the number of entities and products under trial were 5 and 6, respectively.

Great development of customer-driven treasury business, enhancement on market guidance, deepening of business innovation and improvement in customer service capabilities

During the reporting period, the transaction volume of foreign exchange agency business recorded an increase of 107% from the corresponding period of last year. The volume of precious metal agency ranked among the top members of the Shanghai Gold Exchange, and the gold leasing business encountered a rapid and significant growth.

The Bank has further raised its position in the exchange market with proactive participation in Renminbi foreign exchange market, and we ranked among the top ten in the market in terms of inter-bank Renminbi foreign exchange derivatives transaction. The Bank also acquired the eligibility of gold futures trading in the Shanghai Gold Exchange, and participated in domestic and foreign precious metal market trading. The activeness of bond trading was further enhanced and our overall market ranking in terms of bond spot transaction volume also rose significantly in the same period, hence laying a solid foundation for our application for becoming an official market maker.

Wealth management R&D continued to maintain rapid growth

During the reporting period, under the increasing improvement in the design quality of wealth management products and sustained optimization of asset portfolio management, the circulation of all kinds of wealth management products increased by 119% from the corresponding period of last year. The scale of asset management has exceeded RMB180.0 billion, and the number of newly issued

wealth management products ranked on the top of the list among all domestic joint stock banks, while the market position and competitiveness have both shown a significant surge.

3.7.6.4 Credit card business

Credit card business continued to grow steadily. Profit before tax increased by 33.3% from the corresponding period of last year, and fee-based business income increased by 82.6% from the corresponding period of last year. 1.16 million new cards were issued in the first quarter, representing an increase of 28.9% from the corresponding period of last year. As at the end of the period, the number of credit cards in circulation reached 11.66 million, representing an increase of 6.0% from the beginning of the year. Total transaction amount amounted to RMB92.0 billion, representing an increase of 122.1% from the corresponding period of last year. In particular, the online transaction amount reached RMB4.3 billion, representing an increase of 187.8% from the corresponding period of last year. As at the end of the reporting period, the loan balance of credit cards was RMB60.3 billion, representing an increase of 21.2% from the beginning of the year. The NPL ratio was 1.01%, which remained at a relatively satisfactory level in the industry.

The credit card business focused on the acquisition of and operation for customers with high net worth and efforts were placed on enhancing customers' experiences. As to customer acquisition, the Group's cross-selling channel kept on making important contributions, accounting for 42% of newly issued cards and representing an increase of 7% from the corresponding period of last year. The Bank also greatly enhanced its efforts on acquiring high-end customers, and the number of newly issued platinum cards in the first quarter has increased by ten times from the corresponding period of last year. In terms of market operation, the Bank launched out themed marketing campaign, Super Ping An Quarter, and continued to undergo characterized and themed campaigns such as "Watch movie with RMB10", "Discount for refuel" and "Business trip reward", while Ping An online mall was continuously built with the promotion of network marketing campaign, "Love Shopping on Wednesday". Meanwhile, the Bank also fostered various kinds of installment businesses to satisfy the service needs on credit card installment by customers. In respect of risk management, the formulation of various risk foundation was continuously fostered, while the approval policies and procedures were enhanced together with the capabilities for risk management and rational decision making were enhanced. In respect of fundamental platform construction, the Bank constantly optimized its operation flow and lowered its costs via the application of new technology. In respect of operation compliance, the promotion and implementation of compliance culture and compliance concepts were continuously reinforced to manage and control legal and compliance risks.

With the continuous advocacy of “Safe, Economical and Functional” value for credit card business among customers, the Bank is committed to provide customers with better credit card products and services and enhance its brand influence in the market with an aim to become the leader in the credit card market.

3.7.6.5 Micro finance business

During the reporting period, micro finance business, as one of our strategic businesses, achieved remarkable progress under the support of product policy and the vigorously promotion of bulk marketing model.

As of the end of the reporting period, balance of micro loans increased by RMB8.726 billion or 15.63% from the beginning of the year to RMB64.56 billion. NPL ratio was 1.19%, down 0.05 percentage point over the beginning of the year. From the regional perspective, the Western region and Southern region saw strong growth momentum with an increase of 44.61% and 18.31%, respectively.

(In RMB million)

Item	31 March 2013		31 December 2012		Compared to the end of previous year	
	Balance of loans	%	Balance of loans	%	Change in balance	Growth rate
Loan to micro enterprises	64,560	100.00%	55,834	100.00%	8,726	15.63%
Including: Eastern region	23,717	36.74%	22,247	39.84%	1,470	6.61%
Southern region	22,865	35.42%	19,326	34.61%	3,539	18.31%
Western region	8,217	12.73%	5,682	10.18%	2,535	44.61%
Northern region	9,661	14.96%	8,579	15.37%	1,082	12.61%
Headquarters	100	0.15%	-	-	100	-

3.7.6.6 Auto financing agency service

During the reporting period, new auto loans was RMB7.9 billion, representing an increase of 163% as compared with the same period of last year. The balance of auto loans of the Bank was RMB25.7 billion, increasing by 22% from the beginning of the year and accounting for the largest market share in the industry. Credit risk was under effective control and the NPL ratio was contained at 0.22%.

3.7.6.7 Development and profit/loss of wealth management business and agency business of the Bank

Wealth management business: The Bank actively expanded the types of wealth management products with emphasis on innovative products. Upholding the operating philosophy of customer differentiation, the Bank developed proprietary wealth management products, which facilitated the soliciting of customers and increased sales. The Bank also strengthened cross-selling of different products in reliance on group platform. During the reporting period, the wealth management products (including corporate, retail and interbank) provided by the Bank amounted to over RMB510 billion, in which, capital preservation wealth management fees income amounted to over RMB270 billion, and fees income of wealth management businesses was RMB249 million, representing an increase of 81.75% as compared with the same period last year. At the end of the reporting period, balance of wealth management capital of the Bank (including corporate, retail and interbank) amounted to RMB203 billion, in which, balance of capital preservation wealth management assets amounted to approximately RMB75.8 billion.

Agency business: the Bank has established a comprehensive entrustment business unit, covering more than 20 trustable products of 8 categories: public funds, wealth management for securities companies, trusts, wealth management for banks, PE public funds, social security funds, transaction fund custodies and insurance premium custody. The Bank also established stable cooperation relationship with more than 200 financial and asset management institutional customers.

During the reporting period, the Bank's custodian fees income was RMB156 million, representing an increase of 230% as compared with the same period of last year. Net value of assets under custody amounted to RMB572.3 billion, representing an increase of 34% from the beginning of the year.

3.7.7 Institution expansion

During the reporting period, the Bank has 3 newly opened institutions, including 1 operating institution of branch level and 2 operating institutions of sub-branch level, thus, the Bank had 453 outlets in total (closed outlets inclusive). Newly opened operating institutions of the Bank include:

Name of institutions	Address
Ping An Bank Co., Ltd., Xi'an Branch	No. 240 Dongxin Street, Xincheng District, Xi'an
Ping An Bank Co., Ltd/, Sub-branch at Caoan Road, Shanghai	No. 1926 Caoan Road, Jiading District, Shanghai
Ping An Bank Co., Ltd., Sub-branch at Houjie, Dongguan	1/F, Boteman Hotel, Entrance of Shanmei Boulevand, Shanmei Village, Houjie Town, Dongguan

§4 Audit report

Audit opinion: This is subject to formal audit.

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

24 April 2013

Appendices:

1. Balance sheet
2. Income statement
3. Cash flow statement

Ping An Bank Co., Ltd.
Balance Sheet
31 March 2013

ASSETS	In RMB million	
	31-Mar-13	31-Dec-12
Cash on hand and due from the Central Bank	212,952	219,347
Precious metals	4,986	2,431
Placements of deposits with other banks	75,075	94,295
Funds loaned to other financial institutions	51,658	65,426
Financial assets at fair value through profit or loss for the current period	7,653	4,238
Derivative financial assets	913	967
Reverse repurchase agreements	345,983	186,473
Accounts receivable	7,395	8,364
Interest receivable	9,450	8,757
Loans and advances	741,345	708,262
Available-for-sale financial assets	81,933	89,896
Held-to-maturity investments	102,771	103,124
Receivables type investment	142,381	90,838
Long-term equity investments	522	522
Investment properties	193	196
Fixed assets	3,417	3,536
Intangible assets	5,749	5,878
Goodwill	7,568	7,568
Deferred tax assets	2,947	3,450
Other assets	6,358	2,969
Total assets	1,811,249	1,606,537
LIABILITIES AND SHAREHOLDERS' EQUITY		
Due to the Central Bank	1,401	16,168
Placements of deposits from other banks and financial	524,315	354,223
Funds borrowed from other financial institutions	21,861	39,068
Financial liabilities at fair value through profit or loss for the current period	4,180	1,722
Derivative financial liabilities	988	952
Repurchase agreements	64,691	46,148
Customer deposits	1,064,514	1,021,108
Employee salary payable	3,445	4,863
Tax payable	2,009	2,299
Accounts payable	2,045	3,052
Interest payable	13,474	11,526
Bonds payable	9,587	16,079
Provisions	128	128
Deferred tax liabilities	1,261	1,272
Other liabilities	8,591	3,130
Total liabilities	1,722,490	1,521,738
SHAREHOLDERS' EQUITY:		
Share capital	5,123	5,123
Capital reserve	40,507	40,136
Surplus reserve	2,830	2,830
General reserve	13,633	13,633
Unappropriated profit	26,666	23,077
Total shareholders' equity	88,759	84,799
Total liabilities and shareholders' equity	1,811,249	1,606,537

Legal representative: Sun Jianyi President: Shao Ping Vice President: Sun Xianlang Accounting manager: Wang Lan

Ping An Bank Co., Ltd.
Income Statement
From Jan to Mar of 2013

Items	In RMB million	
	Jan-Mar 2013	Jan-Mar 2012
I. Operating income	10,802	9,724
Net interest income	8,707	7,955
Interest income	20,246	18,332
Interest expense	11,539	10,377
Net fee and commission income	1,805	1,448
Fee and commission income	2,029	1,596
Fee and commission expense	224	148
Other operating income	290	321
Investment income	240	215
Gains/losses from changes in fair values	21	-9
Foreign exchange gains/losses	15	84
Other operating income	14	31
II. Operating costs	5,039	4,573
Business tax and surcharge	855	860
Business and administrative expenses	4,184	3,713
III. Operating profit before impairment losses on assets	5,763	5,151
Impairment losses on assets	1,046	686
IV. Operating profit	4,717	4,465
Add: Non-operating income	3	14
Less: Non-operating expenses	2	2
V. Profit before tax	4,718	4,477
Less: Income tax expenses	1,129	982
VI. Net profit	3,589	3,495
Net profit attributable to the owner of the parent company	3,589	3,429
Minority interest	-	66
VII. Earnings per share		
(I) Basic earnings per share	0.70	0.67
(II) Diluted earnings per share	0.70	0.67
VIII. Other comprehensive income	371	81
IX. Total comprehensive income	3,960	3,576
Total comprehensive income attributable to the owner of the parent comp	3,960	3,504
Total comprehensive income attributable to minority shareholders	-	72

Legal representative: Sun Jianyi President: Shao Ping Vice President: Sun Xianlang Accounting manager: Wang Lan

Ping An Bank Co., Ltd.
Cash Flow Statement
From Jan to Mar of 2013

Items	In RMB million	
	Jan-Mar 2013	Jan-Mar 2012
I. CASH FLOWS FROM OPERATING ACTIVITIES:		
Net increase in borrowings from Central Bank	-	120
Net increase in customer deposit and placements of deposits from other banks	213,492	157,841
Net decrease in funds loaned to other financial institutions	18,514	-
Net increase in repurchase agreements	18,433	-
Net decrease in accounts receivable	970	10,875
Net decrease in reverse repurchase agreement	-	6,921
Cash receipts from interest, fee and commission income	17,727	15,951
Cash receipts from other operating activities	2,836	561
Subtotal of cash inflows from operating activities	271,972	192,269
Net increase in placements of deposits with the Central Bank and other banks	10,941	16,002
Net decrease in amounts due from the Central Bank	14,775	-
Net increase in funds loaned to other financial institutions	-	495
Net decrease in funds borrowed from other financial institutions	17,207	11,300
Net increase in reverse repurchase agreements	163,502	-
Net decrease in accounts payable	1,007	22,053
Net increase in loans and advances	33,843	29,934
Net decrease in repurchase agreements	-	17,211
Cash payments for interest, fee and commission expenses	9,310	9,098
Cash payments for salaries and staff expenses	3,583	2,693
Cash payments for taxes	1,913	1,586
Cash payments relating to other operating activities	1,772	5,069
Subtotal of cash outflows from operating activities	257,853	115,441
Net cash flows generated from operating activities	14,119	76,828
II. CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash receipts from disinvestments	167,990	32,667
Cash receipts from investment income	4,880	2,396
Subtotal of cash inflows from investing activities	172,870	35,063
Cash payments for investments	213,208	48,371
Cash payments for fixed assets, intangible assets and construction in progress	49	45
Subtotal of cash outflows from investing activities	213,257	48,416
Net cash flows generated from investing activities	-40,387	-13,353
III. CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash receipts from issue of share capital	-	-
Cash receipts from bond issue	-	-
Subtotal of cash inflows from financing activities	-	-
Cash payments for debt repayment	6,500	-
Cash payments for dividend distribution and interest	373	375
Subtotal of cash outflows from financing activities	6,873	375
Net cash flows generated from financing activities	-6,873	-375
IV. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	-147	35
V. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	-33,288	63,135
Add: Balance of cash and cash equivalents at beginning of the period	172,067	67,906
VI. BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	138,779	131,041

Legal representative: Sun Jianyi President: Shao Ping Vice President: Sun Xianlang Accounting manager: Wang lan

The 2013 First Quarterly Report of Ping An Bank was originally drafted in Chinese and the English translation of the report is for your reference only. In case of any inconsistencies between the Chinese and the English version, the Chinese version shall prevail.