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

By order of the Board
Yao Jun
Company Secretary

Shenzhen, PRC, October 22, 2013

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

**THE ANNOUNCEMENT OF
PING AN INSURANCE (GROUP) COMPANY OF CHINA, LTD.
IN RELATION TO
THE DISCLOSURE OF 2013 THIRD QUARTERLY REPORT OF
PING AN BANK**

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

Ping An Bank Co., Ltd. (hereinafter referred to as "Ping An Bank"), a subsidiary of the Company, proposes to publish the "2013 Third Quarterly Report of Ping An Bank" on the website of Shenzhen Stock Exchange (www.szse.cn) on October 23, 2013. Please refer to the "2013 Third Quarterly Report of Ping An Bank" disclosed by the Company as the attachment of this announcement on the website of Shanghai Stock Exchange (www.sse.com.cn) for details.

The Board of Directors
Ping An Insurance (Group) Company of China, Ltd.
October 22, 2013

Ping An Bank Co., Ltd.

2013 Third Quarterly Report

§1 Important Notes

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

1.2 The 30th meeting of the 8th session of the Board of the Bank considered the 2013 Third Quarterly Report. 18 directors were expected to attend the meeting, amongst which, 15 directors were present in person. Chen Wei (the director) and Wang Kaiguo (the director) were absent and entrusted Sun Jianyi (Chairman) to exercise voting rights. Xia Donglin (the independent director) was absent and entrusted Chu Yiyun (the independent director) to exercise the voting rights. The report was approved unanimously at the meeting.

1.3 Sun Jianyi (the Bank’s Chairman), Shao Ping (the Bank’s President), Sun Xianlang (the Bank’s Vice President) and Zhu Minhao (head of the Accounting Department) guarantee the authenticity, accuracy and completeness of the financial report contained in the 2013 Third Quarterly Report.

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

1.5 Definitions

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

§2 Key Financial Data and Changes of Stockholders

2.1 Key Accounting Data and Financial Indicators

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

Yes No

(In RMB million)

| Item | 30 September 2013 | 31 December 2012 | Change from the end of the reporting period over the end of previous year (%) | |
|---|---------------------|---|---|---|
| Total assets | 1,855,619 | 1,606,537 | 15.50% | |
| Shareholders' equity | 94,913 | 84,799 | 11.93% | |
| Share capital | 8,197 | 5,123 | 60.00% | |
| Net asset per share (Yuan) | 11.58 | 10.35 | 11.93% | |
| Item | July-September 2013 | Increase/decrease as compared with the same period of previous year (%) | January-September 2013 | Increase/decrease as compared with the same period of previous year (%) |
| Operating income | 13,919 | 40.52% | 37,345 | 26.46% |
| Net profit | 4,165 | 19.82% | 11,696 | 13.05% |
| Net profit attributable to shareholders of parent | 4,165 | 19.82% | 11,696 | 14.25% |
| Net profit less non-recurring gains/losses attributable to shareholders of parent | 4,115 | 19.00% | 11,637 | 14.23% |
| Net cash flow from operating activities | Not applicable | Not applicable | 100,823 | 21.79% |
| Net cash flow from operating activities per share (Yuan) | Not applicable | Not applicable | 12.30 | 21.79% |
| Basic EPS (Yuan) | 0.51 | 19.82% | 1.43 | 14.25% |
| Diluted EPS (Yuan) | 0.51 | 19.82% | 1.43 | 14.25% |
| Basic EPS less non-recurring gains/losses (Yuan) | 0.50 | 19.05% | 1.42 | 14.52% |
| Average return on total assets (un-annualized) | 0.23% | - | 0.68% | -0.07percentage point |
| Average return on total assets (annualized) | 0.90% | -0.04percentage point | 0.90% | -0.10percentage point |
| Fully diluted net return on assets (un-annualized) | 4.39% | +0.14percentage point | 12.32% | -0.21percentage point |
| Fully diluted net return on assets (annualized) | 16.82% | +0.50percentage point | 15.78% | -0.25percentage point |

| | | | | |
|--|--------|-----------------------|--------|-----------------------|
| Weighted average return on net asset (un-annualized) | 4.45% | +0.19percentage point | 12.96% | -0.09percentage point |
| Weighted average return on net asset (annualized) | 17.41% | +0.72percentage point | 16.93% | -0.10percentage point |
| Weighted average return on net asset less non-recurring gains/losses (un-annualized) | 4.40% | +0.16percentage point | 12.89% | -0.10percentage point |
| Weighted average return on net asset less non-recurring gains/losses (annualized) | 17.20% | +0.59percentage point | 16.85% | -0.10percentage point |

Notes: EPS and Net cash flow from operating activities per share of January-September 2012 and July-September 2012, Net asset per share of 31 December 2012, had both been recalculated based on 8,197 million shares, i.e. the total share capital after dividend.

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

Yes No

Items and Amounts of non-recurring gains/losses

Applicable Not applicable

(In RMB million)

| Items of non-recurring gains/losses | Amount from the beginning of the year to the end of the reporting period |
|---|--|
| Gains/losses on disposal of non-current assets | 11 |
| Losses on contingency | 52 |
| Other non-operating income and expense except the above items | 15 |
| Impact on income tax of above adjustments | (19) |
| Total | 59 |

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 | 30 September 2013 | 31 December 2012 | 31 December 2011 | Change from the end of the reporting period over the end of previous year (%) |
|--------------------|-------------------|------------------|------------------|---|
| I. Total deposits | 1,252,366 | 1,021,108 | 850,845 | 22.65% |
| Including: | | | | |
| Corporate deposits | 1,039,884 | 839,949 | 698,565 | 23.80% |
| Retail deposits | 212,482 | 181,159 | 152,280 | 17.29% |
| II. Total loans | 832,638 | 720,780 | 620,642 | 15.52% |

| | | | | |
|-----------------------------------|----------|----------|----------|----------|
| Including: Corporate Loans | 508,413 | 494,945 | 430,702 | 2.72% |
| General corporate loans | 502,642 | 484,535 | 413,019 | 3.74% |
| Discounted bills | 5,771 | 10,410 | 17,683 | (44.56%) |
| Retail loans | 231,711 | 176,110 | 165,227 | 31.57% |
| Receivables for credit cards | 92,514 | 49,725 | 24,713 | 86.05% |
| Provision for impairment of loans | (14,941) | (12,518) | (10,567) | 19.36% |
| Loans and advances, net | 817,697 | 708,262 | 610,075 | 15.45% |

2.2 Supplementary financial ratios

(Unit: %)

| Indicator | | Standard level of indicator | 30 September 2013 | 31 December 2012 | 31 December 2011 |
|--|--------------------------------------|-----------------------------|-------------------|------------------|------------------|
| According to Administrative Measures for the Capital of Commercial Banks (Trial) | Capital adequacy ratio | ≥ 8.5 | 8.91 | Not Applicable | Not Applicable |
| | Tier one capital adequacy ratio | ≥ 6.5 | 7.43 | Not Applicable | Not Applicable |
| | Core tier one capital adequacy ratio | ≥ 5.5 | 7.43 | Not Applicable | Not Applicable |
| According to Measures for the Management of Capital Adequacy Ratios of Commercial Banks and etc. | Capital adequacy ratio | ≥ 8 | 9.93 | 11.37 | 11.51 |
| | Core capital adequacy ratio | ≥ 4 | 8.09 | 8.59 | 8.46 |
| Non-performing loan (NPL) rate | | ≤ 5 | 0.96 | 0.95 | 0.53 |
| Provision coverage | | Not Applicable | 186.02 | 182.32 | 320.66 |
| Loan loss provision ratio | | Not Applicable | 1.79 | 1.74 | 1.70 |
| Cost/income ratio (excluding business tax) | | Not Applicable | 39.57 | 39.41 | 39.99 |
| Deposit-loan spread | | Not Applicable | 4.33 | 4.33 | 4.25 |
| Net interest spread (NIS) | | Not Applicable | 2.07 | 2.19 | 2.39 |
| Net interest margin (NIM) | | Not Applicable | 2.23 | 2.37 | 2.56 |
| Loan/deposit ratio (including discounted bills) | RMB and foreign currency | ≤ 75 | 66.53 | 70.64 | 72.88 |
| Loan/deposit ratio (excluding discounted bills) | RMB and foreign currency | Not Applicable | 66.06 | 69.61 | 70.75 |
| Liquidity ratio | RMB | ≥ 25 | 45.97 | 51.31 | 55.72 |
| | Foreign currency | ≥ 25 | 57.89 | 88.90 | 62.89 |
| | RMB and foreign currency | ≥ 25 | 46.48 | 51.99 | 55.43 |
| Ratio of loans to the single largest client to net capital | | ≤ 10 | 4.95 | 2.95 | 3.71 |

| | | | | |
|---|----------------|-------|-------|-------|
| Ratio of loans to top 10 clients to net capital | Not Applicable | 24.23 | 15.60 | 19.24 |
| Pass loans flow rate | Not Applicable | 3.48 | 2.03 | 0.67 |
| Special Mention loans flow rate | Not Applicable | 31.88 | 53.38 | 9.35 |
| Substandard loans flow rate | Not Applicable | 22.14 | 43.28 | 39.40 |
| Doubtful loans flow rate | Not Applicable | 54.98 | 78.22 | 13.01 |

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

(Unit: Share)

| Total number of shareholders at the end of the reporting period | | 291,054 | | | |
|---|------------------------------------|------------------|-----------------------|----------------------------------|------------------------------------|
| 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 | 3,455,692,025 | 2,621,338,646 | - |
| Ping An Life Insurance Company of China, Ltd. - proprietary fund | Domestic legal entity | 7.41 | 607,328,000 | 607,328,000 | - |
| Ping An Life Insurance Company of China, Ltd. - traditional - ordinary insurance products | Domestic legal entity | 2.75 | 225,541,645 | - | - |
| Ge Weidong | Domestic natural person | 1.89 | 155,260,519 | - | - |
| China Electronics Shenzhen Company | Domestic legal entity | 1.81 | 148,587,816 | - | - |
| XingYa Group Holdings Co., Ltd. | Domestic legal entity | 0.77 | 63,353,348 | - | - |
| China Minsheng Banking - Yinhua SZSE 100 Index classified securities investment fund | Domestic legal entity | 0.65 | 53,342,672 | - | - |
| Bank of China - Efund SI100 ETF | Domestic legal entity | 0.53 | 43,070,613 | - | - |
| ICBC - Rongtong SI 100 Index Securities Investment Fund | Domestic legal entity | 0.52 | 42,562,439 | - | - |
| South DongYing Capital Management Co., Ltd - South FuShi China 50ETF | Foreign legal entity | 0.38 | 31,313,734 | - | - |
| Shareholding of Top 10 shareholders without restriction conditions | | | | | |
| Name of shareholder | Number of unrestricted shares held | Type of shares | | | |
| | | Type of shares | Number | | |

| | | | |
|--|---|---------------------|-------------|
| Ping An Insurance (Group) Company of China, Ltd. - the Group –proprietary fund | 834,353,379 | RMB ordinary shares | 834,353,379 |
| Ping An Life Insurance Company of China, Ltd. - traditional - ordinary insurance products | 225,541,645 | RMB ordinary shares | 225,541,645 |
| Ge Weidong | 155,260,519 | RMB ordinary shares | 155,260,519 |
| China Electronics Shenzhen Company | 148,587,816 | RMB ordinary shares | 148,587,816 |
| XingYa Group Holdings Co., Ltd. | 63,353,348 | RMB ordinary shares | 63,353,348 |
| China Minsheng Banking - Yinhua SZSE 100 Index classified securities investment fund | 53,342,672 | RMB ordinary shares | 53,342,672 |
| Bank of China - Efund SI100 ETF | 43,070,613 | RMB ordinary shares | 43,070,613 |
| ICBC - Rongtong SI 100 Index Securities Investment Fund | 42,562,439 | RMB ordinary shares | 42,562,439 |
| South DongYing Capital Management Co. , Ltd - South FuShi China 50ETF | 31,313,734 | RMB ordinary shares | 31,313,734 |
| Bank of China - Dacheng Blue Chip Investment Fund | 30,177,547 | RMB ordinary shares | 30,177,547 |
| Description of the related relationship and concerted action of the above shareholders | <p>1. Ping An Life Insurance Company of China, Ltd. (the "Ping An Life") is a controlled subsidiary of and acting in concert with the Ping An Insurance (Group) Company of China, Ltd. "Ping An Insurance (Group) Company of China, Ltd. – the Group - proprietary fund", "Ping An Life Insurance Company of China, Ltd. - proprietary fund" and "Ping An Life Insurance Company of China, Ltd. – traditional – ordinary insurance product" are related parties.</p> <p>2. The Bank is not aware of any related relationship or concerted action between any of other shareholders.</p> | | |
| Description of the shareholders who have participated in securities margin trading (if so) | <p>1. The shareholder Ge Weidong is holding 80,580,817 shares via common stock account and 74,679,702 shares via credit trading account in Orient Securities, actually holding 155,260,519 shares in total.</p> <p>2. The shareholder XingYa Group Holdings Co., Ltd. is holding 0 shares via common stock account and 63,353,348 shares via credit trading account in CITIC Securities, actually holding 63,353,348 shares in total.</p> | | |

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

Yes No

§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 | 245.37% | Increase in scale of gold business |
| Due from banks | (35.47%) | Structure adjustment of inter-bank business |
| Funds loaned to other financial institutions | (65.10%) | Structure adjustment of inter-bank business |
| Held-for-trading financial assets | 239.10% | Increase in scale of investment |
| Derivative financial assets | 40.43% | Small base number, and increase in scale of foreign exchange derivative instruments |
| Reverse repurchase agreements | 32.54% | Structure adjustment of inter-bank business |
| Accounts receivable | (43.32%) | Decrease in factoring of receivables |
| Available-for-sale financial assets | (35.29%) | Investment structure adjustment |
| Held-to-maturity investments | 35.78% | Increase in scale of investment and investment structure adjustment |
| Investment in receivables | 108.54% | Investment structure adjustment |
| Due to Central Bank | (84.70%) | Decrease in repurchase bonds sold to Central Bank |
| Funds borrowed from other banks and financial institutions | (47.92%) | Structure adjustment of inter-bank business |
| Held-for-trading financial liabilities | 109.06% | Increase in scale of gold business |
| Derivative financial liabilities | 75.21% | Small base number, and increase in scale of foreign exchange derivative instruments |
| Tax payable | 57.46% | Increase in assessable income |
| Accounts payable | (55.34%) | Decrease in factoring of payables |
| Interest Payable | 38.38% | Increase in scale of interest-bearing liabilities |
| Bond payables | (40.31%) | Redemption of matured subordinated debts of RMB 6.5 billion |
| Provisions | (48.44%) | Decrease in expected liabilities of pending litigation |
| Deferred tax liabilities | (100.00%) | Netting with deferred income tax assets |
| Other liabilities | 82.24% | Increase in settlement of fund in transit at the end of period |
| Share capital | 60.00% | 6 bonus shares per 10 shares as the profit distribution in 2012 |
| Fee and commission income | 77.68% | Increase in the fee and commission income of settlement, financing, investment bank, trusteeship, bank card, etc. |
| Fee and commission expense | 71.29% | Increase in the fee and commission expense of bank card |

| | | |
|--|-----------|--|
| Net investment income | 50.42% | Increase in the income of bill assignment and precious metals business |
| Gains/losses from changes in fair values | 150.00% | Increase in the fair values of derivative instruments and held-for-trading bonds |
| Foreign exchange gains or losses | (177.46%) | Decrease in the fair values of foreign exchange derivative instrument |
| Impairment losses on assets | 95.30% | Increase in provision |
| Non-operating expenses | (61.90%) | 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

On September 6, 2013, the 29th meeting of the 8th session Board had deliberated and passed relevant resolutions such as PAB proposal on the company's non-public offering of shares.

On September 24, 2013, the first extraordinary shareholders meeting in 2013 of the Bank had deliberated and passed relevant resolutions including the resolution of Ping An Bank on the proposal of non-public offering of shares.

Such non-public offering resolution is subject to the approval by regulatory authorities.

Please refer to relevant announcements published by the Bank in China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily on 9 and 25 September 2013 and www.cninfo.com.cn for details.

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

Applicable Not Applicable

| Commitments | Undertaker | Contents | Date | Term | Status |
|-----------------------------|------------|----------|------|------|--------|
| Commitments in share reform | — | — | — | — | — |

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

| | | | | |
|--|--|--|--|--|
| | <p>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 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</p> | | | |
|--|--|--|--|--|

| | | | | | |
|--|--|---|--|--|--|
| | | <p>peer competition with SDB, PAG and other companies controlled by PAG will not engage in businesses that are the same or similar to SDB, so as to avoid in direct or indirect competition in relation to SDB's business operations.</p> <p>5. After the completion of this Material Asset Restructuring, with regard to the related party transactions between PAG and other companies controlled by PAG and SDB, 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</p> | | | |
|--|--|---|--|--|--|

| | | | | | |
|---|----------------|--|-------------------|--------------------|----------|
| | | <p>expiry of the three year period; and</p> <p>4. If there is any dispute about ownership before the above properties are disposed, the Bank will ask PAG to compensate the Bank according to the <i>PAG Commitment Letter on Providing Compensation for Potential Dispute about Ownership of Ping An Bank's Properties</i> issued by PAG.</p> | | | |
| Commitments made upon IPO or refinancing | Ping An Life | <p>Ping An Life made commitments not to transfer the 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.</p> | September 17 2010 | Within three years | Finished |
| Other commitments to the Minority Shareholders of the company | — | — | — | — | — |
| Whether the performance of commitments is without delay | Yes | | | | |
| Reasons for outstanding and the following steps (if so) | Not Applicable | | | | |

3.4 Anticipation of operating performance in 2013

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 Explanation of other major events

3.5.1 Securities investment situation of the Bank

√ Applicable Not Applicable

At the end of the reporting period, book value of treasury and financial bonds (including PBOC notes, policy bank notes, ordinary financial bonds and subordinated financial bonds) held by the Bank was RMB165.3 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 | 35,870 | 3.55~4.97 | 2014/1/18~2021/10/26 |
| 10 financial bonds | 32,170 | 2.95~4.74 | 2013/10/26~2020/11/4 |
| 13 T-bonds | 25,727 | 0~5.41 | 2014/1/13~2063/5/20 |
| 09 financial bonds | 14,800 | 1.95~4.96 | 2014/1/16~2019/9/23 |
| 12 financial bonds | 8,812 | 1~4.83 | 2013/11/27~2022/9/17 |
| 08 financial bonds | 8,400 | 2.04~5.5 | 2013/10/13~2018/12/16 |
| 10 T-bonds | 6,904 | 2.38~4.6 | 2013/10/15~2040/6/21 |
| 11 T-bonds | 5,755 | 3.03~6.15 | 2014/3/10~2041/6/23 |
| 07 financial bonds | 4,100 | 3.48~5.14 | 2014/4/3~2017/11/29 |
| 12 T-bonds | 3,821 | 2.74~6.15 | 2015/4/10~2062/11/15 |

3.5.2 Shareholding of other listed companies

√ Applicable Not Applicable

(In RMB million)

| Stock code | Name | Initial investment | Percentage of total shareholding at the end of the period | Book value at the end of the period | Gains/Losses in the reporting period | Change of owners' equity during the reporting period | Accounting entry | Origination |
|------------|-------------------|--------------------|---|-------------------------------------|--------------------------------------|--|--------------------|--------------------|
| 000150 | Yihua Real Estate | 6 | 1.36% | 23 | - | 2 | Available-for-sale | Repossessed equity |
| 600094 | Great Town | 4 | 0.07% | 6 | - | (2) | Available-for-sale | Repossessed equity |
| 000034 | Shenxin Taifeng | 6 | 0.18% | 3 | - | - | Available-for-sale | Repossessed equity |
| 000030 | FAWER | 3 | 0.03% | 2 | - | (1) | Available-for-sale | Repossessed equity |
| | Visa Inc. | - | 0.01% | 3 | - | 1 | Available-for-sale | Legacy investment |
| 000035 | ST Kejian | 35 | 1.66% | 32 | - | (3) | Available-for-sale | Repossessed equity |
| Total | | 54 | - | 69 | - | (3) | | |

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

√ Applicable Not Applicable

(In RMB million)

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

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

Applicable Not Applicable

(1) Derivatives investment table

| | |
|---|---|
| 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>1. Market risk. Market risk of derivatives refers to the risk of loss in on-balance-sheet and off-balance-sheet business due to change of market prices (interest rate, exchange rate, stock price, and commodity price). Market risk control of the Bank is mainly exercised via risk limit management from various perspectives such as exposure, risk level, and profit/loss.</p> <p>2. Liquidity risk. Liquidity risk of derivatives refers to the risk of a bank when it has solvency but cannot obtain sufficient fund in a timely manner or cannot obtain sufficient fund in time with reasonable cost to deal with asset growth or serve due debts. For derivatives delivered in full amount, the Bank adopted the measure of square positioning to ensure sufficient fund for settlement and clearing; for derivatives delivered in net amount, there was no significant impact as the cash flow would have minor impact on current assets of the Bank.</p> <p>3. Operational risk. Operational risk is the risk resulting from deficient and defective internal procedure, staff, system, or external events, including the risks caused by staff, process, system and external factors. The Bank strictly observed the requirements of CBRC's Guidance on Operational risk Management of Commercial Banks, deployed designed traders, adopted professional front-middle-back office integrated monitoring system, set complete business operational process and authorization management system and complete and sound internal monitoring and auditing mechanism to avoid operational risk to the largest extent.</p> <p>4. Legal risk. Legal risk refers to the possibility of risk exposure caused by the non-compliance of business activity with legal requirements or external legal matters. The Bank attached great importance to legal documentation related to derivative transactions, and signed legal agreements including ISDA, CSA, 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 risk. Force majeure refers to unforeseeable, unavoidable or insurmountable objective circumstances, including but not limited to fire, earthquake, flood or other natural disasters, war, military act, strike, pandemic, failure of IT system or communication or power supply systems, financial crisis, moratorium of related market, or changes in national laws and regulations or policies such that the derivatives cannot conducted normal trading after the contract becomes effective. The Bank has concluded agreements with all retail, institutional and inter-bank customers and set out terms and conditions about force majeure to disclaim any liability arising from any breach of the contract in case of force majeure.</p> |
| 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 | In the third 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. |
| Explanation on whether there were material changes in accounting | 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 |

| | |
|---|---|
| policies and accounting treatment principles related to derivatives during the reporting period compared with that of last reporting period | relevant policy during the reporting period. |
| Specific comments from independent directors on corporate derivative investments and risk control | The Bank's derivatives trading business is a commercial banking business approved by regulatory authorities. The derivative investment business currently engaged by the Bank mainly includes forward foreign exchange/foreign exchange swap, interest rate exchange as well as deferred/forward precious metals, etc. The Bank has established a tailor-made risk management structure, and set up a specialized risk management entity to effectively manage the risks of derivatives investment business via means such as establishment of system, limited authorization, daily supervision and control, internal training and accreditation of qualifications of business personnel. |

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

(In RMB million)

| Agreement type | Beginning-of-period contract amount (Nominal) | End-of-period contract amount (Nominal) | Changes in fair value during the reporting period | End-of-period contract amount (nominal) as a percentage of the net assets at the end of the reporting period |
|-----------------------------------|---|---|---|--|
| Foreign exchange forward contract | 153,193 | 280,077 | (354) | 295.09% |
| Interest rate swap contract | 25,832 | 29,228 | (25) | 30.79% |
| Others | 2 | 8,843 | 57 | 9.32% |
| Total | 179,027 | 318,148 | (322) | 335.20% |

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.

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

During the reporting period, the Bank had been carrying out Internal Control Appraisal and relevant works in an orderly manner according to the *Risk and Control Self-assessment Working Schedule*. At the end of the reporting period, the Bank had appraised the identified process risks and the effectiveness of control activities as scheduled, developed and implemented the rectification measures accordingly in time, and improved the internal control management, so that the overall progress is on schedule.

In order to implement the target of systematic management of Internal Control Appraisal, the Bank had established, continuously optimized and gradually generalized the preliminary self-assessment system of operating risks and internal control according to the requirements of operating risks management. Meanwhile, the Bank had continuously carried out the training and promotion of Internal Control Appraisal methodology in the whole entity during the project implementing so as to train the professionals and

improve the level of internal control management.

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

Applicable Not Applicable

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

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

| Time | Location | Mode | Type of targets | Targets | Major contents discussed and materials provided |
|------------|--|--|-----------------|---|---|
| 2013/08/23 | Shenzhen | Onsite survey, telephone communication | Organization | All sorts of investors including securities brokers and funds investors | 2013 half-year report and results release |
| 2013/09/02 | Beijing, Shanghai, Guangzhou, Shenzhen | Road show | organization | All sorts of investors including securities brokers and funds investors | 2013 half-year report road show |
| 2013/09/13 | Shenzhen | Internet road show | individual | Minor investors | Business status and development strategies |

3.6 Management Discussion and Analysis

3.6.1 Overview

During the reporting period, facing the complex domestic and overseas economic and financial situation and increasingly fierce competition in the market, the Bank had propelled strategy transformation steadily and focused on the professionalized and intensified operation of a full-featured and modernized commercial bank: it had defined the guiding willingness of “Transformation, Innovation and Evolution” so as to further integrate the resources, optimize the organization structure and operating mechanism, and improve the management efficiency; in accordance with the concept of “customer-centric external and

people oriented internal”, it had tried to create a “unique” business unit (BU) model, strengthen the business innovation and realize the great-leap-forward development, while “Five Senses” (duty sense, overall sense, innovation sense, cooperation sense and service sense) had been enhanced and the team effectiveness had been fully upgraded so that the services to our customer had become more professional; it had developed the comprehensive financial advantages and insisted on the parallel growth of extension and intension in order to realize a “Four-wheel” Drive of company, retail, inter-bank and investment bank; it had continuously carried out the assets and liabilities business model in differentiation, intensified the absorption of deposits, enhanced the liquidity management; it had improved the Portfolio Management and Cost Control, increased the capital usage efficiency and accelerate the coordinated development of assets and liabilities; and it had established the risk control system for full process so as to improve the abilities of risk management and obtain an excellent business performance.

1. Coordinated development of assets and liabilities, good momentum of structure optimization and elementary effect of strategy transformation

As of the end of reporting period, total assets of the Bank amounted to RMB1,855.619 billion, representing a growth of 15.50% over the beginning of the year, total loan amounted to RMB832.638 billion, representing a growth of 15.52% over the beginning of the year, total deposit amounted to RMB1,252.366 billion, representing a growth of 22.65% over the beginning of the year, and increased 4 percentage points of proportion in total liabilities compared with the beginning of the year. With the leading growth rate, the actual incremental of deposit represents a growth of 136% over the whole year of 2012, so that there had been a good basis for business development.

Meanwhile, the Bank had intensified the strategy transformation, continuously propelled the development of investment bank, retail, small and micro businesses, credit card, Auto financing, trade finance and otherwise. As of the end of reporting period, the retail loan (including accounts receivables of credit card) balance amounted to RMB324.225 billion, representing a growth of 43.57% over the beginning of the year, and increased 7.61 percentage points of proportion in total loan, thereinto, the small and micro businesses loan balance amounted to RMB81.442 billion, which represented a growth of 45.86% over the beginning of the year; the market shares of Auto financing continued to maintain No. 1 of China; credit card business had a healthy development, its loan balance represented a growth of 86.05% over the beginning of the year, and at the end of reporting period the circulating cards amounted to 13.30 million while the newly issued cards from January to September amounted to 4.34 million, representing a growth of 43% compared with the same period of last year. The company’s distribution construction had made a significant progress:

made full use of advantages of trade finance in winning the customer, deepened the innovation oriented marketing developing path, and ensured the healthy and steady growth of trade finance; established the comprehensive financial service platform in the Internet and promoted the electrification and webifying of traditional business; made use of advantages of offshore business license, created the new portfolios of products, expanded the terminal of supply chain financing to abroad, and realized the all-in-one services for the settlement and financing of the whole supply chain. The Bank had enhanced the cooperation with the financing institutions and the brand construction, so the “Hang E-Tong” bank to bank platform had a rapid development and the outlets increased as well as the market influence of Ping An Gold brand. Also the businesses of investment bank got a mushroom growth: the brand of “Golden Orange” for investment bank business had been built up, “Golden Orange Housekeeper” provide full range of customized and outsourced financial services to the high-end institutional clients, “Golden Orange Wealth” attract high net worth investors, “Golden Orange Club” gather the cooperator and outlets resources from the Found, Securities, Trust, Small and Medium commercial bank and Private Equity, etc.

2. Steady improved profitability with effective cost control and continuous improvement in the income structure:

During the reporting period, the Bank thoroughly adjusted the structure of customer and business, enhanced the risk pricing management, improved the return on assets and controlled the scale of inter-bank assets, so the Deposit-loan spread, NIS and NIM had a remarkable increase as compared with last quarter. In the third quarter the Deposits and Poor represented a month-on-month increase of 0.26 percentage points, while Net interest margin and Net interest spread both represented a month-on-month increase of 0.10 percentage points. Among the operating income, the growth of the intermediate business income resulted in investment bank and credit card was so immense that the Non-interest net income in the first three quarters represented a year-on-year increase of 66.71%, and accounted for 22.20% in the operating income by a year-on-year increase of 5.37 percentage points. Income structure had been continuously improved, while the cost to income ratio in the first three quarters was 39.57%. The cost had a reasonable growth even in the assistance of strategy investing to the operational transformation and outlets expansion.

From January to September, the Bank’s operating income amounted to RMB37.345 billion, representing a year-on-year increase of 26.46%; the Net profit attributable to parent amounted to RMB11.696 billion, representing a year-on-year increase of 14.25%; the weighted average return on net asset was 16.93% and the average return on total assets was 0.90%.

3. Enhancement of risk management and control, improvement of risk management mechanism

and consistent quality of assets.

During the reporting period, the Bank had optimized the credit structure to prevent and resolve the possible risks in the outstanding loan, and strictly restricted the new NPL, so the quality of assets remained stable.

As of the end of reporting period, the NPL ratio was 0.96%, increasing by 0.01 percentage points from the beginning of the year and decreasing by 0.01 percentage point compared with the end of June 2013. Provision coverage for loans was 186.02% and provision to loan ratio was 1.79%, increasing by 3.70 and 0.05 percentage point accordingly from the beginning of the year. Influenced by the decline of solvency of some privately operated small and medium business (SMB) because of its difficulties in their business in Yangtze River Delta region and otherwise, the Bank's NPL ratio in Eastern region increased slightly, while in other regions (the Southern, Western and Northern) the quality of credit assets remained comparatively stable as usual.

4. The financial indicators' compliance to the regulatory requirement and existing pressure of capital adequacy

During the reporting period, all the indicators of liquidity management and credit risk management of the Bank were doing well, and the Balance loan to deposit ratio and Daily loan to deposit ratio were both far below regulatory limits.

As of the end of reporting period, according to the *Administrative Measures for the Capital of Commercial Banks (Trial)* from CBRC, the Bank's Capital adequacy ratio was 8.91%, Tier one capital adequacy ratio was 7.43%, and Core tier one capital adequacy ratio was 7.43% as well, while according to the *Measures for the Management of Capital Adequacy Ratios of Commercial Banks* from CBRC and relevant provisions, the Capital adequacy ratio was 9.93% and Core capital adequacy ratio was 8.09%. The Bank positively propelled the Capital supplement plan, On September 6, 2013, the Board of the Bank, and on September 24, 2013, the extraordinary shareholders meeting of the Bank, had deliberated and passed relevant resolutions including the resolution of Ping An Bank on the proposal of non-public offering of shares. Such non-public offering resolution is subject to the approval by regulatory authorities.

3.6.2 Asset and liability items

As of the end of reporting period, total assets of the Bank amounted to RMB1,855.619 billion, representing a growth of 15.50% over the beginning of the year; total liabilities amounted to RMB1,760.706

billion, representing a growth of 15.70% over the beginning of the year.

Asset composition and changes

(In RMB million)

| Item | 30 September 2013 | | 31 December 2012 | | Change from the end of period over the end of previous year (%) |
|---|-------------------|----------------|------------------|----------------|---|
| | Balance | % | Balance | % | |
| Loans and advances | 832,638 | 44.87% | 720,780 | 44.87% | 15.52% |
| Provision for impairment of loans | (14,941) | (0.80%) | (12,518) | (0.78%) | 19.36% |
| Net loans and advances | 817,697 | 44.07% | 708,262 | 44.09% | 15.45% |
| Investment and other financial assets | 403,863 | 21.76% | 289,585 | 18.03% | 39.46% |
| Cash and due from the Central Bank | 256,845 | 13.84% | 219,347 | 13.65% | 17.10% |
| Precious metals | 8,396 | 0.45% | 2,431 | 0.15% | 245.37% |
| Due from banks and other financial institutions | 60,849 | 3.28% | 94,295 | 5.87% | (35.47%) |
| Placements with banks and other financial institutions and financial assets purchased under resale agreements | 269,987 | 14.55% | 251,899 | 15.68% | 7.18% |
| Account receivables | 4,741 | 0.26% | 8,364 | 0.52% | (43.32%) |
| Interest receivables | 9,798 | 0.53% | 8,757 | 0.55% | 11.89% |
| Fixed assets | 3,312 | 0.18% | 3,536 | 0.22% | (6.33%) |
| Intangible assets | 5,510 | 0.30% | 5,878 | 0.37% | (6.26%) |
| Goodwill | 7,568 | 0.41% | 7,568 | 0.47% | - |
| Properties for investment purposes | 184 | 0.01% | 196 | 0.01% | (6.12%) |
| Deferred income tax assets | 3,288 | 0.18% | 3,450 | 0.21% | (4.70%) |
| Other assets | 3,581 | 0.18% | 2,969 | 0.18% | 20.61% |
| Total assets | 1,855,619 | 100.00% | 1,606,537 | 100.00% | 15.50% |

Liability composition and changes

(In RMB million)

| Item | 30 September 2013 | | 31 December 2012 | | Change from the end of period over the end of previous year (%) |
|--|-------------------|--------|------------------|--------|---|
| | Balance | % | Balance | % | |
| Deposit taking | 1,252,366 | 71.13% | 1,021,108 | 67.10% | 22.65% |
| Due to banks and other financial institutions | 396,422 | 22.50% | 354,223 | 23.28% | 11.91% |
| Borrowings from banks and other financial institutions | 20,346 | 1.16% | 39,068 | 2.57% | (47.92%) |

| | | | | | |
|--|------------------|----------------|------------------|----------------|---------------|
| Held-for-trading financial liabilities | 3,600 | 0.20% | 1,722 | 0.11% | 109.06% |
| Derivative financial liabilities | 1,668 | 0.09% | 952 | 0.06% | 75.21% |
| Repurchase agreements | 42,298 | 2.40% | 46,148 | 3.03% | (8.34%) |
| Employee compensation payables | 5,233 | 0.30% | 4,863 | 0.32% | 7.61% |
| Tax payables | 3,620 | 0.21% | 2,299 | 0.15% | 57.46% |
| Interest payables | 15,950 | 0.91% | 11,526 | 0.76% | 38.38% |
| Bond payables | 9,597 | 0.55% | 16,079 | 1.06% | (40.31%) |
| Deferred income tax liabilities | - | - | 1,272 | 0.08% | (100.00%) |
| Other liabilities (note) | 9,606 | 0.55% | 22,478 | 1.48% | (57.26%) |
| Total liabilities | 1,760,706 | 100.00% | 1,521,738 | 100.00% | 15.70% |

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

3.6.3 Asset quality

As of the end of reporting period, NPL balance of the Bank was RMB8.032 billion, representing an increase of RMB1.166 billion and 16.98% compared with the beginning of the year. NPL ratio was 0.96%, up 0.01 percentage point from the beginning of the year. Provision to loan ratio was 1.79%, up 0.05 percentage point from the beginning of the year. Provision coverage for loans was 186.02%, up 3.70 percentage point from the beginning of the year.

Influenced by the decline of solvency of some privately operated SMB because of its difficulties in their business in Yangtze River Delta region and otherwise, the Bank’s NPL ratio in Eastern region increased slightly, while in other regions (the Southern, Western and Northern) the quality of credit assets remained comparatively stable as usual.

5-tier loan classification

(In RMB million)

| 5 loan types | 30 September 2013 | | 31 December 2012 | | Change from the end of period over the end of previous year (%) |
|--------------------------------------|-------------------|----------------|------------------|----------------|---|
| | Balance | % | Balance | % | |
| Pass | 808,042 | 97.05% | 706,737 | 98.05% | 14.33% |
| Special mention | 16,564 | 1.99% | 7,177 | 1.00% | 130.79% |
| NPL | 8,032 | 0.96% | 6,866 | 0.95% | 16.98% |
| Including: Substandard | 5,349 | 0.64% | 5,030 | 0.70% | 6.34% |
| Doubtful | 1,465 | 0.18% | 962 | 0.13% | 52.29% |
| Loss | 1,218 | 0.14% | 874 | 0.12% | 39.36% |
| Total loans | 832,638 | 100.00% | 720,780 | 100.00% | 15.52% |
| Balance of loan impairment provision | (14,941) | | (12,518) | | 19.36% |
| NPL ratio | 0.96% | | 0.95% | | +0.01% |

| | | | | | |
|--------------------------|---------|--|---------|--|--------|
| Provision coverage ratio | 186.02% | | 182.32% | | +3.70% |
|--------------------------|---------|--|---------|--|--------|

During the reporting period, influenced by the steel trade industry, the Bank's special mention loans had increased faster, but the loan of this industry accounts for a small proportion so the overall risk was still under control.

Loan structure and quality by industry

(In RMB million)

| Industries | 30 September 2013 | | | 31 December 2012 | | |
|---|-------------------|----------------|--------------|------------------|----------------|--------------|
| | Balance | % | NPL ratio | Balance | % | NPL ratio |
| Agriculture, husbandry and fishery | 2,580 | 0.31% | 1.28% | 1,792 | 0.25% | - |
| Mining (heavy industry) | 27,366 | 3.29% | 0.01% | 11,620 | 1.61% | - |
| Manufacturing (light industry) | 130,798 | 15.71% | 2.20% | 159,620 | 22.15% | 1.83% |
| Energy | 9,153 | 1.10% | - | 13,472 | 1.87% | - |
| Transportation, postal and telecommunications | 27,288 | 3.28% | 0.15% | 30,308 | 4.20% | 0.28% |
| Commerce | 124,973 | 15.01% | 2.14% | 138,810 | 19.25% | 1.63% |
| Real estate | 76,959 | 9.24% | 0.01% | 42,273 | 5.86% | 0.02% |
| Social service, technology, culture and health care | 47,790 | 5.74% | 0.10% | 46,247 | 6.42% | 0.28% |
| Construction | 34,266 | 4.12% | 0.53% | 34,452 | 4.78% | 0.37% |
| Others (mainly personal loans) | 345,694 | 41.51% | 0.63% | 231,776 | 32.17% | 0.58% |
| Discounts | 5,771 | 0.69% | - | 10,410 | 1.44% | - |
| Total loans and advances | 832,638 | 100.00% | 0.96% | 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, the new NPL in agriculture, husbandry and fishery was resulted in the loan past due from several agriculture-related enterprise because of its cash flow stress, and NPL ratios for other industries all fell below 1%.

Loan quality by region

(In RMB million)

| Regions | 30 September 2013 | | 31 December 2012 | |
|-----------------|-------------------|-----------|------------------|-----------|
| | Balance | NPL ratio | Balance | NPL ratio |
| Eastern region | 260,838 | 1.32% | 248,688 | 1.06% |
| Southern region | 223,945 | 0.39% | 216,672 | 0.47% |

| | | | | |
|-----------------|----------------|--------------|----------------|--------------|
| Western region | 80,628 | 0.21% | 60,122 | 0.35% |
| Northern region | 151,116 | 0.45% | 137,167 | 0.53% |
| Headquarters | 116,111 | 2.48% | 58,131 | 3.89% |
| Total | 832,638 | 0.96% | 720,780 | 0.95% |

As of the end of the reporting period, the Bank's NPL ratios in the Eastern region was 1.32%, up 0.26 percentage point as compared with the beginning of the year, while in other regions (the Southern, Western and Northern) the NPL ratio are all decreased as compared with the beginning of the year.

Loan structure and quality by product

(In RMB million)

| Item | 30 September 2013 | | 31 December 2012 | | Increase/decrease in NPL ratio |
|---|-------------------|--------------|------------------|--------------|-----------------------------------|
| | Balance | NPL ratio | Balance | NPL ratio | |
| Corporate loans (excluding credit cards) | 508,413 | 1.15% | 494,945 | 1.12% | +0.03 percentage point |
| Including: General loans | 502,642 | 1.17% | 484,535 | 1.14% | +0.03 percentage point |
| Discounts | 5,771 | - | 10,410 | - | - |
| Retail loans (excluding credit cards) | 231,711 | 0.49% | 176,110 | 0.48% | +0.01 percentage point |
| Including: Housing mortgage loans | 67,403 | 0.44% | 70,406 | 0.24% | +0.20 percentage point |
| Entrepreneur loans | 84,333 | 0.59% | 55,187 | 0.83% | -0.24 percentage point |
| Auto loans | 43,069 | 0.18% | 21,125 | 0.18% | - |
| Others | 36,906 | 0.70% | 29,392 | 0.62% | +0.08 percentage point |
| Account receivables of credit cards | 92,514 | 1.11% | 49,725 | 0.98% | +0.13 percentage point |
| Total loans | 832,638 | 0.96% | 720,780 | 0.95% | +0.01 percentage point |

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

As at the end of the reporting period, the increase in NPL ratio of housing mortgage loans was mainly caused by: (1) the amendment of the rules for asset quality classification; and (2) In the first three quarters, housing loans (including housing mortgage loans) had declined and the balance of loans had decreased accordingly.

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

(In RMB million)

| Item | January-September 2013 |
|---|------------------------|
| Opening balance | 12,518 |
| Add: accrual for the period (including non-credit impairment provision) | 4,326 |
| Less: interest offset of impaired loans | 292 |
| Less: non-credit impairment provision | 164 |

| | |
|--|---------------|
| Net provisions for the period | 3,870 |
| Add: recovery for the period | 247 |
| Add: exchange difference and other changes | (10) |
| Less: written-off for the period | 1,684 |
| Closing balance | 14,941 |

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

(In RMB million)

| Item | 30 September 2013 | | 31 December 2012 | |
|--|-------------------|---------------------------|------------------|---------------------------|
| | Balance | Percentage of total loans | Balance | Percentage of total loans |
| Restructured loans | 1,268 | 0.15% | 717 | 0.10% |
| Loans with principals or interest overdue within 90 days | 5,148 | 0.62% | 5,027 | 0.70% |
| Loans with principals or interest overdue over 90 days | 17,869 | 2.15% | 9,546 | 1.32% |

(1) As at the end of the reporting period, the balance of restructured loans was RMB1.268 billion, increased by 76.85% and RMB551 million as compared with the beginning of this year. The customers of the new restructured loans were mainly the steel trade enterprises in Shanghai area. In order to resolve the constantly exposed risks from the steel trade enterprises in this year, a credit problem management team had been established. The Bank will enhance the restructuring and solving to the steel trade enterprises, adjust the industrial construction accordingly step by step, and finally release and solve the credit risks of the steel trade enterprises.

(2) As at the end of the reporting period, the balance of loans with principals or interest overdue within 90 days was RMB5.148 billion, increased by 2.41% and RMB121 million as compared with the beginning of this year. The balance of loans with principals or interest overdue over 90 days was RMB17.869 billion, increased by 87.91% and RMB8.323 billion as compared with the beginning of this year. The Bank's new overdue loans were mainly from the Yangtze River Delta region, most of which have collaterals and pledges. The Bank had actively adopted various measures and formulated collection and disposal and restructuring plans by category, and stepped up communication with local governments, regulatory authorities and peers to jointly improve risk management and remedial works. Up-to-date, overall risk is still under control.

Government financing platform loans

As of the end of the reporting period, the balance of the Bank's loans to government financing platform (including general corporate loans and loans still managed as platforms after rectification) was RMB 40.707 billion, representing an increase of RMB 1.56 billion or 3.98% as compared with the beginning of the year

and accounting for 4.89% of various loan balances.

Among which: in terms of loan type, the balance of the Bank's loans corrected to general corporate loans was RMB 24.588 billion, accounting for 2.95% of total loan balance; the balance of loans still managed as platform was RMB 16.118 billion, accounting for 1.94% 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 RMB 1.98 billion in aggregate, including credit assets (loan principal) of RMB 1.804 billion. Of the recovered loan principal, loans of RMB 247 million were written off and non-performing loans of RMB 1.557 billion were not written off. 92% of loans were recovered in cash while the rest was in the form of repossessed assets.

3.6.4 Income and profit

Interest income and expense

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

(In RMB million)

| Item | January-September 2013 | | | January-September 2012 | | |
|--|------------------------|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|
| | Average balance | Interest income/expense | Average yield/cost rate | Average balance | Interest income/expense | Average yield/cost rate |
| Assets | | | | | | |
| Customer loans and advances (excluding discount) | 758,192 | 38,129 | 6.72% | 631,760 | 32,900 | 6.96% |
| Bond investment | 204,325 | 6,024 | 3.94% | 194,680 | 5,775 | 3.96% |
| Due from Central Bank | 222,317 | 2,431 | 1.46% | 175,238 | 1,995 | 1.52% |
| Bills discounting and inter-bank business | 550,634 | 20,729 | 5.03% | 238,382 | 8,990 | 5.04% |
| Others | 4,276 | 174 | 5.44% | 140,525 | 6,514 | 6.19% |
| Total of interest-earning assets | 1,739,744 | 67,487 | 5.19% | 1,380,585 | 56,174 | 5.44% |
| Liabilities | | | | | | |
| Customer deposits | 1,110,741 | 19,828 | 2.39% | 903,263 | 17,283 | 2.56% |
| Bonds issued | 11,470 | 536 | 6.25% | 16,117 | 750 | 6.22% |
| Inter-bank business | 525,317 | 18,067 | 4.60% | 341,922 | 11,529 | 4.50% |
| Others | - | - | - | 41,587 | 2,052 | 6.59% |
| Total of interest-bearing liabilities | 1,647,528 | 38,431 | 3.12% | 1,302,889 | 31,614 | 3.24% |
| Net interest income | | 29,056 | | | 24,560 | |
| Deposit-loan spread | | | 4.33% | | | 4.40% |
| Net interest spread(NIS) | | | 2.07% | | | 2.20% |
| Net interest margin(NIM) | | | 2.23% | | | 2.38% |

On a period-on-period basis, affected by two round's interest rate adjustment of the Central Bank's policy in June and July 2012, and the expansion of deposit and loan interest rate floating bands, the benchmark interest rate and deposit-loan spread was both narrowed so that some impacts appeared in the second half of 2012 and later. Therefore, all the yield and cost rate of assets and liabilities above in

January-September 2013 was less than that in 2012 (the increase of cost rate of bonds issuance was caused by the redemption on maturity for the Bank's subordinated debt of RMB6.5 billion in the first quarter of 2013, which had a lower interest rate than the average interest rate of bonds issued). Meanwhile, the Bank's inter-bank business grew rapidly with remarkable increasing both in scale and profits as compared with last year. 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 | July-September 2013 | | | April-June 2013 | | |
|--|---------------------|-------------------------|-------------------------|-----------------|-------------------------|-------------------------|
| | Average balance | Interest income/expense | Average yield/cost rate | Average balance | Interest income/expense | Average yield/cost rate |
| Assets | | | | | | |
| Customer loans and advances (excluding discount) | 802,194 | 14,032 | 6.94% | 749,826 | 12,501 | 6.69% |
| Bond investment | 213,417 | 2,128 | 3.96% | 203,491 | 2,031 | 4.00% |
| Due from Central Bank | 241,747 | 870 | 1.43% | 220,685 | 824 | 1.50% |
| Bills discounting and inter-bank business | 547,024 | 7,185 | 5.21% | 607,673 | 7,565 | 4.99% |
| Others | 3,562 | 46 | 5.12% | 4,544 | 59 | 5.21% |
| Total of interest-earning assets | 1,807,944 | 24,261 | 5.32% | 1,786,219 | 22,980 | 5.16% |
| Liabilities | | | | | | |
| Customer deposits | 1,212,824 | 7,252 | 2.37% | 1,118,788 | 6,632 | 2.38% |
| Bonds issued | 9,595 | 150 | 6.20% | 9,589 | 150 | 6.27% |
| Inter-bank business | 489,700 | 6,331 | 5.13% | 565,070 | 6,377 | 4.53% |
| Others | - | - | - | - | - | - |
| Total of interest-bearing liabilities | 1,712,119 | 13,733 | 3.18% | 1,693,447 | 13,159 | 3.12% |
| Net interest income | | 10,528 | | | 9,821 | |
| Deposit-loan spread | | | 4.57% | | | 4.31% |
| Net interest spread (NIS) | | | 2.14% | | | 2.04% |
| Net interest margin (NIM) | | | 2.31% | | | 2.21% |

On a quarter-on-quarter basis, the Bank enhanced the structure adjustment and risk pricing management,

in order to increase the return on assets as well as reduce the scale of inter-bank assets, so the Deposit-loan spread, Net interest spread (NIS) and Net interest margin (NIM) had a significant growth as compared with last quarter.

Yield of customer loans and advances

(In RMB million)

| Item | January-September 2013 | | | January-September 2012 | | |
|---|------------------------|-----------------|---------------|------------------------|-----------------|---------------|
| | Average balance | Interest income | Average yield | Average balance | Interest income | Average yield |
| Corporate loans (excluding discount) | 477,554 | 22,192 | 6.21% | 428,336 | 21,933 | 6.84% |
| Personal loans | 280,638 | 15,937 | 7.59% | 203,424 | 10,967 | 7.20% |
| Customer loans and advances (excluding discount) | 758,192 | 38,129 | 6.72% | 631,760 | 32,900 | 6.96% |

| Item | July-September 2013 | | | April-June 2013 | | |
|---|---------------------|-----------------|---------------|-----------------|-----------------|---------------|
| | Average balance | Interest income | Average yield | Average balance | Interest income | Average yield |
| Corporate loans (excluding discount) | 488,080 | 7,804 | 6.34% | 471,534 | 7,338 | 6.24% |
| Personal loans | 314,114 | 6,228 | 7.87% | 278,292 | 5,163 | 7.44% |
| Customer loans and advances (excluding discount) | 802,194 | 14,032 | 6.94% | 749,826 | 12,501 | 6.69% |

The loan structure had been improved while high yield businesses such as SMB and Loans to new yuppies grew rapidly with its proportions increased accordingly so as to the continuous growth of the loan yield.

Cost rate of customer deposits

(In RMB million)

| Item | January-September 2013 | | | January-September 2012 | | |
|------------------------------------|------------------------|-----------------|-------------------|------------------------|-----------------|-------------------|
| | Average balance | Interest income | Average cost rate | Average balance | Interest income | Average cost rate |
| Corporate deposits | 712,422 | 13,038 | 2.45% | 527,998 | 10,097 | 2.55% |
| Including: demand deposits | 269,911 | 1,313 | 0.65% | 198,408 | 1,113 | 0.75% |
| Time deposits | 442,511 | 11,725 | 3.54% | 329,590 | 8,984 | 3.64% |
| Including: Treasury and negotiated | 91,630 | 3,625 | 5.29% | 55,545 | 2,244 | 5.40% |

| | | | | | | |
|----------------------------|-----------|--------|-------|---------|--------|-------|
| deposits | | | | | | |
| Margin deposits | 208,948 | 3,365 | 2.15% | 212,840 | 4,049 | 2.54% |
| Retail deposits | 189,371 | 3,425 | 2.42% | 162,425 | 3,137 | 2.58% |
| Including: demand deposits | 69,085 | 184 | 0.36% | 55,698 | 197 | 0.47% |
| Time deposits | 120,286 | 3,241 | 3.60% | 106,727 | 2,940 | 3.68% |
| Total deposits | 1,110,741 | 19,828 | 2.39% | 903,263 | 17,283 | 2.56% |

| Item | July-September 2013 | | | April-June 2013 | | |
|---|-----------------------|-----------------|-------------------|-----------------------|-----------------|-------------------|
| | Daily average balance | Interest income | Average cost rate | Daily average balance | Interest income | Average cost rate |
| Corporate deposits | 787,186 | 4,788 | 2.41% | 721,265 | 4,393 | 2.44% |
| Including: demand deposits | 292,801 | 453 | 0.61% | 280,803 | 453 | 0.65% |
| Time deposits | 494,385 | 4,335 | 3.48% | 440,462 | 3,940 | 3.59% |
| Including: Treasury and negotiated deposits | 100,390 | 1,314 | 5.19% | 89,797 | 1,187 | 5.30% |
| Margin deposits | 222,087 | 1,164 | 2.08% | 205,611 | 1,117 | 2.18% |
| Retail deposits | 203,551 | 1,300 | 2.53% | 191,912 | 1,122 | 2.34% |
| Including: demand deposits | 72,697 | 62 | 0.34% | 72,391 | 62 | 0.34% |
| Time deposits | 130,854 | 1,238 | 3.75% | 119,521 | 1,060 | 3.56% |
| Total deposits | 1,212,824 | 7,252 | 2.37% | 1,118,788 | 6,632 | 2.38% |

The liabilities structure had been obviously optimized and customer deposits grew rapidly, while the cost of capital was under fully control.

Fee income and expense

(In RMB million)

| Item | January-September 2013 | January-September 2012 | Change from the same period of previous year |
|--|------------------------|------------------------|--|
| Settlement fee income | 903 | 678 | 33.19% |
| Wealth management business fee income | 976 | 498 | 95.98% |
| Agency and entrustment business fee income | 456 | 692 | (34.10%) |
| Bank card business fee income | 3,551 | 1,649 | 115.34% |

| | | | |
|--------------------------------------|--------------|--------------|---------------|
| Consulting and advisory fee income | 1,247 | 242 | 415.29% |
| Account management fee income | 142 | 326 | (56.44%) |
| Others | 1,005 | 575 | 74.78% |
| Subtotal of fee income | 8,280 | 4,660 | 77.68% |
| Agency business fee outlay | 150 | 80 | 87.50% |
| Bank card business fee outlay | 646 | 348 | 85.63% |
| Others | 69 | 77 | (10.39%) |
| Subtotal of fee outlay | 865 | 505 | 71.29% |
| Net fee and commission income | 7,415 | 4,155 | 78.46% |

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

Other net operating income

Other net operating income includes investment income, gains/losses from changes in fair value, foreign exchange gains/losses and other business income. During the reporting period, other net operating income of the Bank was RMB874 million, representing an increase of 7.11% over the same period of last year, primarily due to the increases of Note assignment and Precious metals transactions, and the decrease in fair values of derivatives foreign exchange instruments.

Operating expense

During the reporting period, operating expense of the Bank increased by 29.76% over the same period of last year to RMB14.776 billion, while the cost to income ratio (excluding business tax) was 39.57%, up 0.16 percentage point as compared with last year. The increase of operating expense primarily caused by headcount, outlets and business scale growth, and continued investment in upgrading the management process and IT system. In 2012, the Bank had 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. In the first three quarters of 2013, 1 new first-tier branch and 44 outlets of sub-branch level was established. The growth of institutions made positive contributions to the operating expenses. Included in operating expense were staff expense of RMB7.75 billion with an increase of 27.67% over the same period of last year, business expense of RMB4.949 billion with an increase of 36.71% over the same period of last year, and depreciation, amortization and rental expenses of RMB2.077 billion with an increase of 22.41% over the same period of last year.

Asset impairment loss

(In RMB million)

| Item | January-September 2013 | January-September 2012 | Change from the same period of previous year |
|------------------------------------|------------------------|------------------------|--|
| Due from banks | 9 | - | - |
| Disbursement of loans and advances | 4,162 | 2,142 | 94.30% |
| Held-to-maturity investments | (5) | - | - |
| Repossessed assets | 7 | 2 | 250.00% |
| Other assets | 153 | 71 | 115.49% |
| Total | 4,326 | 2,215 | 95.30% |

Income tax expenses

During the reporting period, income tax rate of the Bank was 23.98%, up 1.12 percentage points over the same period of last year.

(In RMB million)

| Item | January-September 2013 | January-September 2012 | YoY change |
|---------------------------|------------------------|------------------------|------------|
| Profit before tax | 15,385 | 13,412 | 14.71% |
| Income tax expenses | 3,689 | 3,066 | 20.32% |
| Effective income tax rate | 23.98% | 22.86% | +1.12% |

3.6.5 Capital management

(In RMB million)

| According to Administrative Measures for the Capital of Commercial Banks (Trial) from CBRC | |
|--|-------------------|
| Item | 30 September 2013 |
| Net core tier one capital | 82,711 |
| Net tier one capital | 82,711 |
| Net capital | 99,217 |
| Total risk-weighted assets | 1,113,105 |
| Including: Credit risk-weighted assets | 1,047,729 |
| Market risk-weighted assets | 4,344 |
| Operational risk-weighted assets | 61,032 |
| Core tier one capital adequacy ratio | 7.43% |
| Tier one capital adequacy ratio | 7.43% |
| Capital adequacy ratio | 8.91% |

Note: The Credit risk was calculated with method of weighting, Market risk with standard approach and Operational risk with

basic indicator approach.

| According to Measures for the Management of Capital Adequacy Ratios of Commercial Banks from CBRC | |
|--|-------------------|
| Item | 30 September 2013 |
| Capital adequacy ratio | 9.93% |
| Core capital adequacy ratio | 8.09% |

3.6.6 Business development

3.6.6.1 Corporate business

As at the end of the reporting period, the corporate deposit balance of the Bank increased by 23.80% from the beginning of the year, while the corporate loan balance increased slightly; the credit balance of trade finance amounted to RMB337.3 billion and increased by 17.42% from the beginning of the year.

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

Trade finance grows well, industrial structure is optimized constantly.

During the reporting period, the accumulated trade finance amounted to RMB582.6 billion, in which RMB226.6 billion was released within the third quarter, representing a historical growth of 38.1% as compared with last year. As at the end of the reporting period, the credit balance of trade finance was RMB337.3 billion, increased by 17.42% as compared with the beginning of this year, while the NPL ratio

was 0.30%, a steady low level. The adjustment of industrial construction of trade finance made a remarkable result, the Concentration Ratio of Industry decreased continuously, and the portfolio of steel and auto industries decreased by 7.3 percentage points as compared with the beginning of this year along with the industries construction's further optimization.

Table of trade finance and international businesses

(In RMB million)

| Item | 30 September 2013 | % | 31 December 2012 | % | Change from the end of period over the end of previous year |
|---------------------------------------|----------------------|----------------|---------------------|----------------|---|
| Trade finance balance | 337,313 | 100.00% | 287,282 | 100.00% | 17.42% |
| Regions: Eastern region | 93,072 | 27.59% | 68,543 | 23.86% | 35.79% |
| Southern region | 127,634 | 37.84% | 111,240 | 38.72% | 14.74% |
| Western region | 28,743 | 8.52% | 29,197 | 10.16% | (1.55%) |
| Northern region | 87,864 | 26.05% | 78,302 | 27.26% | 12.21% |
| Domestic/International: | | | | | 9.58% |
| Domestic | 270,816 | 80.29% | 247,141 | 86.03% | |
| International (including offshore) | 66,497 | 19.71% | 40,141 | 13.97% | 65.66% |
| Export | 4,827 | 1.43% | 6,145 | 2.14% | (21.45%) |
| Import | 61,670 | 18.28% | 33,996 | 11.83% | 81.40% |

Internet finance opens the new windows of growth

The Bank promotes the establishment of the comprehensive financial service platform in the Internet with various entities interactively, through open-source in the front and ordination in the back. Thus the Bank will reinforce the investment of important projects, constantly develop the new model and products, execute the comprehensive financial strategy, push the basic business to grow rapidly, and lay the foundation for the steady progress of the BU of Internet finance, by centralizing the establishment of the comprehensive financial service platform in the Internet, following those quick-win projects on the platform, being assisted by the external union and comprehensive finance, and integrating the market, products and IT system.

Facing the challenge of market competition and e-business, the Bank converts the distributions of the Internet and union to a new customers wining channel, integrates the products development, platform construction and new business expansion, and locates a new growth point of profit upon the "Comprehensive financial service platform of Supply chain" (i.e. the Orange-e-Net) as well. As at the end of the reporting period, the new customer amounted to 6296 with new daily deposit of RMB66.4

billion and new daily loan of RMB2 billion, the Non-interest net income amounted to RMB446 million and total income at RMB2.6 billion. Especially, the deposit balance of E-government products amounted to RMB56.8 billion while the scale of Wealth management business amounted to RMB338.6 billion.

International and offshore businesses keep increasing well

The international settlement amount and the scale of Cross border RMB business both tend to increase. During the reporting period, the accumulated onshore international settlement amount was USD70 billion with an increase of 59% over the same period of last year, while the accumulated Cross border RMB business was RMB83.4 billion with an increase of 334% over the same period of last year. Meanwhile the offshore settlement amount was USD111.5 billion with an increase of 20% over the same period of last year, the daily average offshore deposit was RMB27.8 billion with an increase of 9% over the same period of last year, and daily average loan was RMB14.3 billion with an increase of 267% over the same period of last year.

The wealth management business develops steadily

During the reporting period, the Bank had issued 2236 wealth management products and the accumulated sales was RMB338.6 billion, including Principal Guaranteed Product of RMB326.2 billion and Non-Guaranteed Product of RMB12.4 billion. As at the end of the reporting period, the balance of wealth management products was RMB38.1 billion, including Principal Guaranteed Product of RMB35.1 billion and Non-Guaranteed Product of RMB3 billion.

Transportation finance finds the right way

During the reporting period, the new BU of Transportation finance was established and supposed to be in charge of the financing businesses of vehicles' manufacturing, sales and the related industrial chain, so as to provide the industry service solutions of comprehensive financial service based on the supply chain finance, following the customers' demands and industrial chain features, and integrated the financial lease, debt financing, merger and acquisition financing, cash management and otherwise, in order to build up the "supply chain finance + comprehensive finance" competition advantages which would have covered the whole industrial chain. The BU of Transportation finance had focused on the preparation as well as the operation, and finding out the right way of its own while the processes had been reengineered, the teams had been set up and the emerging market had been explored.

3.6.6.2 Retail business

As at the end of the reporting period, the Bank's balance of retail loan (including credit cards)

increased by 43.57% as compared with the beginning of this year, especially the high yield products like “Xin Yi Dai”, i.e. the loans to new yuppies and Auto financing had a remarkable growth; meanwhile the retail deposit increased by 17.29% as compared with the beginning of this year, and during the reporting period the retail intermediate business had an increase of 82% over the same period of last year.

According to the five-year transformation strategy set up in the beginning of this year, the retail business had been focused on the basic platforms such as distributions, teams, products, services, mechanism and system, carried out the important projects like comprehensive finance, community finance and private banking, and made the remarkable improvements in the increase of VIP and Assets Under Management, the diversification of customer service channel, the growth of market shares of credit cards and optimization of personal loan structure.

Customers above VIP level and customer equity steadily grew

As at the end of the reporting period, customers above VIP level broke through 150,000 and increased by 27% as compared with the beginning of this year; Assets Under Management amounted to RMB335.3 billion and increased by 26% as compared with the beginning of this year.

“Foundation” works of retail business had been further accelerated

Establish the diversification of convenient distributions: By further enhanced, the sub-branches and outlets of self-service banking construction had been accelerated and the outlets of self-service banking accomplished in the third quarter had equaled the total amount of the first half of this year; Meanwhile the outlets of community finance had been developed in order to provide the convenient financing services in neighborhood to the customers; The new version of Mobile Banking had been available and the new users broke through 500,000 while the customers who had bound their credit card to Wechat broke through one million, the e-services channel had been further enriched.

Promote the competitiveness of the products: The initial platform aimed at high-net-worth clients had been established and the Diamond credit card had been issued via privately invitation.

Build up the professional teams: The allocation of outlets and distribution teams and the staff training had been enhanced in order to provide higher professional services to the customers.

Improve the service level: The usage of consumption points of WanLiTong had been expanded actively, and the customer equity would have been protected and completed after its implementation.

Credit card, Auto financing and consumer finance kept increasing rapidly and steadily

1. Credit card

The credit card business had kept increasing rapidly and steadily. During the reporting period, profit before tax had an increase of 121% over the same period of last year, while intermediate business income had an increase of 123% over the same period of last year. As at the end of the reporting period, the credit cards in circulation amounted to 13.3 million and increased by 21% as compared with the beginning of this year; The newly issued credit cards in the first three quarters amounted to 4.34 million with an increase of 43% over the same period of last year, and the cross-selling channels of the Group made an constant important contribution, which issued the 40% new credit cards. The total transaction amounted to RMB358.7 billion with an increase of 148% over the same period of last year, including the continuous rapid growth of online transactions which had an increase of 213% over the same period of last year. As at the end of the reporting period, the balance of loans was RMB92.5 billion and increased by 86% as compared with the beginning of this year.

The credit card business had been focused on the better products and services to the customers so as to improve customer satisfaction. In order to win the customers, the high-end clients and young customers had been aimed so that the platinum cards and above had a rapid increase of 600% over the same period of last year. Some new kind of cards had been developed to enrich the product system as well. During the reporting period, the official card for Shenzhen Bureau of Finance had been issued, the diamond card for high-end clients and IC credit card for car owners had been issued as well. Some marketing activities had been carried out in order to maintain the customer relations, such as “Super Ping An, Surprise 90 days”, “You swipe, Ping An pay”, “Lucky round trip”, and “consumption abroad motivation”, as well as some constant promotion activities like “Movie for 10”, “Refueling discount” and “Car wash in business district”. The Ping An Online Shopping Mall had been established in order to propel the innovation of Internet banking business, while the online marketing activity “Buy & Love Wednesday” had been launched, and the active cooperation with some e-business had been carried out, such as Suning E-commerce’s payment, Shenzhen Airlines, elong, Ictson and Ctrip. In the risk management, the infrastructure of risk had been implemented, the approval policies and processes had been optimized, and the scoring model of new application and business fraud had been developed and uploaded, so as to improve the ability of risk management and scientific decision. As the result, the NPL ratio at the end of the reporting period was 1.11%, and kept in a better level in the industry. In the construction of basic platform, the trial run of Mobile Integrated Terminal had been implemented in order to apply the new technologies, continuously optimize the operating processes, improve the operating efficiency and reduce the cost, so that the innovation of credit card business had been developed. In the legal compliance, the culture and idea of compliance had been broadcast and implemented constantly, and the Legal compliance risk had been managed and controlled via scientific technologies.

The credit card will keep on improving the customer value of “Secure, Convenient and Affordable”, concentrate on the winning and managing of the high-end clients and young customers, and focus on the improvement of customer experience.

2. Auto financing

In the first three quarters, the automobile consumptive loan newly released by the Auto Financing Center amounted to RMB34.3 billion with an increase of 193% over the same period of last year, the balance of auto loans was RMB43.1 billion and increased by 104% as compared with the beginning of this year, and the market shares kept the leading position; Meanwhile the credit risk had been effectively managed and the NPL ratio was controlled in 0.18%. The Auto Financing Center will keep on innovating the products and services upon the comprehensive financial advantages, optimizing the business processes, improving the customer experience, and providing a simpler and more convenient automobile consumptive financing services.

3. Consumer finance

The consumer finance business had adjusted the rhythm of progress to satisfy the further demands of the customer, and supported for the Unsecured Petty Consumer Loan as a priority, on the other hand, it had actively explored the assets securitization and otherwise to save the capital and quota. In the first three quarters of this year it had followed the path of business structure adjustment, exploited the new brand of unsecured consumer loan, “Xin Yi Dai”, i.e. the loans to new yuppies, focused on the personal consumption loan below RMB500,000, and obtained good social and economic benefits. The balance of “Xin Yi Dai” was RMB24.2 billion, which was 300% as compared with the beginning of this year. As for the housing mortgage loan, the Bank had strictly executed the credit policy of differentiation required by the State Council, and supported the credit demand of the first-time home buyers positively. In the first three quarters of this year, the housing mortgage loan amounted to RMB8.1 billion. Meanwhile the comprehensive financial mode had been explored, the life insurance agent released 29% of “Xin Yi Dai” while the call center of the Group sold 16% in the first three quarters of this year.

Private banking business launched quickly

The diamond credit card aimed on the potential customers of private banking had been issued via privately invitation, and the private banking was scheduled to officially open in some core cities within this year in order to win those high-net-worth clients.

Wealth management, agency and cross-selling developed healthily

The investment direction of wealth management products had been expanded actively focusing on the

innovation of products, and agency business had been developed intensively, to which some products were added, such as structured products, asset management plan for the special account of fund, asset management plan for the securities company, etc. in order to diversify the product matrix and convert the wealth management business from “Cash management” to “Assets management” step by step. Then, the operating strategy of customer segmentation had been enhanced constantly, the products were classified deliberately according to different latitudes and the receivers and functions of every wealth management products were located so the product series could be supplied and sold orderly. In addition, cross-selling and portfolio sales had been promoted in order to provide the “One Stop” comprehensive financial service. During the reporting period, the Bank issued 1463 retail wealth management products with the amount of RMB1101.3 billion; As at the end of the reporting period, the balance of wealth management products was RMB150.1 billion, including the Principal Guaranteed Product balance of RMB61.2 billion and Non-Guaranteed Product balance of RMB88.9 billion, while the intermediate business income was about RMB400 million.

Agency: The sales of agent fund amounted to RMB4.6 billion, while the sales of Intermediate Trust amounted to RMB15.7 billion, including the sales of Ping An trust at RMB12.5 billion.

Cross-selling: The balance of deposit of the customers from Life Insurance channel amounted to RMB19.3 billion and increased by 31% as compared with the beginning of this year, meanwhile those customers recommended more than 1.1 million new client of credit card; Furthermore, the Bank sold Ping An trust at RMB12.5 billion and Ping An insurance premium at RMB400 million as an agent.

Table of personal loans

(In RMB million)

| Item | 30 September 2013 | % | 31 December 2012 | % |
|---|-------------------|----------------|------------------|----------------|
| I. Personal loans excluding credit cards | | | | |
| Eastern region | 103,750 | 44.78% | 75,657 | 42.96% |
| Southern region | 72,375 | 31.24% | 60,916 | 34.59% |
| Western region | 20,400 | 8.80% | 12,505 | 7.10% |
| Northern region | 35,185 | 15.18% | 27,031 | 15.35% |
| Headquarters | 1 | - | 1 | - |
| Total balance of personal loans excluding credit cards | 231,711 | 100.00% | 176,110 | 100.00% |
| Including: Total NPL | 1,139 | 0.49% | 850 | 0.48% |
| II. Mortgage loans in personal loans | | | | |
| Balance of mortgage loans | 70,521 | 30.43% | 73,974 | 42.00% |
| Including: Housing mortgage loans | 67,403 | 29.09% | 70,406 | 39.98% |
| Mortgage NPL | 332 | 0.47% | 181 | 0.24% |
| Including: Housing mortgage NPL | 300 | 0.44% | 169 | 0.24% |

3.6.6.3 Treasury and inter-bank business

During the reporting period, the Bank had insisted on the products innovation and structure optimization, as well as made use of the advantages of traditional inter-bank business, so that the traditional business and innovating business achieved a parallel development; Some innovation cooperation mode had been explored and propelled, such as bank-to-bank cooperation, comprehensive finance and Internet finance, etc. so the customer group had been expanded and the abilities of customer service had been improved. The business had a healthy and orderly increase because of the reinforcement of risk prevention, the complement of the mechanism of management and control, and the improvement of liquidity management level.

The structure of assets and liabilities of Treasury and inter-bank business were constantly optimized

The Bank actively innovated the products and business mode to ensure the equilibrium distribution and income level of inter-bank asset structure; Also the Bank enhanced the process and model innovation of bill business and optimized the resource allocation of bill so that it obtained a higher return on assets; The total interest rate spreads kept stable and the income of treasury and inter-bank business increased steadily, both of them became the important sources of the Bank's profit.

The cooperation with inter-bank institutions constantly improved

The Bank had enhanced the cooperation with inter-bank institutions and the distribution construction based on the "Hang E-Tong" bank to bank platform. 78 upper institutions of the three-parties-depository and banks-to-security company cooperation had been realized and "Hang E-Tong" bank to bank cooperating institutions were more than 50, thus the brand effect of "Hang E-Tong" platform had been further improved.

The represented treasury business developed positively and the abilities of dealing and service were improved accordingly

The Bank propelled the whole industrial chain of gold and the brand of "Ping An Gold" had been established, the gold lease business made a new breakthrough and the market influence significantly increased.

Under the strict control of risk, the Bank's trade category and trading activity made a remarkable increase, and the trading volume of bonds, foreign exchange and derivatives grew rapidly as compared with the same period of last year, so the market influence and pricing ability of the Bank improved obviously.

The Bank concentrated on the customers and tried to improve the service level. In order to improve the professional service level of front teams, the Bank intensified the guidance and instructions to the

branches, and the core customers had steadily increased due to a series of customer care activities so as to satisfy the customer demands and improve the customer loyalty. The Bank opened up a leading model of minority gold lease to support the services of its own as well as the small and medium economies (SME).

Wealth management products development kept steadily progress

During the reporting period, guided by the ideas of professionalization, intensification and process bank, the Bank intensified the innovation of products and mode to ensure the wealth management business develop steadily and compliantly. The accumulated number of newly issued wealth management products was in the third of all joint-stock banks, so the leading market position and competitive power had been held.

3.6.6.4 Investment bank business

During the reporting period, the total amount of investment and financing of investment bank business amounted to RMB171.2 billion, the Intermediate business income amounted to RMB1.14 billion, the derivative deposit amounted to RMB26.7 billion, the derived income amounted to RMB517 million, and trustee fee income amounted to RMB410 million and with an increase of 157% over the same period of last year.

Depended on the whole process management of the Bank's front, medium and back stage, the investment bank business produced the products, customers and market according to the investment bank business catalog, and established the industry comparative advantage and core competence of identifying, controlling and operating the underlying asset risks via positive management and control. Based on the comprehensive financial platform, the investment bank business provided the solution of One-Stop butler service to the VIPs of institutions, and fulfills the sustainable development. In the future, The Bank will enhance the whole process positive management of the investment bank business, produce the products, customers and market according to the investment bank business catalog, and provided the solution of One-Stop butler service to the customers based on the comprehensive financial platform of the Group. The bond underwriting is supposed to develop rapidly, and with its pulling, the Bank will provide a full range of financial services to the core customers, at the same time innovate the Golden Orange SME based on the assistant loan to SMB. The Bank will constantly innovate the investment bank products and build up the product line which has the differentiation advantage via assets management and banking transaction, supported by the Tuan-E platform. The brand of the investment bank business, "Golden Orange", should be established upon the concentration on the customers, and the following brand system of "Golden Orange Housekeeping, Golden Orange Wealth and Golden Orange Club" will be founded accordingly. "Golden

Orange Housekeeping” will provide a full range of tailored outsourcing financial services to the customer of high-end institutions, “Golden Orange Wealth” will attract and gather the high net-worth investors, while “Golden Orange Club” will bring the cooperator and resources from the funds, securities, trusts, minor commercial banks and private placements together.

Institutional finance construction

The Bank will develop the docking among the headquarters, and the conspire development between the headquarters and branches; the cooperation with the customers should be expanded and the products innovation be improved. The wholesale and retail business is supposed to be in cross marketing. The high-end investment bank business should be developed and the new growth point of profit should be found. The Bank will cooperate with other financial institutions based on the Comprehensive financial platform and the advantages of Beijing as a financial centre.

Established the “Golden Orange” Series and the product line of “Golden Orange” wealth was enriched constantly

26 finance companies, 11 security companies, 31 fund companies had become the member of Golden Orange Club, and other members are in schedule. “Hang-E-Tong” platform had completed the signature and 50 banks are cooperating.

The Bank rolled out the wealth management products of a single asset-backed, bond type, combined and outside capital pool, the Asset Under Management amounted to RMB104 billion with the new fundraising of RMB84.4 billion.

Project financing and debt financing make a considerable progress

The scale of the investment bank business of land reservation amounted to RMB25.3 billion, the scale of the investment bank business of Economy Housing Project amounted to RMB10.7 billion; The first private placement of the Bank had successfully booked; The scale of the investment in energy and mineral business amounted to RMB2 billion; The scale of the investment of investment bank business of cooperating with the BU amounted to RMB5.9 billion.

56 new debts were issued with debt financing and amounted to RMB42.5 billion. The market shares increased by 96bp and the ranking increase 6 places.

Integrated development for the corporate performed well

As at the end of the reporting period, the daily average balance of the corporate deposit recommended by the insurance and investment series was RMB13.3 billion, the balance of deposit was RMB14.6 billion, the total income from the channel was RMB300 million. During the reporting period, there were 33

projects succeeding via the recommendation of the Bank and the accumulated amount was RMB57.6 billion. The Bank sold the insurance and the premium amounted to RMB45 million.

Asset trusteeship business grew rapidly

The Bank had formed a complete business series of asset trusteeship, there were 8 class and more than 20 types of products can be trusted, including public offering fund, securities financing, trust, bank financing, PE, social security fund, Capital regulation, Insurance funds managed etc. The Bank had established the stable cooperating relationship with more than 200 financial and assets management institutions. During the reporting period, the accumulated trustee fee income was RMB410 million with an increase of 157% over the same period of last year. The scale of the net value of trusteeship amounted to RMB759.1 billion and increased by 78% as compared with the beginning of this year.

Real estate, Energy and Mining financing developed healthily

Real Estate Financing: The Bank actively explored the whole industry chain development of Real Estate concentrated on “living”, and created a unique Ping An Real Estate Financing. The team building, process system, business innovation, customer relationship and corporate culture had all made a remarkable progress, so the core customers with similar cooperating ideas in Real Estate had been educated to help the Banks’ constantly and healthily development. As at the end of the reporting period, the deposit balance of Real Estate Financing BU was RMB11.4 billion while the loan balance was RMB15.3, the Non-interest net income was RMB278 million. Next, Real Estate Financing will focus on the customer system construction and convert the main developers and leading enterprise to long-term cooperation client and the important source of profit, so as to complete and fulfill the customer system. The Bank concentrated on the innovation to make use of the comprehensive financial advantages in order to fulfill the real estate companies’ diversified and integrated financial needs, as well as produce preliminary results of the e-business platform project focusing on “living”; The Bank enhanced the brand construction by holding the summit of brand in Real Estate Financing BU and implement “Golden Orange Club • Real Estate Financing” activities.

Energy and Mining Finance: The on-balance sheet items developed rapidly and the scale and quality of deposit and loan had both grow. Pushed by the series activities of “Rui Tuo”, the Bank propelled the Non-energy business within investment bank business, trade financing and BU so as to drive the increase of deposit and intermediate business income. In the investment bank business, the BU issued bonds of RMB6.9 billion and RMB3.4 billion of capital pool. In the trade finance, derivative deposit increased by using bank acceptance bill business; by strengthen the energy financing business, the Bank went inside the BU, research and expands the Non-energy industry; Base on the increase of the project reserves, the bank

enlarged the scale of assets type of business. As at the end of the reporting period, the balance of deposit of Real estate, Energy and Mining financing was RMB10.6 billion, the balance of loan was RMB15.6 billion, the scale of the wealth under administration of non-credit was RMB16.8 billion, and the Non-interest net income was RMB61 million.

3.6.6.5 SMB financing

In the third quarter, the SMB financing made breakthrough in customer number, scale of loan and loans yield with the help of products policy support and mass marketing mode.

As at the end of the reporting period, SMB BU managed RMB81.4 billion of loan balance, increased by 45.86% and RMB25.6 billion as compared with the beginning of this year. Western region and Northern region had the powerful growth at 111.28% and 79.76%. The quality of assets increased sharply by resolving the SMB credit risks and enhancing the collecting, as at the end of the reporting period the NPL ratio was 0.71%, decreased 0.53 percentage point as compared with the beginning of this year.

Table of Small business financing operating status

(In RMB million)

| Item | 30 September 2013 | | 31 December 2012 | | Compared to the end of previous year | |
|-------------------------------|-------------------|----------------|------------------|----------------|--------------------------------------|---------------|
| | Balance of loans | % | Balance of loans | % | Balance of loans | Growth rate |
| Loan to Small business | 81,442 | 100.00% | 55,834 | 100.00% | 25,608 | 45.86% |
| Including: Eastern region | 26,314 | 32.31% | 22,247 | 39.84% | 4,067 | 18.28% |
| Southern region | 27,663 | 33.96% | 19,326 | 34.61% | 8,337 | 43.14% |
| Western region | 12,005 | 14.74% | 5,682 | 10.18% | 6,323 | 111.28% |
| Northern region | 15,422 | 18.94% | 8,579 | 15.37% | 6,843 | 79.76% |
| Headquarters | 38 | 0.05% | - | - | 38 | - |

3.6.7 Institution expansion

During the first three quarters of 2013, the Bank had 45 newly opened institutions and as of the end of the reporting period, there were 495 outlets in total (closed outlets inclusive). During the third quarter of 2013, the Bank had 3 new outlets of sub-branch level:

| Name of institutions | Address |
|---|--|
| Ping An Bank Co., Ltd., Sub-branch at Huidong, Huizhou | Podium building of Qijin Garden, 423# Xinping Road, Pingshan, Huidong, Huizhou. |
| Ping An Bank Co., Ltd., Sub-branch at Xinlong, Kunming | 5th building, 1079# Beijing Road, Panlongqu, Kunming. |
| Ping An Bank Co., Ltd., Sub-branch at Chengdong, Quanzhou | 8-12#, 2 nd building Zhongjunyujinwan, Anji Road, Fengzequ, Quanzhou. |

§4 Audit report

Audit opinion: This is subject to audit.

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

23 October 2013

Appendices:

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

Ping An Bank Co., Ltd.
Balance Sheet
30 September 2013

In RMB million

| ASSETS | 30 September 2013 | 31 December 2012 |
|--|-------------------|------------------|
| Cash on hand and due from the Central Bank | 256,845 | 219,347 |
| Precious metals | 8,396 | 2,431 |
| Placements of deposits with other banks | 60,849 | 94,295 |
| Funds loaned to other financial institutions | 22,833 | 65,426 |
| Held-for-trading financial assets | 14,371 | 4,238 |
| Derivative financial assets | 1,358 | 967 |
| Reverse repurchase agreements | 247,154 | 186,473 |
| Accounts receivable | 4,741 | 8,364 |
| Interest receivable | 9,798 | 8,757 |
| Loans and advances | 817,697 | 708,262 |
| Available-for-sale financial assets | 58,175 | 89,896 |
| Held-to-maturity investments | 140,020 | 103,124 |
| Receivables type investment | 189,431 | 90,838 |
| Long-term equity investments | 508 | 522 |
| Investment properties | 184 | 196 |
| Fixed assets | 3,312 | 3,536 |
| Intangible assets | 5,510 | 5,878 |
| Goodwill | 7,568 | 7,568 |
| Deferred tax assets | 3,288 | 3,450 |
| Other assets | 3,581 | 2,969 |
| Total assets | 1,855,619 | 1,606,537 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Due to the Central Bank | 2,473 | 16,168 |
| Placements of deposits from other banks and financial institutions | 396,422 | 354,223 |
| Funds borrowed from other financial institutions | 20,346 | 39,068 |
| Held-for-trading financial liabilities | 3,600 | 1,722 |
| Derivative financial liabilities | 1,668 | 952 |
| Repurchase agreements | 42,298 | 46,148 |
| Customer deposits | 1,252,366 | 1,021,108 |
| Employee salary payable | 5,233 | 4,863 |
| Tax payable | 3,620 | 2,299 |
| Accounts payable | 1,363 | 3,052 |
| Interest payable | 15,950 | 11,526 |
| Bonds payable | 9,597 | 16,079 |
| Provisions | 66 | 128 |
| Deferred tax liabilities | - | 1,272 |
| Other liabilities | 5,704 | 3,130 |
| Total liabilities | 1,760,706 | 1,521,738 |

SHAREHOLDERS' EQUITY:

| | | |
|---|------------------|------------------|
| Share capital | 8,197 | 5,123 |
| Capital reserve | 39,426 | 40,136 |
| Surplus reserve | 2,830 | 2,830 |
| General reserve | 13,633 | 13,633 |
| Unappropriated profit | 30,827 | 23,077 |
| Total shareholders' equity | 94,913 | 84,799 |
| Total liabilities and shareholders' equity | 1,855,619 | 1,606,537 |

Legal representative: Sun Jianyi President: Shao Ping Vice President: Sun Xianlang Accounting manager: Zhu Minhao

Ping An Bank Co., Ltd.
Income statement
From Jan to Sep of 2013

In RMB million

| Items | Jul-Sep 2013 | Jul-Sep 2012 | Jan-Sep 2013 | Jan-Sep 2012 |
|--|---------------|----------------|---------------|---------------|
| I. Operating income | 13,919 | 9,905 | 37,345 | 29,531 |
| Net interest income | 10,528 | 8,403 | 29,056 | 24,560 |
| Interest income | 24,261 | 18,947 | 67,487 | 56,174 |
| Interest expense | 13,733 | 10,544 | 38,431 | 31,614 |
| Net fee and commission income | 3,039 | 1,376 | 7,415 | 4,155 |
| Fee and commission income | 3,389 | 1,561 | 8,280 | 4,660 |
| Fee and commission expense | 350 | 185 | 865 | 505 |
| Other net operating income | 352 | 126 | 874 | 816 |
| Investment income | 388 | 145 | 898 | 597 |
| Gains or losses from changes in fair values | 93 | (23) | 17 | (34) |
| Foreign exchange gains/(losses) | (157) | (11) | (134) | 173 |
| Other operating income | 28 | 15 | 93 | 80 |
| II. Operating costs | 6,782 | 4,738 | 17,712 | 13,957 |
| Business tax and surcharge | 1,112 | 834 | 2,936 | 2,570 |
| Business and administrative expenses | 5,670 | 3,904 | 14,776 | 11,387 |
| III. Operating profit before impairment losses on assets | 7,137 | 5,167 | 19,633 | 15,574 |
| Impairment losses on asset | 1,724 | 645 | 4,326 | 2,215 |
| IV. Operating profit | 5,413 | 4,522 | 15,307 | 13,359 |
| Add: Non-operating income | 68 | 15 | 86 | 74 |
| Less: Non-operating expenses | 2 | 4 | 8 | 21 |
| V. Profit before tax | 5,479 | 4,533 | 15,385 | 13,412 |
| Less: Income tax expense | 1,314 | 1,057 | 3,689 | 3,066 |
| VI. Net profit | 4,165 | 3,476 | 11,696 | 10,346 |
| Net profit attributable to owners of parent | 4,165 | 3,476 | 11,696 | 10,237 |
| Gains or losses of minority shareholders | - | - | - | 109 |
| VII. Earnings per share | | | | |
| (I) Basic earnings per share | 0.51 | 0.42 | 1.43 | 1.25 |
| (II) Diluted earnings per share | 0.51 | 0.42 | 1.43 | 1.25 |
| VIII. Other comprehensive income | (794) | (1,060) | (710) | (798) |
| IX. Total comprehensive income | 3,371 | 2,416 | 10,986 | 9,548 |
| Total comprehensive income attributable to owners of parent | 3,371 | 2,416 | 10,986 | 9,421 |
| Total comprehensive income attributable to minority shareholders | - | - | - | 127 |

Legal representative: Sun Jianyi President: Shao Ping Vice President: Sun Xianlang Accounting manager: Zhu Minhao

Ping An Bank Co., Ltd.

Cash Flow statement

From Jan to Sep of 2013

In RMB million

| Items | Jan-Sep 2013 | Jan-Sep 2012 |
|--|-----------------|-----------------|
| I. CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net increase in borrowings from Central Bank | - | 24,669 |
| Net increase in customer deposit and placements of deposits from other banks | 273,422 | 248,889 |
| Net decrease in funds loaned to other financial institutions | 36,206 | - |
| Net increase in repurchase agreements | - | - |
| Net decrease in accounts receivable | 3,624 | 72,186 |
| Net decrease in reverse repurchase agreement | - | - |
| Cash receipts from interest, fee and commission income | 60,286 | 48,979 |
| Cash receipts from other operating activities | 1,842 | 2,026 |
| Subtotal of cash inflows from operating activities | 375,380 | 396,749 |
| Net increase in placements of deposits with the Central Bank and other banks | 24,101 | 50,008 |
| Net decrease in amounts due from the Central Bank | 13,717 | - |
| Net increase in funds loaned to other financial institutions | - | 1,685 |
| Net decrease in funds borrowed from other financial institutions | 18,722 | 15,099 |
| Net increase in reverse repurchase agreements | 37,698 | 65,213 |
| Net decrease in accounts payable | 1,689 | 40,792 |
| Net increase in loans and advances | 112,839 | 83,029 |
| Net decrease in repurchase agreements | 4,735 | 5,324 |
| Cash payments for interest, fee and commission expenses | 33,037 | 29,296 |
| Cash payments for salaries and staff expenses | 7,380 | 5,528 |
| Cash payments for taxes | 6,228 | 6,283 |
| Cash payments relating to other operating activities | 14,411 | 11,709 |
| Subtotal of cash outflows from operating activities | 274,557 | 313,966 |
| Net cash flows generated from operating activities | 100,823 | 82,783 |
| II. CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Cash receipts from disinvestments | 287,241 | 139,806 |
| Cash receipts from investment income | 12,611 | 8,062 |
| Cash receipts from fixed assets and Investment properties | 29 | - |
| Subtotal of cash inflows from investing activities | 299,881 | 147,868 |
| Cash payments for investments | 395,148 | 184,130 |
| Cash payments for subsidiary minority shareholders' stock | - | 2,575 |
| Cash payments for fixed assets, intangible assets and construction in progress | 448 | 328 |
| Subtotal of cash outflows from investing activities | 395,596 | 187,033 |
| Net cash flows generated from investing activities | (95,715) | (39,165) |
| 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 bond interest | 873 | 890 |
| Cash payments for dividend distribution and interest | 871 | - |
| Subtotal of cash outflows from financing activities | 8,244 | 890 |
| Net cash flows generated from financing activities | (8,244) | (890) |
| IV. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | (452) | (12) |
| V. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | (3,588) | 42,716 |
| 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 | 168,479 | 110,622 |

Legal representative: Sun Jianyi President: Shao Ping Vice President: Sun Xianlang Accounting manager: Zhu Minhao

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