

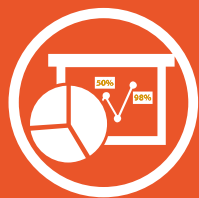
# Ping An Bank 2016 Annual Report Release

March 2017



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## 1. Financial Summary

- ▶ Earnings and Scale
- ▶ Quality and Efficiency
- ▶ Income and Expense
- ▶ Core regulatory Indicators

# 1.1 Earnings and Scale

(in RMB 100 mn)

	2016	2015	YoY	
			Change	Change %
<b>1. Net Profit</b>	<b>225.99</b>	<b>218.65</b>	<b>7.34</b>	<b>3.36%</b>
	2016-12-31	2015-12-31	YTD	
			Change	Change %
<b>2. Total Assets</b>	<b>29,534</b>	<b>25,071</b>	<b>4,463</b>	<b>17.8%</b>
<b>Total Loans</b>	<b>15,147</b>	<b>12,642</b>	<b>2,505</b>	<b>19.8%</b>
<b>Including: Loans and Advances</b>	<b>14,758</b>	<b>12,161</b>	<b>2,597</b>	<b>21.4%</b>
(1) Corporate Loans	9,349	7,750	1,599	20.6%
(2) Retail Loans	5,409	4,411	998	22.6%
<b>3. Total Liabilities</b>	<b>27,512</b>	<b>23,456</b>	<b>4,056</b>	<b>17.3%</b>
<b>Total Deposits</b>	<b>24,026</b>	<b>21,231</b>	<b>2,795</b>	<b>13.2%</b>
<b>Including: General Deposits</b>	<b>19,218</b>	<b>17,339</b>	<b>1,879</b>	<b>10.8%</b>
(1) Corporate Deposits	16,528	14,536	1,992	13.7%
(2) Retail Deposits	2,690	2,803	-113	-4.0%
<b>4. Shareholders' Equity</b>	<b>2,022</b>	<b>1,615</b>	<b>407</b>	<b>25.2%</b>

# 1.2 Quality and Efficiency

(in RMB 100 mn)

	2016-12-31	2015-12-31	YTD
<b>1. Asset Quality</b>			
NPL Balance	257.02	176.45	45.66%
NPL Ratio	1.74%	1.45%	+0.29 pp
Provision Coverage Ratio	155.37%	165.86%	-10.49 pps
Provision-to-Loan Ratio	2.71%	2.41%	+0.30 pp
	2016	2015	YoY
<b>2. Return on Assets</b>			
Annualized Average Return on Total Assets	0.83%	0.93%	-0.10 pp
Annualized Weighted Average Return on Equity	13.18%	14.94%	-1.76 pps
<b>3. Net Interest Spread (NIS)</b>	<b>2.60%</b>	<b>2.62%</b>	<b>-0.02 pp</b>
<b>4. Net Interest Margin (NIM)</b>	<b>2.75%</b>	<b>2.81%</b>	<b>-0.06 pp</b>
<b>5. Cost/Income Ratio (Excluding Business Tax)</b>	<b>25.97%</b>	<b>31.31%</b>	<b>-5.34 pps</b>

# 1.3 Income and Expense

(in RMB 100 mn)

	2016		YoY		
	Amount	% of Total	Change	Change %	Change in % of Total
<b>1. Operating Income</b>	<b>1,077.15</b>	<b>100%</b>	<b>115.52</b>	<b>12.0%</b>	
Net Interest Income	764.11	70.94%	79.50	11.6%	-0.25%
Net Non-interest Income	313.04	29.06%	36.02	13.0%	0.25%
<b>2. Operating Expense</b>	<b>314.18</b>		<b>-53.65</b>	<b>-14.6%</b>	
Operation and Administrative Expense	279.73	25.97%	-21.39	-7.1%	-5.34%
<b>3. Profit Before Provisions</b>	<b>762.97</b>		<b>169.17</b>	<b>28.5%</b>	
<b>4. Less: Asset Impairment Loss</b>	<b>465.18</b>		<b>160.33</b>	<b>52.6%</b>	
<b>5. Net Profit</b>	<b>225.99</b>		<b>7.34</b>	<b>3.4%</b>	
<b>6. EPS (RMB)</b>	<b>1.32</b>		<b>0.02</b>	<b>1.5%</b>	

# 1.4 Regulatory Indicators

(Unit: %)

	Benchmark	2016-12-31	2015-12-31
<b>1. Capital Adequacy</b>			
Capital Adequacy Ratio	≥10.5	11.53	10.94
Tier 1 Capital Adequacy Ratio	≥8.5	9.34	9.03
Core Tier 1 Capital Adequacy Ratio	≥7.5	8.36	9.03
<b>2. Liquidity</b>			
Liquidity Ratio	≥25	49.48	54.29
Liquidity Coverage Ratio	≥80 (Current year)	95.76	140.82

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## 2. Performance Highlights

- ▶ Growth in Scale
- ▶ Optimization of Operation
- ▶ Retail Business
- ▶ Corporate Business
- ▶ Risk Management

## 2.1 Growth in Scale

### Steady Growth in Deposits

- Total deposits amounted to RMB 2,402.6 bn, up by RMB 279.5 bn or 13% YTD.

### Robust Growth in Loans

- Balance of total loans up by RMB250.5 bn or 20% YTD to RMB1,514.7 bn.

Balance of Total Deposits (in RMB 100 mn)



Balance of Total Loans (in RMB 100 mn)





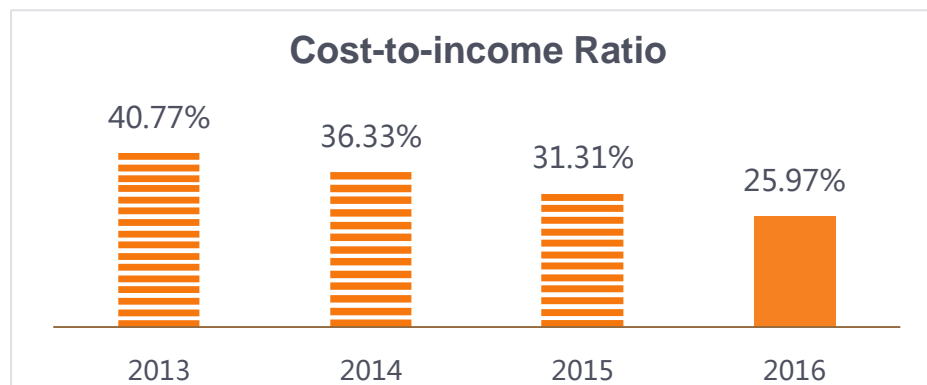
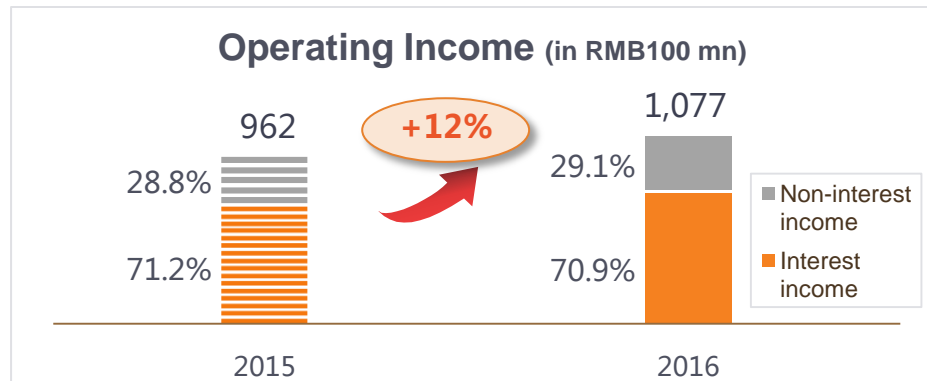
## 2.2 Optimization of Operation

### Remain sound earnings

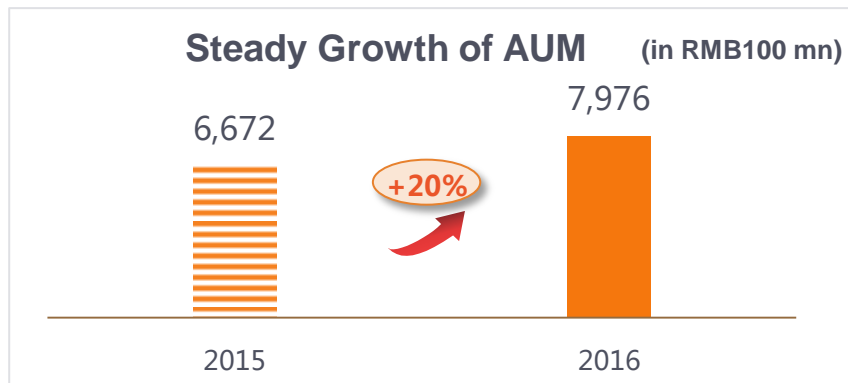
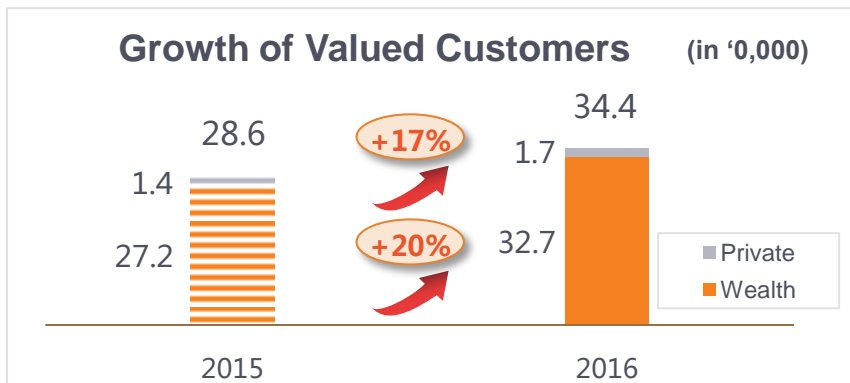
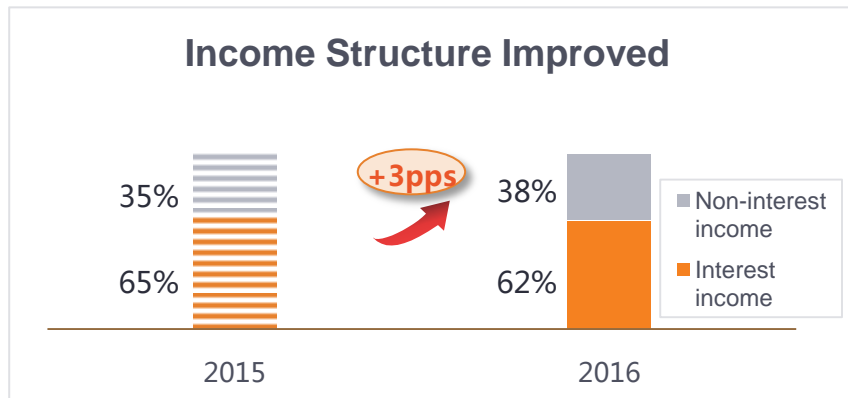
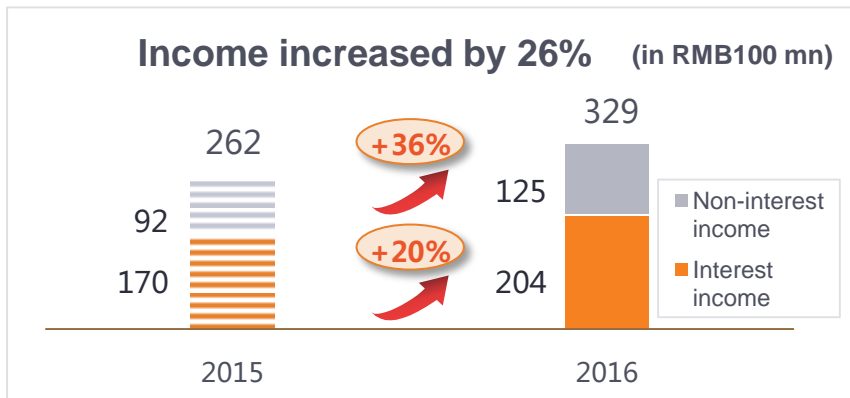
- Income increased by RMB11.5 bn or 12% YoY to RMB107.7 bn, breaking the record of RMB100 bn for the first time.
- Net interest income was RMB76.4 bn, up by 12%; and net non-interest income was RMB31.3 bn, up by 13%. Net non-interest income accounted for 29.1%, up by 0.3% YoY.

### Continue to reduce costs

- Continue to improve operation efficiency. Annual cost-to-income ratio was 25.97%, down by 5.34 pps YoY.



## 2.3 Retail Business



## 2.4 Corporate Business

### Professionalization in the Industry

- Eight Industry BUs adopted the C + SIE + R model; the balance of deposits and loans was RMB254.8 bn and RMB330.8 bn at the end of 2016, and the AUM was RMB721.6 bn.

### “Light Assets and Light Capital”

- “Two-Light” Business, such as Off-shore, Gold、WM、IB、Custody achieved rapid growth. Some indicators were among the top of the peers.

### Internet Finance Platform

**Hang-E-Tong** 3,000 bn



Sales of RMB3.03 tn, of which RMB2.16 tn via online banking

+157%

**Orange-e-Net** 1,480 bn



Trading volume of RMB1.48 tn with registered users of 3 mn

+93%

**cross-border E** 30,000



Trading volume of RMB415 bn with uses of 30 thousands

**Factoring Cloud** 4,000



300 trading factors, with more than 4 thousands customers

## 2.5 Risk Management

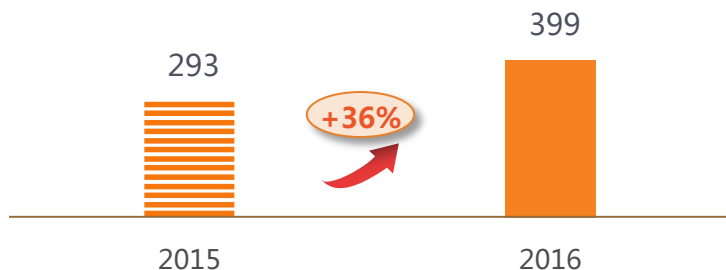
### Greatly Increase Provisions

- Annual accumulative provision amounted to RMB46.5 bn, up by RMB16 bn or 53% YoY;
- Balance of provision for loans at the end of the year was RMB39.9 bn, up by RMB10.6 bn or 36% YTD. Capability of withstanding risks was improved;
- Provision-to-loan ratio was 2.71%, up by 0.30% over the previous year; provision coverage ratio was 155%, down by 11% over the previous year.

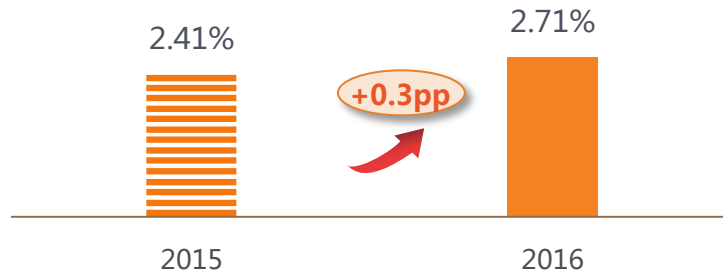
### Improved Management of NPL

- Established Special Asset Management BU, to collect and operate professionally and Intensively.
- Total recoverable assets in 2016 were RMB5.246 bn, of which the credit assets (loan principal) amounted to RMB4.852 bn. Among the recovered principal of loans, written-off loans amounted to RMB1.508 bn, NPL without writing off amounted to RMB3.344 bn.

Balance of provision (in RMB 100 mn)



Provision-to-loan ratio



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## 3. Business Initiatives for 2017

# Business Initiatives for 2017

## Business Initiatives



- Implement the retail business transformation, to ensure rapid growth.



- Promote the transformation of corporate business from the pursuit of the scale to quality.



- Strengthen risk control and risk mitigation of NPL, and improve asset quality.



- Build credit investigation platform based on big data, and explore the new model of internet finance (KYB).



- Strengthen the team management and personnel training, and improve the professional and management skills.

Thanks!



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