



平安银行  
PING AN BANK

# Build a Stronger Banking Pillar leveraging Integrated Finance Edge

——2014 Ping An Open Day for Investors

Shao Ping  
President of Ping An Bank

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# Cautionary Statements Regarding Forward-Looking Statements

To the extent any statements made in this presentation containing information that is not historical are essentially forward-looking. These forward-looking statements include but not limited to projections, targets, estimates and business plans that the Company expects or anticipates will or may occur in the future. These forward-looking statements are subject to known and unknown risks and uncertainties that may be general or specific. Certain statements, such as those include the words or phrases "potential", "estimates", "expects", "anticipates", "objective", "intends", "plans", "believes", "will", "may", "should", and similar expressions or variations on such expressions may be considered forward-looking statements. Reader should be cautioned that a variety of factors, many of which may be beyond the Company's control, affect the performance, operations and results of the Company, and could cause actual results to differ materially from the expectations expressed in any of the Company's forward-looking statements. These factors include, but are not limited to, exchange rate fluctuations, market shares, competition, environmental risks, changes in legal, financial and regulatory frameworks, international economic and financial market conditions and other risks and factors beyond our control. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. In addition, the Company undertakes no obligation to publicly update or revise any forward-looking statement that is contained in this presentation as a result of new information, future events or otherwise. None of the Company, or any of its employees or affiliates is responsible for, or is making, any representations concerning the future performance of the Company.

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**About Ping An Bank**

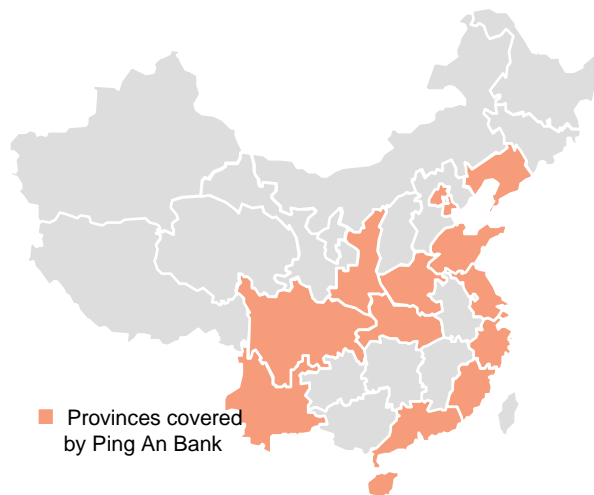
**Our Strategies and Development Plans**

**Key Financial Indicators**



# About Ping An Bank

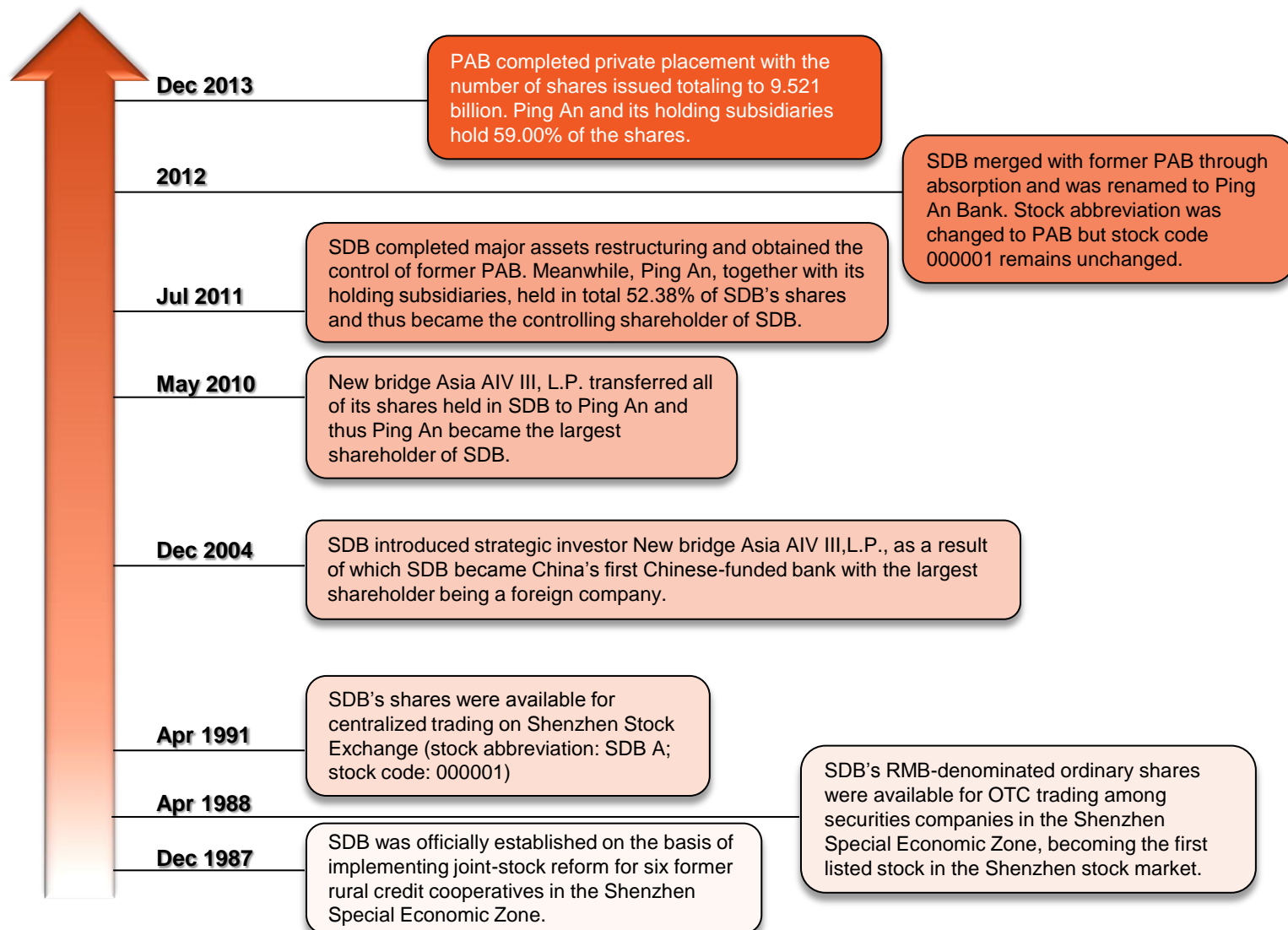
- Ping An Bank was established in Shenzhen in 1987 and has been listed on Shenzhen Stock Exchange since 1991 (stock code: 000001). As at 31 March 2014, our share price closed at RMB10.77.
- In 1Q2014, the Bank's total assets amounted to RMB 2,097.1 bn and net profit was RMB 5,054 mn.
- As at 31 March 2014, the Bank had a total of 531 outlets distributed in 38 major cities in China.
- Currently, Ping An Group, together with its holding subsidiaries, hold in total 59.00% of the Bank's shares and thus is our controlling shareholder.



<i>(in hundred million yuan)</i>	2014-3-31	2013-12-31	YTD
<b>Total Assets</b>	<b>20,971</b>	<b>18,917</b>	<b>10.86%</b>
Including: Total Loans	8,903	8,473	5.08%
<b>Total Liabilities</b>	<b>19,798</b>	<b>17,797</b>	<b>11.25%</b>
Including: Total Deposit	13,826	12,170	13.61%
<b>NPL Ratio</b>	<b>0.91%</b>	<b>0.89%</b>	<b>+0.02 ppt</b>
	Jan-Mar 2014	Jan-Mar 2013	YoY
<b>Operating Income</b>	<b>161.00</b>	<b>108.02</b>	<b>49.05%</b>
<b>Net Profit</b>	<b>50.54</b>	<b>35.89</b>	<b>40.82%</b>
<b>Annualized Average Return on Assets</b>	<b>1.01%</b>	<b>0.84%</b>	<b>+0.17 ppt</b>
<b>Annualized Weighted Average Return on Equity*</b>	<b>16.54%</b>	<b>15.61%</b>	<b>+0.93 ppt</b>

Note: The Bank completed 14.8 billion private placement at the end of 2013 and thus the ROE in 1Q2014 was diluted. Excluding the above impact, the average ROE was higher than that in 1Q2013.

# Our History



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# Business Environment Analysis

## External Environment

- **Challenges: rising banking risks and greater management difficulties during economic restructuring period**
  - On the back of the overlapping periods of a shift in economic growth, painstaking structural adjustment and preliminary stimulus digestion, **credit default risks** are on the rise
  - Financial market reforms including rate liberalization are raising higher requirements on Bank ALM capabilities
  - Internet finance is squeezing bank liabilities and weighing on liquidity management.
- **Opportunities: a continuous upward economic trend brings market opportunities**
  - The new “four modernizations” and **consumption upgrade** are expected to become economic growth drivers to foster sustained and steady economic growth
  - **Innovation** works as a catalyst to help upgrade economic
  - **Full-scale intensification of reforms** in areas such as state-owned assets, land, taxation and finance are expected to bring in “policy dividends”

## Internal Environment

- **Group support: PA Group’s strong integrated finance platform gives the Bank unique advantages**
  - **Full range of licenses and capital advantages:** help PAB to provide customers comprehensive services and structured financing solutions
  - **Customer and channel advantages:** customer migration and cross-selling through 80 million customers, 0.56 million life insurance agents and 2,700 insurance sales outlets
  - **Internet advantages:** lay out an infrastructure platform for PAB’s internet finance through third party payment, P2P, e-commerce platform and more than 20 Apps
- **Own conditions: increasingly prominent edges and a base for rapid growth taken shape**
  - **Development strategies and paths clearly defined**
  - **Initial results of management reforms:** organizational restructuring completed to adapt to requirement of process banking; performance appraisal, incentives, risk prevention, innovation and other mechanisms built
  - **Capital has been supplemented**
  - **High team morale**

# “Three-step” strategy and five-year development plan

Strategic positioning: driving business in “three steps” on “four wheels” (corporate banking, investment banking, retail banking and interbank operations) with the aim of ultimately becoming a retail-oriented modern commercial bank with “four main features” of specialization, intensification, integrated finance and internet finance

## First Step 3-5 years

- Focus on corporate business while building a strong base for the rapid growth of retail business
- Be ranked among Tier 2 JS banks from Tier 3 currently

## Second Step 5-8 years

- Balanced business development on corporate and retail
- Be ranked among top tier banks

## Third Step 8-10 years

- Retail business as the key driver and main source of earnings

“Five-Year Development Strategy and Planning (2013-2017)” formulated and implemented centering the strategic objectives of the “First Step”



# Target markets and customer positioning

Our target markets and customers are positioned in four major consumption sectors including clothing (medical), food, housing and transportation with little fluctuation and enormous market potential!



# Development of “Four Features”

## Specialization

- Establish three types of **Business Units - industrial, product and platform**, and improve the operating system of these BUs
- Implement reforms of **Retail Business Unit**
- **Branches build their strengths** based on local characteristics

- **Effectively consolidate the resources across the Group:** License, capital, customers, channels, etc.
- Establish a sound **integrated finance operational mechanism**

## Integrated finance

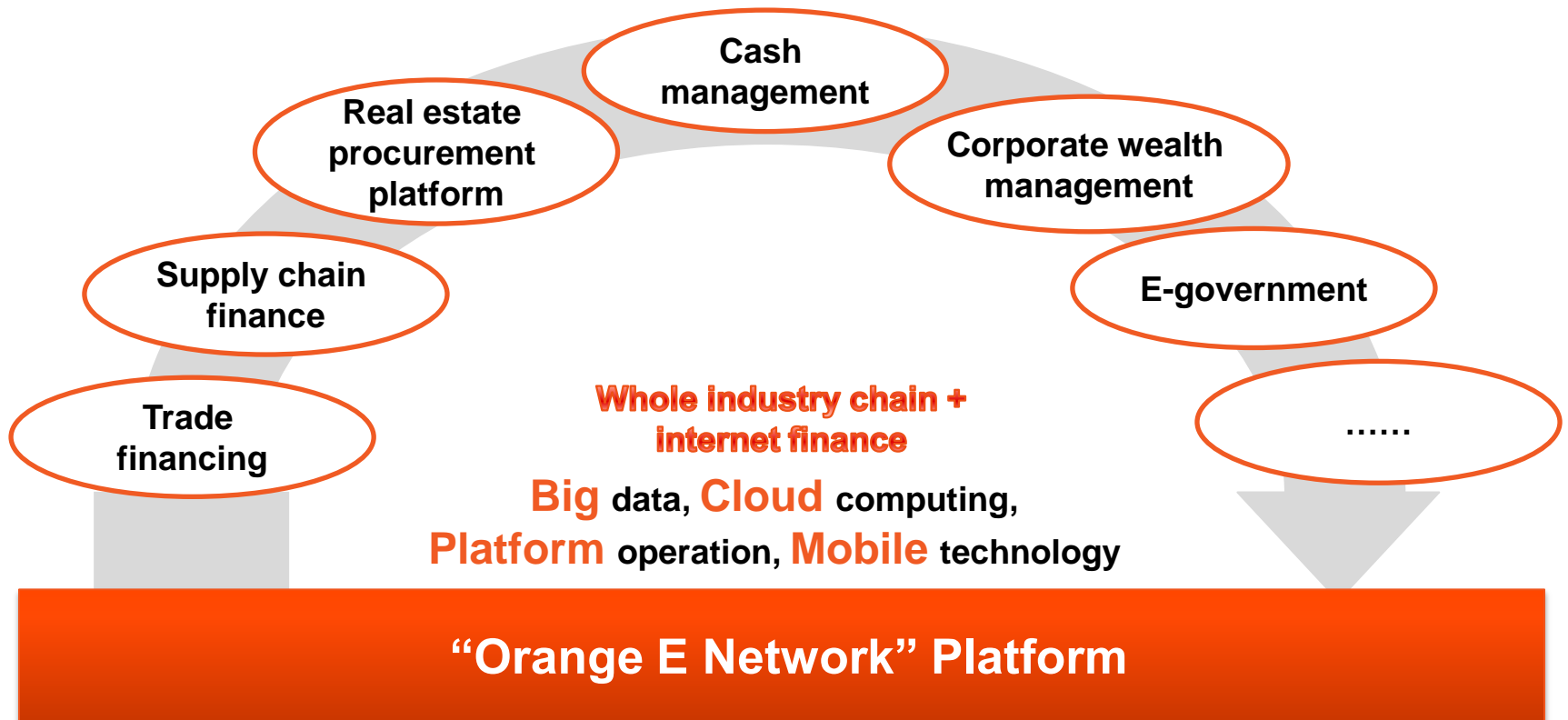
## Intensification

- **Standardized commercial** model to reduce costs
- **Platform operation** to acquire customers in batches
- Efficient processing through “**Credit Factory**”

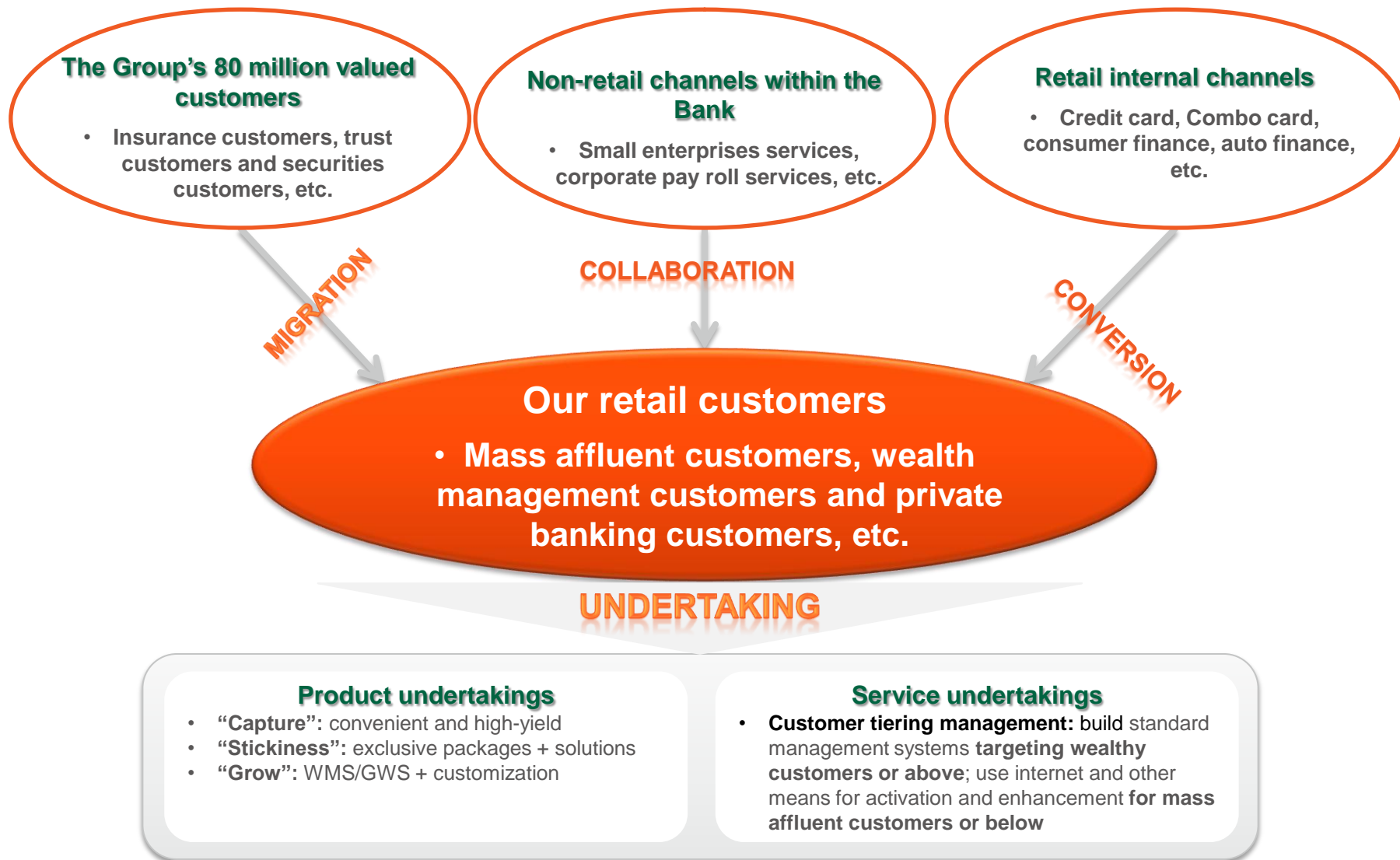
- **Combine online and offline businesses** to create differentiation
- Enhance the competitiveness of the Company’s e-banking platforms such as “**Orange E**” platform, retail “**Pocket Banking**” platform and the FI “**Hang E Tong**” platform

## Internet finance

# Key strategies (1/4): “Orange E Network”



# Key strategies (2/4): Retail client migration



# Key strategies (3/4): Small enterprise finance

## Provide SME Clean Loan

- **Data-driven credit line decisions**
  - ✓ Data such as cash flow, rent payment, utility bill, etc.
  - ✓ Solve the dilemma of collateral loan
- **Centralized and standardized operation**
  - ✓ Employ models to make credit loan decision
  - ✓ Adopt centralized processing approach
  - ✓ Increase efficiency and save cost

## Build an integrated finance platform

- **Convenient and economy borrowing:**
  - ✓ Debit & credit in one account, revolving lines, borrow as needed
- **A full range of financial products & services selection**
  - ✓ Payment and settlement, wealth management, insurance services, etc.
- **Value-added services**
  - ✓ Information services, matching service, club activities, etc.

## Our financial services platform for small enterprises

### Ride along macro environment

- Government and regulatory supportive policies
- Role of small enterprises in consumption upgrade

### Identify target markets

- Wholesale and commodity markets, featured streets
- SMEs along the industry chain

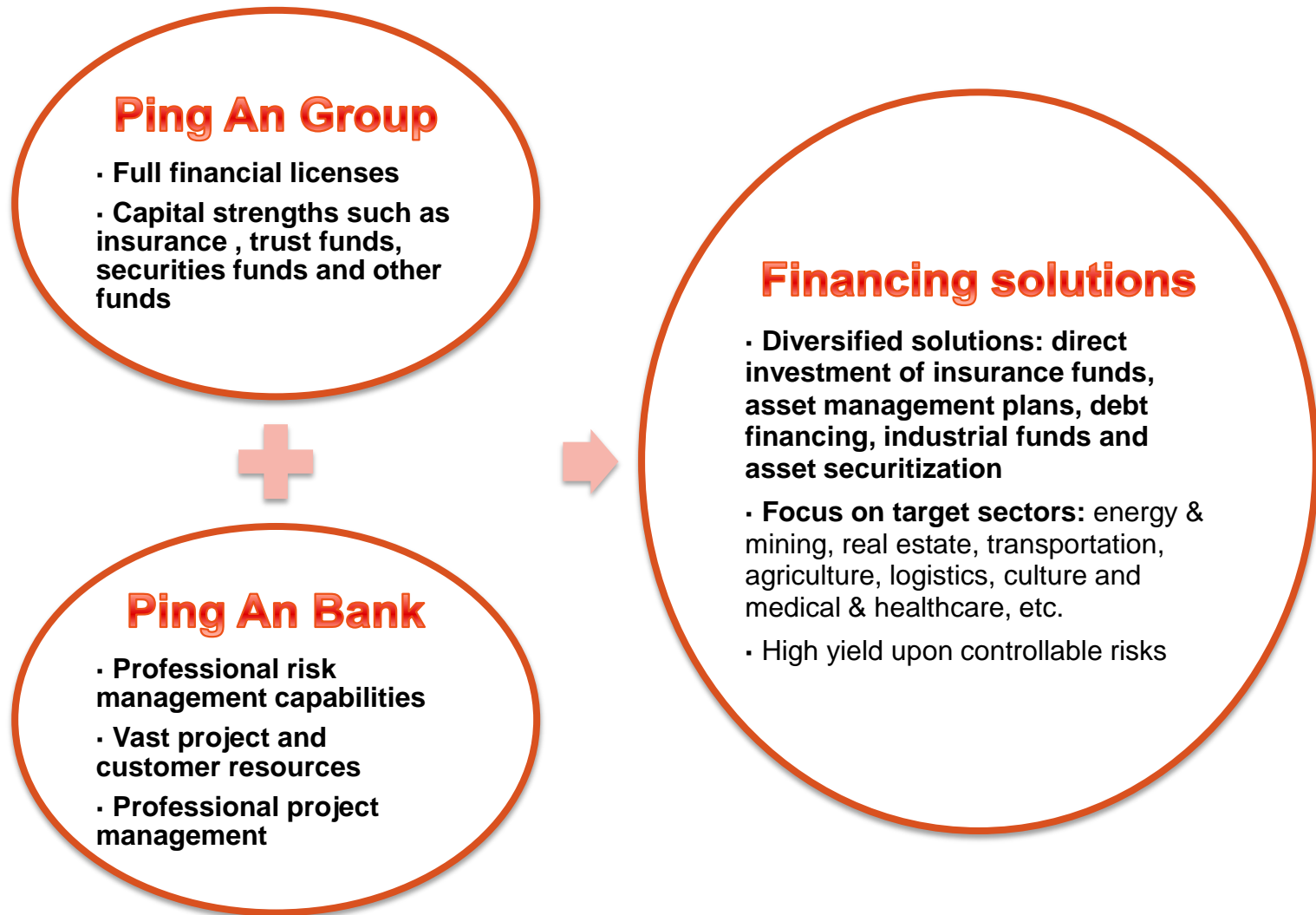
### Integrate internal resources

- PA Group's integrated finance products
- PAB's products and services

### Leverage on technologies

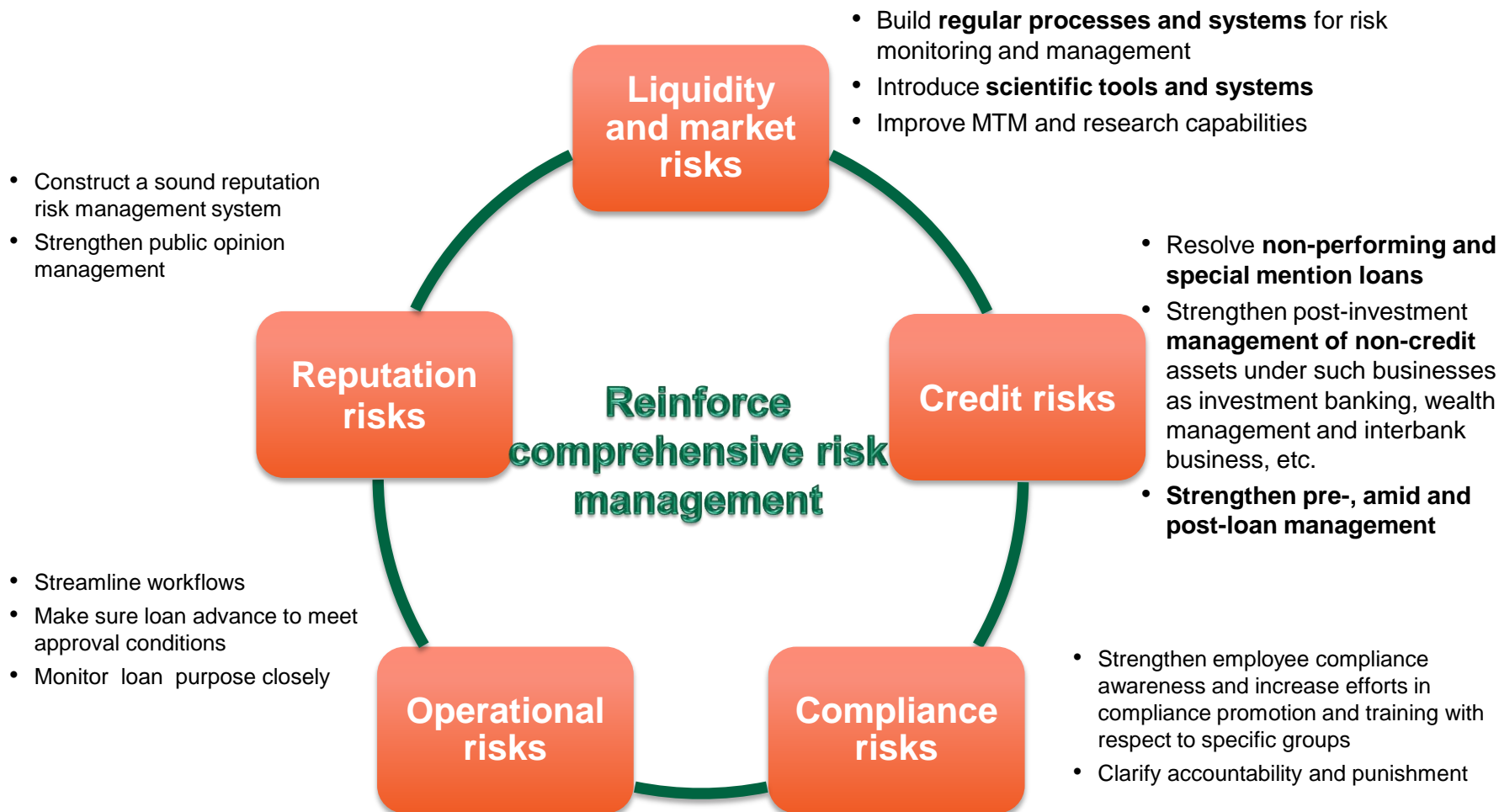
- Mobile internet
- Big data

# Key strategies (4/4): Investment banking





# Maintaining comprehensive risk management



# Build a strong banking pillar to feed back the Group's business



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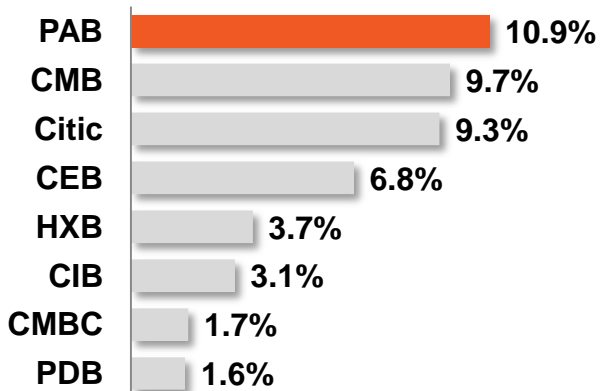
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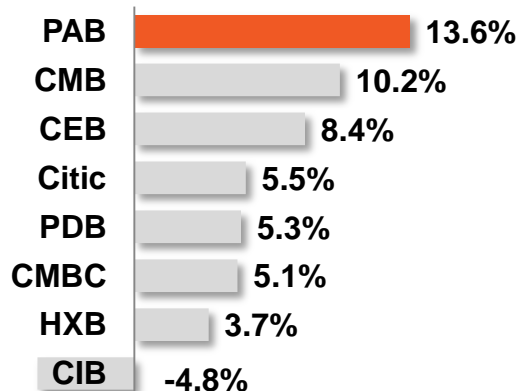


# 1Q Key Financial Indicators

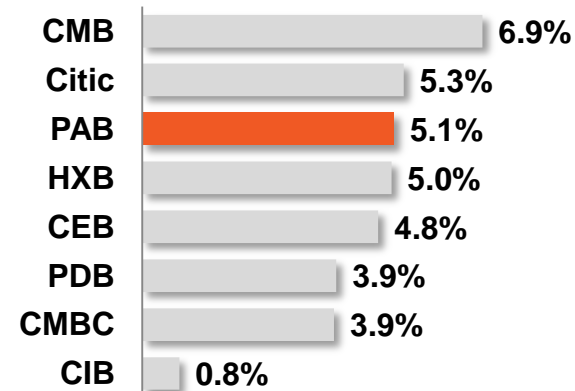
## Growth of total assets



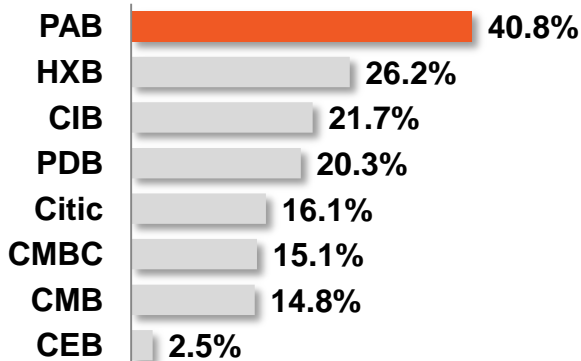
## Growth of deposits



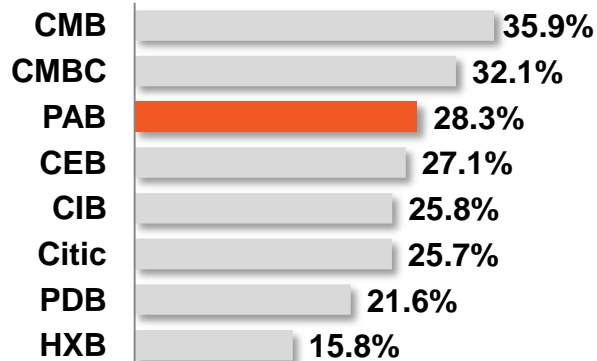
## Growth of loans



## Growth of net profit attributable to shareholders of the parent



## Percentage of non-interest income



## NPL ratio

