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PING AN

Insurance • Banking • Investment

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)

ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2014

The Board of Directors of Ping An Insurance (Group) Company of China, Ltd. (the “Company”) hereby announces the unaudited results of the Company and its subsidiaries for the six months ended June 30, 2014. This announcement, containing the full text of the 2014 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Hong Kong Stock Exchange”) in relation to information to accompany preliminary announcements of interim results.

Both the Chinese and English versions of this results announcement are available on the websites of the Company (www.pingan.com) and the Hong Kong Stock Exchange (www.hkexnews.hk). Printed version of the Company’s 2014 Interim Report will be delivered to the holders of H share of the Company and available for viewing on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and of the Company (www.pingan.com) in late August 2014.

By order of the Board of Directors
Ma Mingzhe
Chairman and Chief Executive Officer

Shenzhen, PRC, August 19, 2014

As at the date of this announcement, the Executive Directors of the Company are Ma Mingzhe, Sun Jianyi, Ren Huichuan, Yao Jason Bo, Lee Yuansiong and Cai Fangfang; the Non-executive Directors are 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.

Contents

ABOUT US

- 1 Introduction
- 2 Corporate Information
- 3 Financial Highlights
- 4 Chairman's Statement

OUR PERFORMANCE

- 8 Management Discussion and Analysis
 - 8 Overview
 - 12 Insurance Business
 - 24 Banking Business
 - 30 Investment Business
 - 38 Integrated Finance
- 42 Embedded Value
- 44 Liquidity and Financial Resources

CORPORATE GOVERNANCE

- 46 Changes in the Share Capital and Shareholders' Profile
- 58 Directors, Supervisors and Senior Management
- 60 Significant Events

FINANCIAL STATEMENTS

- 70 Report on Review of Interim Condensed Consolidated Financial Information
- 71 Interim Consolidated Statement of Income
- 72 Interim Consolidated Statement of Comprehensive Income
- 73 Interim Consolidated Statement of Financial Position
- 74 Interim Consolidated Statement of Changes in Equity
- 75 Interim Consolidated Statement of Cash Flows
- 76 Notes to the Interim Condensed Consolidated Financial Information

OTHER INFORMATION

- 114 Definition

Cautionary Statements Regarding Forward-Looking Statements

To the extent any statements made in this report containing information that is not historical are essentially forward-looking. These forward-looking statements include but are 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 including 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.

Readers should be cautioned that a variety of factors, many of which are 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 report 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.

Introduction

Ping An is dedicated to becoming a world-leading personal financial services provider. Backed by our integrated financial structure, local expertise and best practices in corporate governance with international standards, we provide insurance, banking and investment services to over 80 million customers.

HIGHLIGHTS

- Net profit attributable to shareholders of the parent company reached RMB21,362 million in the first half of 2014, up by 19.3% over the same period last year.
- Total assets of the Group reached RMB3.8 trillion with strengthening overall competitiveness.
- Our life insurance business enjoyed stable and healthy growth, while the quality of our property and casualty insurance business remained sound. Our annuity business maintained its market leadership. The net investment yield of our insurance funds rose steadily.
- Ping An Bank achieved significant results by adjusting its assets and liabilities structure, and transforming its growth strategies, with profit contribution of RMB5,830 million to the Group in the first half of 2014.
- Ping An Trust continued to focus on developing high-quality business and implemented stringent risk management, witnessing the successful redemption of products reaching maturity.
- Integrated finance made steady progress with technological innovation spurring business development.
- Internet finance kept its focus on innovation with substantial growth in scale and user base.

Total Assets (in RMB million)



Total Income (in RMB million)



Equity Attributable to Shareholders of the Parent Company (in RMB million)



Net Profit Attributable to Shareholders of the Parent Company (in RMB million)



Total Liabilities (in RMB million)



Basic Earnings Per Share (in RMB)



Corporate Information

REGISTERED NAMES

Full name of the Company (Chinese/English)

中國平安保險（集團）股份有限公司
Ping An Insurance (Group) Company of China, Ltd.

Short name of the Company (Chinese/English)

中國平安
Ping An of China

LEGAL REPRESENTATIVE

MA Mingzhe

TYPE OF SECURITY AND LISTING PLACE

A share The Shanghai Stock Exchange
H share The Stock Exchange of Hong Kong Limited
A share convertible corporate bonds The Shanghai Stock Exchange

SECURITY NAME AND CODE

A share Ping An of China 601318
H share Ping An of China 2318
A share convertible corporate bonds Ping An Convertible Bonds 113005

AUTHORIZED REPRESENTATIVES

SUN Jianyi
YAO Jun

SECRETARY OF THE BOARD OF DIRECTORS

JIN Shaoliang

COMPANY SECRETARY

YAO Jun

REPRESENTATIVE OF SECURITIES AFFAIRS

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POSTAL CODE

518048

COMPANY WEBSITE

www.pingan.com

DESIGNATED NEWSPAPERS FOR INFORMATION DISCLOSURE OF A SHARE

China Securities Journal,
Shanghai Securities News,
Securities Times and Securities Daily

WEBSITES FOR THE PUBLICATION OF THE REGULAR REPORTS OF THE COMPANY

www.sse.com.cn
www.hkexnews.hk

LOCATION OF REGULAR REPORTS AVAILABLE FOR INSPECTION

Board Office of the Company

CONSULTING ACTUARIES

PricewaterhouseCoopers Consultants (Shenzhen) Limited

AUDITORS AND PLACES OF BUSINESS

Domestic Auditor

PricewaterhouseCoopers Zhong Tian LLP
11/F, PricewaterhouseCoopers Center,
2 Corporate Avenue, 202 Hu Bin Road,
Huangpu District, Shanghai, PRC

Name of Certified Public Accountants

Charles Chow
CAO Yinhua

International Auditor

PricewaterhouseCoopers
22/F Prince's Building,
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LEGAL ADVISOR

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H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong

AMERICAN DEPOSITARY SHARES REGISTRAR

The Bank of New York Mellon

REGISTERED INFORMATION FOR THE FIRST TIME

Date of Registration

March 21, 1988

Place of Registration

Shenzhen Administration for Industry and Commerce

Corporate Name

Shenzhen Ping An Insurance Company

Please visit the website of the Market Supervision Administration of Shenzhen Municipality (www.szscjg.gov.cn) for details of the Company's registered information for the first time.

REGISTERED INFORMATION AT THE END OF THE REPORTING PERIOD

Place of Registration

State Administration for Industry and Commerce of the PRC

Registration Number of the Business License of the Legal Entity

10000000012314

Tax Registration Number

Shen Shui Deng Zi No. 440300100012316

Organization Code

10001231-6

The above registered information had no change during the reporting period.

CHANGES IN MAIN BUSINESS SINCE LISTING

The main business scope has not been changed since the listing of the Company on the Shanghai Stock Exchange on March 1, 2007.

CHANGES OF CONTROLLING SHAREHOLDER SINCE LISTING

The shareholding structure of the Company is relatively scattered and there is no controlling shareholder.

Financial Highlights

(in RMB million)	For the six months ended June 30, 2014/ As at June 30, 2014	For the six months ended June 30, 2013/ As at December 31, 2013
GROUP		
Total income	266,345	215,857
Net profit	25,864	21,771
Net profit attributable to shareholders of the parent company	21,362	17,910
Basic earnings per share (in RMB)	2.70	2.26
Total assets	3,801,225	3,360,312
Total liabilities	3,534,087	3,120,607
Equity attributable to shareholders of the parent company	206,488	182,709
Investment portfolio of insurance funds	1,356,631	1,230,367
Net investment yield of insurance funds (%)	5.0	4.8
Total investment yield of insurance funds (%)	4.3	4.9
Embedded value	364,376	329,653
Group solvency margin ratio (%)	186.6	174.4
INSURANCE BUSINESS		
Life Insurance Business		
Written premiums	148,310	126,808
Premium income	110,543	90,557
Net profit	9,296	9,339
Net investment yield (%)	5.0	4.9
Total investment yield (%)	4.2	4.9
Embedded value	222,681	203,038
Solvency margin ratio - Ping An Life (%)	184.3	171.9
Property and Casualty Insurance Business		
Premium income	68,852	53,903
Net profit	4,496	3,492
Net investment yield (%)	5.4	5.0
Total investment yield (%)	5.3	5.3
Combined ratio (%)	94.4	95.5
Solvency margin ratio - Ping An Property & Casualty (%)	151.9	167.1
BANKING BUSINESS⁽¹⁾		
Net interest income	24,554	18,528
Net profit	10,072	7,531
Net interest spread (%)	2.32	2.03
Net interest margin (%)	2.50	2.19
Cost/income ratio (%)	37.59	38.87
Total deposits	1,508,904	1,217,002
Total loans	938,227	847,289
Capital adequacy ratio (%) ⁽²⁾	11.02	9.90
Non-performing loan ratio (%)	0.92	0.89
Provision coverage ratio (%)	198.18	201.06
INVESTMENT BUSINESS		
Trust Business⁽³⁾		
Total income	2,391	1,504
Net profit	746	456
Assets held in trust	366,886	290,320
Securities Business		
Total income	1,538	1,459
Net profit	506	245

(1) The data of banking business came from Ping An Bank's 2014 interim report.

(2) The capital adequacy ratio was calculated under the "Capital Rules for Commercial Banks (Provisional)" issued by the CBRC.

(3) The trust business includes Ping An Trust and its subsidiaries which carry on the business of investment and asset management.

Chairman's Statement



1. On June 21, 2014, the 28th "Olympic Day Long Run" organized by the Chinese Olympic Committee and sponsored by Ping An Life kicked off in 19 cities across the country, including Shanghai, Qingdao, Dalian and Shenyang. Ping An Life led nearly 80,000 running and fitness enthusiasts from 19 cities in 12 provinces, municipalities and autonomous regions in paying tribute to the Olympic spirit by participating in the long run event. As an annual customer service festival event, Ping An Life will donate mini football fields to Hope Primary School on behalf of customers who participated in the long run event.
2. On March 23, 2014, Ping An Bank's first flagship smart store had its grand opening in the Shenzhen headquarters. The flagship smart store of Ping An Bank was tailored to customer needs. It incorporated high-tech elements into its operating outlets and featured cutting-edge technology such as laser electronic displays, life cycle walls and smart wealth management and planning desks into its services, providing customers with a "simple and homelike" experience.

In the first half of 2014, the global economy recovered at a moderate pace. China continued to face a complex external economic environment, while the overall economy grew at a slow but steady pace. The Central Government has deemed China to be undergoing a period of changes with three sequential stages – the shift in economic growth, structural adjustments with short-term pain, and the pre-stimulus transitional period. Reforms and adjustments have presented challenges, but have also created opportunities. Ping An focused on running stable operations and maintained the healthy and sustainable growth of the three pillars of traditional businesses of insurance, banking and investment, while keeping its eye on becoming a world-leading personal financial services provider. We continuously stepped up our strategic planning, closely monitored international technological development trends, seized valuable opportunities arising from traditional business model shifts driven by mobile internet technology, and actively explored the internet finance model. With the gradual increase in our operating scale and innovation capabilities, we focused on optimizing and strengthening our internal management model – the "Ping An Chariot" – and achieved our goal of placing equal emphasis on safety and efficiency, and advancing both our traditional businesses and internet finance businesses.

On the whole, Ping An achieved good operating results in the first half of 2014 as its business maintained steady growth and outstanding performance in the following areas:

- **The Company maintained stable and healthy growth in terms of its overall performance.** The Company's net profit attributable to shareholders of the parent company for the first half of 2014 reached RMB21,362 million, up by 19.3% over the same period last year. As at June 30, 2014, equity attributable to shareholders of the parent company was RMB206,488 million, up by 13.0% over the beginning of the year. Total assets reached RMB3,801,225 million, up by 13.1% over the beginning of the year.
- **Our life insurance business enjoyed stable and healthy growth, while the quality of our property and casualty insurance business remained sound. Our annuity business maintained its market leadership. The net investment yield of our insurance funds rose steadily.** In the first half of the year, written premiums of the life insurance business reached

RMB148,310 million, up by 17.0% over the same period last year. Written premiums for individual life insurance business reached RMB131,390 million, up by 14.5% over the same period last year, among which our new businesses achieved written premiums of RMB31,256 million, up by 18.8% over the same period last year. The value of new business in the first half of the year grew 16.7% over the same period last year. As at June 30, 2014, the number of individual life insurance agents increased to approximately 608 thousand, up by 9.1% over the beginning of the year. Ping An Property & Casualty continued to focus on business quality and optimizing the customer experience, resulting in premium income of RMB68,705 million, up by 27.8% over the same period last year, with a market share of 18.0%, placing it in second position in the market. It maintained a sound level of profitability with a combined ratio of 94.4%. Assets entrusted and assets under investment management by Ping An Annuity reached RMB81,627 million and RMB89,406 million, up by 12.9% and 11.1% over the beginning of the year, respectively, maintaining their lead in the annuity industry; its group insurance premium income reached RMB5,038 million, up by 27.0% over the same period last year, ranking second by market share.

Our net investment yield grew steadily, as a result of our continuous efforts to optimize the assets portfolio of insurance funds, maintain a high proportion of fixed income assets, allocate more investments to quality debt schemes, and enhance risk identification and evaluation. As at June 30, 2014, the scale of our insurance funds reached RMB1,356,631 million. The annualized net investment yield for the first half of the year was 5.0%, up by 0.2 percentage points over the same period last year. The annualized total investment yield was 4.3%, down by 0.6 percentage points over the same period last year. Due to the continued weakness of domestic capital market since 2013, impairment losses of available-for-sale financial assets of insurance funds portfolio were largely increased from RMB1,052 million in the first half of 2013 to RMB7,608 million in the same period of 2014, which were made in accordance with accounting policies. Of this total, impairment losses for the second quarter of 2014 were RMB4,512 million.

- **Ping An Bank achieved significant results by adjusting its assets and liabilities structure, and transforming its growth strategies.** In the first half of the year, Ping An Bank achieved a net profit of

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RMB10,072 million, up by 33.7% over the same period last year. As at June 30, 2014, Ping An Bank's total assets amounted to about RMB2.14 trillion, up by 12.9% over the beginning of the year. Total deposits and total loans amounted to RMB1,508,904 million and RMB938,227 million, up by 24.0% and 10.7%, respectively, over the beginning of the year. Non-performing loan ratio was 0.92%, as the quality of credit assets remained stable and risk was under control. The number of credit cards in force (CIF) reached 15.23 million.

Ping An Bank met challenges head-on and seized market opportunities, running its business under the "customer-centric" management concept. The four engines of growth, namely corporate banking, retail banking, interbank banking and investment banking drove the rapid development of Ping An Bank, highlighting the business's four core characteristics, namely specialization, intensification, integrated finance and internet finance. Our efforts in implementing reform measures, including adjusting the assets and liabilities structure and transforming our growth model, began to yield results.

- Ping An Trust continued to focus on developing high-quality business and implemented stringent risk management, witnessing the successful redemption of products reaching maturity.** Ping An Trust's personal wealth management business maintained stable and healthy growth, as the number of high net worth customers grew 24.5% over the beginning of the year to exceed 27 thousand. Assets held in trust reached RMB366,886 million, up by 26.4% over the beginning of the year. The paid-in capital of collective trust products mainly held by individual customers accounted for 67.5%, which placed Ping An Trust in a market-leading position in terms of business structure. In response to the development trend of the real estate market in China, Ping An Trust established a more stringent internal credit rating system which

enabled it to screen high quality counterparties and projects. It actively managed the risks in the real estate business by controlling the geographical distribution of business and the duration of projects, with the successful redemption of real estate trust schemes taking place over many consecutive years. Of the latter, over RMB15 billion was successfully redeemed in the first half of 2014, with about RMB37 billion expected to be redeemed by the end of the year. This demonstrated that our real estate trust business kept risk at a manageable level. Ping An Securities reaffirmed its strategic target of becoming the leading broker in the asset management sector and focused on the active pursuit of its strategic transformation. In the first half of the year, it successfully completed 13 credit bond issuance projects and 5 Small and Medium Enterprise (SME) private bond issuance projects as the lead underwriter. It ranked third in the market by interbank bonds transaction amount. Assets entrusted for its asset management business reached RMB88,447 million, up by 63.7% over the beginning of the year.

Integrated finance made steady progress with technological innovation spurring business development. In terms of personal integrated finance, we researched into customer needs from various perspectives and developed innovative integrated financial product portfolios, so as to continuously promote cross-selling and customer migration. In the first half of 2014, a total of 3.04 million customers across business lines have been migrated, accounting for 28% of new customers across all subsidiaries combined. Cross-selling through our agency force contributed RMB11,537 million in insurance premiums and RMB81,422 million in financial assets. Furthermore, 53.5% of the auto insurance premium was generated through cross-selling and telemarketing. 38.0% of new credit cards issued by Ping An Bank



- In the first half of 2014, Ping An Annuity delivered solid investment performance, with its annuity business among the top of the market, its insurance business' market share at a higher level and its medical insurance business commencing. Its investment and operations risk control platform laid a solid foundation for future development in annuity investments, and also symbolized Ping An Annuity's transformation from focusing solely on annuity investment management to becoming a "leading annuity asset management institution in China".
- In June 2014, the Ping An Trust 2014 Real Estate Finance Forum was held in Sanya with the theme "The Year of Change in the Chinese Real Estate Market". Mr. Ren Huichuan, President of the Group, pointed out that the real estate market is moving towards marketization, and that Ping An Trust will align with market trends, leverage on the Group's competitive advantages on integrated finance and provide comprehensive financial services to its business partners.
- In the first half of 2014, the number of business partners on Ping An's Wanlitong Loyalty Points Program increased with a new partnership with JD.com and dianping.com, etc., making Wanlitong the general point program with the largest number of online and offline partner shops. The number of offline partner shops increased to 500 thousand, 2.5 times as much as that at the end of 2013.

Chairman's Statement

Rank	Company	Brand value 2014 (Bn USD)	Brand value 2013 (Bn USD)	Brand value 2012 (Bn USD)	Year on year change
1	Apple	15,160	14,329	13,783	5%
2	Microsoft	12,150	11,920	11,700	2%
3	Google	11,920	11,700	11,500	2%
4	Amazon	11,500	11,300	11,100	2%
5	Facebook	11,300	11,100	10,900	2%
6	IBM	11,100	10,900	10,700	2%
7	Ping An	12,400	11,200	10,000	23%
8	Alibaba	11,000	10,800	10,600	2%
9	Walmart	10,800	10,600	10,400	2%
10	Oracle	10,600	10,400	10,200	2%



- On May 21, 2014, renowned brand and market research company Millward Brown Optimor announced its "Top 100 Most Valuable Global Brands 2014" ranking. Ping An was ranked 77th with a brand value of USD12.4 billion, up 7 positions over last year. It was also ranked first in the global insurance industry.
- In the first half of 2014, Ping An championed the "Ping An Chariot" management model. As a result, all subsidiaries and functional departments under the group company fulfilled their functions with closer collaboration with each other, not just maintaining the competitiveness of independent entities but also strengthening Ping An's competitive advantages as a whole. This in turn drove the rapid and healthy development of Ping An under the strategy of "Technology-Driven Finance".

and 27.8% of new retail deposits were generated through cross-selling channels. In terms of group integrated finance, the Group's subsidiaries stepped up collaboration and leveraged Ping An's diversified products and services to promote the healthy development of our group integrated finance business. The outcomes of this business collaboration are emerging, as Ping An's corporate image for integrated finance services has been strengthened considerably among corporate customers. The Group promoted innovation and the use of new technology, and explored new operational and service models to enhance the customer experience. The Company also optimized e-marketing channels and mobile claims investigation tools, while actively testing the application and innovation of new internet technologies.

Currently, the integration between internet and traditional finance is progressing at an increasing pace. Under the strategic guidance of "Technology-Driven Finance", Ping An actively explored its internet finance business to establish a social financial service platform comprising wealth management, health management and daily living management for its customers, as well as catering to the widest range of social users. Our internet finance businesses, which include Lufax, Wanlitong Loyalty Points Program, online auto market, online housing market and third-party payment, grew substantially in terms of scale and user base.

- Internet finance kept its focus on innovation with substantial growth in scale and user base.** In the first half of 2014, Ping An's internet finance business embedded financial services into daily living, becoming widely recognized by users. Leveraging the overall strengths of Ping An Group, Lufax devoted itself to establishing the largest internet financial assets trading market in China, which is open to all financial institutions, companies and individual customers. It integrated online sales channels with offline asset channels to connect asset demand and supply using the internet, forming a highly open and liquid non-standard asset trading market with maximum transaction volume. As a pioneer in the internet finance industry known for its constant innovation, Lufax capitalized on its unique advantages such as low cost, wide product range, high mobility and outstanding customer experience to gain over 2 million

registered users. In the first half of 2014, Lufax's transaction volume of financial assets surged nearly 10 times over the same period last year, of which P2P transactions surged by over 6 times, while the transaction volume in Lufax's secondary market surged nearly 25 times. This led the Lend Academy, an authoritative P2P research institution in the U.S., to rate Lufax as the most important P2P company in China. Wanlitong strove to establish the largest loyalty points service platform in China, with registered users reaching 58 million and cooperative business partners surpassing 500 thousand. The transaction volume of Wanlitong loyalty points in the first half of the year grew by 232.8% over the same period last year. Yiwallet version 2.0 was launched, giving customers a new mobile, social and finance experience as the total user base amounted to 4,712 thousand. PAhaoche further expanded the footprint of the national business, with nearly 1,000 car dealers making arrangements to cooperate.

In the first half of the year, we continued to maintain a leading position by brand value. Our comprehensive strength and efforts in corporate governance, investor relations and corporate social responsibility have brought us numerous accolades and awards at home and abroad from independent third parties such as rating agencies and the media.

- Included in Fortune Global 500 again, ranking 128th and advancing 53 places over 2013, and maintained top ranking among mainland Chinese companies in the non-SOE category.
- Included in the Forbes Global 2000 list for the tenth time, ranking 62nd, advancing 21 places over 2013 and ranking 7th among mainland Chinese enterprises. Further, Ping An ranked 6th among global diversified insurance companies and was top-ranked among Chinese insurance companies.
- Ranked 77th in the Top 100 Most Valuable Global Brands 2014 by Millward Brown of WPP, a global high-end brand communications group, and ranked 1st in the global insurance industry.
- Won the "Best Insurance Brand Award" by Shanghai Security News and cnstock.com for the third time.
- In FinanceAsia (HK)'s voting of "Asia's Best Managed Company", Ping An was ranked 7th in the best investor relations category.
- In the first evaluation of listed companies by Sina Finance, Ping

An was awarded the titles of “Listed Company with the Best Brand Image” and “Best Blue-Chip Company on the Main Board”.

- In the 2014 Low Carbon Emission Role Model Company in China awards organized by the Economic Observer, Ping An was awarded the title of “Low Carbon Emission Role Model Company in China”.

As the Company actively promoted business development, it also changed its management structure to enhance its management capabilities. We have established the corporate governance and management model – the “Ping An Chariot” – with each subsidiary and functional department of the group company playing its own role to foster closer business cooperation, which promoted the rapid and healthy development of “Technology-Driven Finance”.

Looking ahead, numerous uncertainties remain in the global economy, giving rise to a complex outlook for its development. Structural adjustments to China’s economy have resulted in positive changes. While China’s industrialization and urbanization continue, the fundamental objective of achieving a mid-to-high pace of economic growth remains unchanged. Technological innovation and the utilization of internet technology will present additional new business models and provide more growth potential for the traditional finance business. Ping An will keep its focus squarely on its established strategic direction, maintain stable operations and use modern technology in a more thorough and effective manner to promote innovation and development in relevant areas. This will give more customers greater ease and convenience to enjoy our integrated financial and life services, and let us repay the trust that our shareholders and members of society have placed in.

Finally, on behalf of the Board of Directors and the Executive Committee of Ping An Group, I would like to express my most sincere gratitude to the customers, investors, partners and members of society who have supported Ping An Group, as well as our colleagues who have contributed to the Company’s strategic targets and aspirations.



Chairman and Chief Executive Officer

Shenzhen, PRC
August 19, 2014



Management Discussion and Analysis Overview

- Net profit attributable to shareholders of the parent company reached RMB21,362 million in the first half of 2014, up by 19.3% over the same period last year.
- Life insurance business continued to record stable and healthy growth, while property and casualty insurance business kept its sound business quality. Annuity business maintained its leading position in the industry.
- Ping An Bank achieved significant results by adjusting its assets and liabilities structure, and transforming its growth strategies.

We offer a broad variety of financial products and services to clients under a single brand with a multi-channel distribution network built on the platforms provided by our major subsidiaries, which include Ping An Life, Ping An Property & Casualty, Ping An Annuity, Ping An Health, Ping An Bank, Ping An Trust, Ping An Securities, Ping An Asset Management, Ping An Asset Management (Hong Kong), and Ping An-UOB Fund.

In the first half of 2014, facing a complex economic situation and market environment, Ping An adhered to its prudent operational strategy and actively explored new opportunities and innovation. Its three key pillars of businesses, namely insurance, banking and investment, achieved healthy and steady growth. Our life insurance business enjoyed stable and healthy growth, while the quality of our property and casualty insurance business remained sound. Our annuity business maintained its market leadership. Ping An Bank achieved significant results by adjusting its assets and liabilities structure, and transforming its growth strategies. Ping An Trust continued to focus on developing high-quality business and implemented stringent risk management, witnessing the successful redemption of products reaching maturity. Ping An Securities reaffirmed its strategic target of becoming the leading broker in the asset management sector and focused on the active pursuit of its strategic transformation. It ranked third in the market by interbank bonds transaction amount. Our net investment yield grew steadily as a result of our continuous efforts to optimize the assets portfolio of insurance funds, maintain a high proportion of fixed income assets, allocate more investments to quality debt schemes, and enhance risk identification and evaluation.

In the first half of 2014, net profit attributable to shareholders of the parent company reached RMB21,362 million, up by 19.3% as compared with the same period last year.

CONSOLIDATED RESULTS

For the six months ended June 30 (in RMB million)	2014	2013
Total income	266,345	215,857
Including:		
Premium income	179,395	144,460
Total expenses	(233,724)	(188,506)
Profit before tax	32,621	27,351
Net profit	25,864	21,771
Net profit attributable to shareholders of the parent company	21,362	17,910

NET PROFIT BY BUSINESS SEGMENT

For the six months ended June 30 (in RMB million)	2014	2013
Life insurance	9,296	9,339
Property and casualty insurance	4,496	3,492
Banking	9,882	7,400
Trust ⁽¹⁾	746	456
Securities	506	245
Other businesses and elimination ⁽²⁾	938	839
Net profit	25,864	21,771

(1) Trust business include Ping An Trust and its subsidiaries which carry on the business of investment and asset management.

(2) Other businesses mainly include headquarters and other subsidiaries.

For a detailed analysis of the operating results of each business line, please refer to the following sections.

INVESTMENT PORTFOLIO OF INSURANCE FUNDS

Insurance is the core business of the Group. The insurance funds represent the funds that can be invested by the Company and its subsidiaries engaged in insurance business. The investment of insurance funds is subject to relevant laws and regulations. The investment assets of insurance funds account for a majority of the investment assets of the Group. This section analyzes the investment portfolio of insurance funds.

In the first half of 2014, the global economy continued to recover at a moderate pace. China's overall economy was stable as price levels were maintained at lower levels and reforms were further implemented. In the capital market, structural adjustments and a slowdown in economic growth relative to the previous year led to substantial drops in the equity mainboard market in the first half of the year. However, the relatively abundant capital supply propelled the bond market upwards as it clawed back the losses incurred in the previous year. The Hong Kong stock market was flat in the first half of the year but saw the constant emergence of cyclical opportunities.

The Company did thorough research on the macro environment's structural changes and trends in order to expand the channels for the deployment of its insurance funds and actively manage market risks. Meanwhile, the Company optimized its asset allocation by taking advantage of high interest rate, steadily increasing the proportion of high-interest fixed income investments in its portfolio, and seizing the structural investment opportunities in the equity market, so as to enhance its investment returns.

Investment Income

For the six months ended
June 30 (in RMB million)

	2014	2013
Net investment income ⁽¹⁾	31,894	25,965
Net realized and unrealized gains ⁽²⁾	(957)	1,524
Impairment losses	(7,608)	(1,052)
Total investment income	23,329	26,437
Net investment yield (%) ⁽³⁾	5.0	4.8
Total investment yield (%) ⁽³⁾	4.3	4.9

(1) Net investment income includes interest income from deposits and bonds, dividend income from equity investments, and operating lease income from investment properties, etc.

(2) Net realized and unrealized gains include realized gains from security investments and profit or loss through fair value change.

(3) Net foreign currency gains or losses on investment assets denominated in foreign currencies are excluded from the calculation of the above yields. Average investment assets used as the denominator are computed based on the Modified Dietz method in principle.

Net investment income increased by 22.8% to RMB31,894 million in the first half of 2014 from RMB25,965 million in the same period in 2013. This was primarily due to the increase of interest income from fixed maturity investments, as a result of the increase in scale of the investment assets and the higher interest rates of newly-added fixed maturity investments. Net investment yield increased to 5.0% in the first half of 2014 from 4.8% in the same period in 2013, mainly because that the Company increased the proportion of fixed maturity investments and the newly-added fixed maturity investments had higher interest rates.

Due to the continued weakness of domestic capital market since 2013, net realized and unrealized gains in the investment portfolio of insurance fund turned from a gain of RMB1,524 million in the first half of 2013 to a loss of RMB957 million for the same period in 2014. Meanwhile, impairment losses of available-for-sale financial assets of insurance funds portfolio were substantially increased from RMB1,052 million in the first half of 2013 to RMB7,608 million for the same period in 2014, which were made in accordance with accounting policies. Of this total, impairment losses for the second quarter of 2014 were RMB4,512 million.

Management Discussion and Analysis

Overview

As a result of the abovementioned factors, total investment income of the Company's investment portfolio of insurance funds decreased by 11.8% to RMB23,329 million in the first half of 2014 from RMB26,437 million in the same period in 2013, and total investment yield decreased to 4.3% from 4.9%.

Investment Portfolio

We have proactively optimized the asset allocation of the investment portfolio. The percentage of fixed maturity investments increased from 82.2% of total investments as at December 31, 2013 to 85.0% as at June 30, 2014, and that of equity investments decreased from 9.8% to 8.8%.

The following table sets out the allocations of our investment portfolio with regard to our insurance funds:

(in RMB million)	June 30, 2014		December 31, 2013	
	Carrying value	%	Carrying value	%
By category				
Fixed maturity investments				
Term deposits	237,243	17.5	224,865	18.3
Bond investments	694,403	51.2	639,241	51.9
Debt schemes investment	110,827	8.2	76,641	6.2
Wealth management products ⁽¹⁾	60,072	4.4	30,760	2.5
Other fixed maturity investments ⁽²⁾	50,073	3.7	40,186	3.3
Equity investments				
Equity investment funds	33,656	2.5	33,247	2.7
Equity securities	85,622	6.3	87,250	7.1
Infrastructure investments	8,701	0.6	8,686	0.7
Investment properties	19,989	1.5	20,349	1.7
Cash, cash equivalents and others	56,045	4.1	69,142	5.6
Total investments	1,356,631	100.0	1,230,367	100.0
By purpose				
Carried at fair value through profit or loss	24,206	1.8	19,943	1.6
Available-for-sale	233,368	17.2	202,398	16.4
Held-to-maturity	575,116	42.4	548,504	44.6
Loans and receivables	495,250	36.5	430,338	35.0
Others	28,691	2.1	29,184	2.4
Total investments	1,356,631	100.0	1,230,367	100.0

(1) Wealth management products mainly include trust schemes issued by trust firms, wealth management products issued by commercial banks, etc.

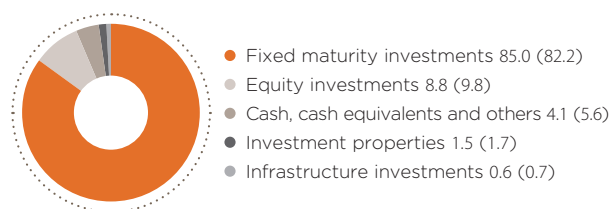
(2) Other fixed maturity investments include assets purchased under agreements to resell, policy loans, statutory deposits for insurance operations, etc.

The strategic asset allocation of insurance funds takes into account a range of factors. The allocation proposal with the best risk-adjusted return is chosen to ensure each account has the best strategic asset allocation. The Company strengthened the credit risk management of investment projects by establishing a comprehensive procedure which strictly monitors pre-, amid and post-investment risk management, and performed different scenario analysis and stress tests to ensure the probable risk of non-standard asset allocation falling within the Company's tolerance range. The counterparties of the invested debt schemes and trust schemes are mainly guaranteed by large state-owned enterprises, the government or banks. These projects have essentially achieved full coverage of "Cash Flow & Guarantee & Collateral", of which 87% of debtors are covered by cash flow, 65% of projects are covered by guarantors and 27% of projects are covered by collaterals. In terms of geographic and industry distribution, the focus is on economically developed and coastal areas and major industries vital to national interests. Our insurance funds invest in projects with relatively high overall credit ratings, with the proportion of projects rated as AAA, AA+, and AA standing at 94%, 5% and 1%, respectively.

Investment Portfolio by Category

(%)

June 30, 2014 (December 31, 2013)



FOREIGN CURRENCY GAINS OR LOSSES

In the first half of 2014, due to the fluctuation in exchange rates and the change of the scale of foreign currency assets, the Company incurred a net exchange gain of RMB97 million compared to a loss of RMB105 million for the same period in 2013.

GENERAL AND ADMINISTRATIVE EXPENSES

In the first half of 2014, general and administrative expenses were RMB46,696 million, representing an increase of 30.9% compared with RMB35,675 million for the same period last year, mainly because of the business growth and the increase of strategic investment.

INCOME TAX

For the six months ended
June 30 (in RMB million)

	2014	2013
Current income tax	10,232	6,414
Deferred income tax	(3,475)	(834)
Total	6,757	5,580

Income tax expenses increased by 21.1% to RMB6,757 million in the first half of 2014 from RMB5,580 million in the same period in 2013, which was mainly due to the increase of taxable profit.

Management Discussion and Analysis

Insurance Business

- Life insurance business grew steadily and the number of individual life sales agents surpassed 600 thousand.
- Premium income of Ping An Property & Casualty increased by 27.8% as compared with the same period last year, while combined ratio remained at a good level.
- Assets under management of Ping An Annuity maintained a leading position in the industry. Premium income from group insurance of Ping An Annuity increased by 27.0% as compared with the same period last year, ranking second in the industry.

LIFE INSURANCE BUSINESS

Business Overview

We conduct our life insurance business through Ping An Life, Ping An Annuity and Ping An Health.

The written premiums and the premium income of our life insurance business are as follows:

For the six months ended June 30 (in RMB million)	2014	2013
Written premiums⁽¹⁾		
Ping An Life	142,872	122,388
Ping An Annuity	5,183	4,196
Ping An Health	255	224
Total written premiums	148,310	126,808
Premium income⁽²⁾		
Ping An Life	105,313	86,441
Ping An Annuity	5,038	3,966
Ping An Health	192	150
Total premium income	110,543	90,557

(1) Written premiums refer to all premiums received from the policies underwritten by the Company, which are prior to the significant insurance risk testing and separating of hybrid contracts.

(2) Premium income refers to premiums calculated according to the "Circular on the Printing and Issuing of the Regulations regarding the Accounting Treatment of Insurance Contracts" (Cai Kuai [2009] No.15), which is after the significant insurance risk testing and separating of hybrid contracts.

In the first half of 2014, the Chinese government kept to its doctrine of "Pursuing Progress While Maintaining Stability". Reforms and innovations were implemented in all aspects of economic and social development while the continuity and stability of economic policy was maintained. Resources were devoted to stimulating the market as changes in methodology and structural adjustments picked up pace. These measures enhanced the quality and efficiency of economic development, and promoted the sustainable and healthy development of the economy as well as social harmony and stability. While the GDP growth slowed, overall development remained stable. Under a complex macroeconomic environment, the life insurance market grew steadily as the premiums growth rate rose in tandem in the industry. Based on the principles of risk prevention and compliance, the Company steadily developed the individual life insurance business and persistently built up a scalable and efficient sales network. Steady and valuable business growth was achieved as a result and our market competitiveness increased as the year progressed.

Ping An Life

Ping An Life, through its nationwide service network of 41 branches and over 2,800 business outlets, provides individual customers and institutional clients with life insurance products.

The premiums income and the market share of Ping An Life are as follows:

For the six months ended June 30	2014	2013
Premium income (in RMB million)	105,313	86,441
Market share (%)	13.7	13.8

Of the total premium income generated by all life insurance companies in China in the first half of 2014, Ping An Life captured a market share of 13.7%, as calculated in accordance with the PRC insurance industry data published by the CIRC. In terms of premium income, Ping An Life is the second largest life insurance company in China.

The following is a summary of operating data of Ping An Life:

	June 30, 2014	December 31, 2013
Number of customers (in thousands)		
Individual	59,853	57,846
Corporate	1,060	998
Total	60,913	58,844
Distribution network		
Number of individual life sales agents	607,780	556,965
Number of group sales representatives	3,661	3,475
Bancassurance outlets	66,033	64,614

For the six months ended June 30	2014	2013
Agent productivity		
First-year written premiums (per agent per month in RMB)	8,110	7,631
New individual life insurance policies (per agent per month)	1.1	1.1
Persistency ratio (%)		
13-month	92.3	92.8
25-month	88.9	89.7

Our life insurance products are primarily distributed through a network that includes a sales force of approximately 608 thousand individual life sales agents, over 3,600 group insurance sales representatives, and over 66 thousand commercial bank outlets that have made bancassurance arrangements with Ping An Life.

In the first half of 2014, Ping An Life realized written premiums of RMB142,872 million. The individual life insurance business focused on the customer and followed through its operating philosophy of "Having the Agency Team as a Foundation, Value-Focused Operations and Leading the Market". Written premiums reached RMB131,362 million, of which written premiums of new businesses were RMB31,232 million, up by 18.7% as compared with the same period last year. The number of individual life insurance agents surpassed 600 thousand for the first time, up by 9.1% compared with the beginning of the year, realizing sustainable and healthy growth for the Company. The bancassurance business developed in step with growth trends in the industry and market, and continuously optimized its business structure on the premise of meeting its requirements. Meanwhile, Ping An Life invested heavily in the development of new channels such as telemarketing and internet marketing, as part of its plan for the balanced development of existing channels. Ping An Life realized written premiums of RMB4,277 million in the first half of 2014 from telemarketing sales, up by 43.5% as compared with the same period last year. This was a high rate of growth, which enabled Ping An Life to maintain the first place in the telemarket.

Management Discussion and Analysis

Insurance Business

Ping An Life implemented continuous innovation and optimization of its customer service channels. Based on its e-services system which already covers multiple service channels including internet, telephone and mobile applications, Ping An Life initiated a brand-new pattern that connected its online channels with the mobile visual counter services and traditional counter services, paving the way for seamless handling of customer needs, so as to give customers a comprehensive service experience which is simple, convenient, user-friendly and safe. In the first half of 2014, Ping An Life provided approximately 10 million insurance policy services for over 5.55 million customers, of which e-channel services accounted for 75%. As at June 30, 2014, Ping An Life had approximately 59.85 million individual customers and 1.06 million corporate clients. For our individual life insurance customers, we managed to maintain the 13-month and 25-month persistency ratio at a high level of 92.3% and 88.9%, respectively.

Ping An Life has always focused on customers' protection needs. It continued to promote the concept of insurance protection and drove sales of products with insurance protection function and policies with high insurance coverage. The portion of products with insurance protection function continued to rise, enhancing the embedded value of the Company. The embedded value of new businesses was RMB11,792 million in the first half of 2014, up by 16.7% as compared with the same period in 2013.

Ping An Annuity

Ping An Annuity was set up in 2004 and is the first professional annuity company in China. Its business scope includes annuity, pensions, health insurance, accident insurance and annuity asset management products, with business outlets throughout the country.

In the first half of 2014, Ping An Annuity realized a net profit of RMB544 million, up by 28.9% as compared with the same period last year. The cumulative annuity payments received amounted to RMB10,249 million in the first half of the year. As at June 30, 2014, assets entrusted amounted to RMB81,627 million, and assets under investment management amounted to RMB89,406 million. These three figures above firmly cemented Ping An Annuity's leading position amongst domestic professional annuity companies. Premium income for the group insurance business rose 27.0% to RMB5,038 million. It ranked second in the industry by market share, and is one of the main providers of corporate employee benefits schemes in China.

Ping An Annuity actively supports and participates in the establishment of annuity and medical insurance systems in the country. In the first half of 2014, it has participated in critical illness insurance schemes in nine provinces, serving over 30 million individuals.

Ping An Health

In the first half of 2014, premium income of Ping An Health increased by 28.0% as compared with the same period last year. Ping An Health focuses on the mid-to-high-end medical insurance business. Through the optimization of its operations, services and medical network, it gradually established its competitive advantages in the mid-to-high-end segment of the medical insurance market. Ping An Health continued to maintain a lead position in the market with a higher level of industry influence and brand awareness. In the meantime, by adhering to Ping An Group's strategic thrust of "Health, Dining, Housing, Transportation and Entertainment", Ping An Health gradually transformed its internet-based services, with its mobile applications becoming the important vehicle to provide comprehensive health management services, achieving the organic integration of health management and health insurance.

Financial Analysis

Other than those specified, the financial data in this section include that of Ping An Life, Ping An Annuity and Ping An Health.

Results of operation

For the six months ended June 30 (in RMB million)	2014	2013
Written premiums	148,310	126,808
Less: Written premiums on products not passing significant insurance risk testing	(1,576)	(1,520)
Less: Premium deposits for universal life products and investment-linked products	(36,191)	(34,731)
Premium income	110,543	90,557
Net earned premiums	107,531	87,746
Investment income	19,437	23,019
Other income	3,652	2,600
Total income	130,620	113,365
Claims and policyholders' benefits	(93,794)	(81,833)
Commission expenses of insurance operations	(11,471)	(8,458)
Foreign currency gains or losses	35	(87)
General and administrative expenses	(9,832)	(8,429)
Finance cost	(723)	(497)
Other expenses	(4,092)	(3,102)
Total expenses	(119,877)	(102,406)
Income tax	(1,447)	(1,620)
Net profit	9,296	9,339

Jointly affected by the factors including continued weakness in capital market, changes in assumptions of the benchmark yield curve for the measurement of insurance contract liabilities and the growth of business, in the first half of 2014, life insurance business recorded a net profit of RMB9,296 million, representing a decrease of 0.5% from RMB9,339 million over the same period in 2013.

Written premiums and premium income

The following is the breakdown of written premiums and premium income for our life insurance business by distribution channel:

For the six months ended June 30 (in RMB million)	Written premiums		Premium income	
	2014	2013	2014	2013
Individual life				
New business				
First-year regular premiums	29,740	24,950	25,798	20,769
First-year single premiums	348	273	84	10
Short-term accident and health premiums	1,168	1,089	1,625	1,464
Total new business	31,256	26,312	27,507	22,243
Renewal business	100,134	88,460	67,120	57,207
Total individual life	131,390	114,772	94,627	79,450
Bancassurance				
New business				
First-year regular premiums	906	1,404	903	1,402
First-year single premiums	6,411	2,958	6,434	3,019
Short-term accident and health premiums	2	1	2	1
Total new business	7,319	4,363	7,339	4,422
Renewal business	3,108	2,325	3,067	2,285
Total bancassurance	10,427	6,688	10,406	6,707
Group insurance				
New business				
First-year regular premiums	13	32	-	-
First-year single premiums	1,212	1,162	291	288
Short-term accident and health premiums	5,229	4,120	5,209	4,120
Total new business	6,454	5,314	5,500	4,390
Renewal business	39	34	10	10
Total group insurance	6,493	5,348	5,510	4,400
Total	148,310	126,808	110,543	90,557

Management Discussion and Analysis

Insurance Business

Individual life insurance. Written premiums for our individual life insurance business increased by 14.5% to RMB131,390 million in the first half of 2014 from RMB114,772 million in the same period in 2013. Among this, there was a 18.8% increase in written premiums of new business for individual life insurance to RMB31,256 million in the first half of 2014 from RMB26,312 million in the same period in 2013, mainly due to the increase in the number of individual life insurance sales agents and rise in productivity per capita. Meanwhile, as a result of the continued growth of renewal business and persistency ratio keeping at a high level, the renewal written premiums for our individual life insurance business increased by 13.2% to RMB100,134 million in the first half of 2014 from RMB88,460 million in the same period in 2013.

Bancassurance. Written premiums for our bancassurance business increased by 55.9% to RMB10,427 million in the first half of 2014 from RMB6,688 million in the same period in 2013. Despite a relatively unfavourable macroeconomic environment, the bancassurance business actively enhanced the channel establishment, propelled the development of sales network, adhered to innovation and underwent a strategic transformation to optimize the business structure. As a result, written premiums of new business and renewal business both grew steadily.

Group insurance. Written premiums for our group insurance business increased by 21.4% to RMB6,493 million in the first half of 2014 from RMB5,348 million in the same period in 2013, which was primarily because the Company strengthened the development of multiple sales channels and promoted the sales of corporate employee benefits schemes. In particular, written premiums for our short-term group accident and health insurance increased by 26.9% to RMB5,229 million in the first half of 2014 from RMB4,120 million in the same period in 2013.

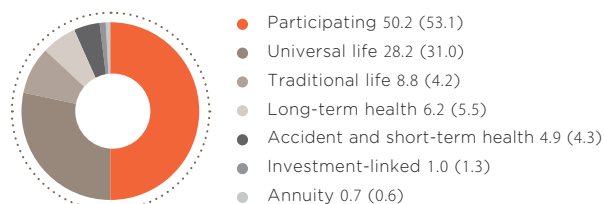
The following is the breakdown of written premiums for our life insurance business by product type:

For the six months ended June 30 (in RMB million)	2014	2013
Participating	74,465	67,335
Universal life	41,744	39,345
Traditional life	13,060	5,310
Long-term health	9,205	6,990
Accident and short-term health	7,327	5,509
Investment-linked	1,472	1,610
Annuity	1,037	709
Total written premiums	148,310	126,808

The Company continued to reinforce the sales of products with insurance protection function and high coverage features as well as to optimize product structure. The portion of sales contribution from products with insurance protection function continued to increase.

Written premiums by product type (%)

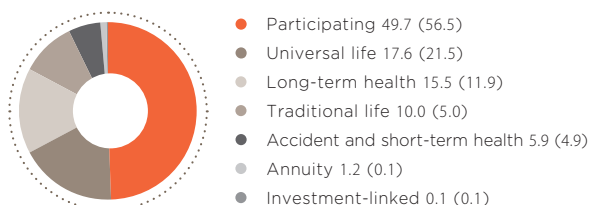
2014 (2013)



The following is the breakdown of first-year written premiums for our individual life insurance business by product type:

For the six months ended June 30 (in RMB million)	2014	2013
Participating	15,537	14,871
Universal life	5,509	5,652
Long-term health	4,854	3,127
Traditional life	3,111	1,321
Accident and short-term health	1,837	1,307
Annuity	386	10
Investment-linked	22	24
Total of the first-year written premiums	31,256	26,312

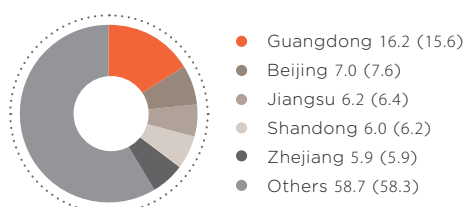
First-year written premiums for individual life insurance business by product type
(%)
2014 (2013)



The following is the breakdown of written premiums for our life insurance business by region:

For the six months ended June 30 (in RMB million)	2014	2013
Guangdong	24,078	19,727
Beijing	10,367	9,680
Jiangsu	9,188	8,127
Shandong	8,961	7,907
Zhejiang	8,744	7,472
Subtotal	61,338	52,913
Total written premiums	148,310	126,808

Written premiums by region
(%)
2014 (2013)



Total investment income

For the six months ended June 30 (in RMB million)	2014	2013
Net investment income ⁽¹⁾	27,709	22,963
Net realized and unrealized gains ⁽²⁾	(874)	1,181
Impairment losses	(7,603)	(1,052)
Total investment income	19,232	23,092
Net investment yield (%) ⁽³⁾	5.0	4.9
Total investment yield (%) ⁽³⁾	4.2	4.9

(1) Net investment income includes interest income from deposits and bonds, dividend income from equity investments, and operating lease income from investment properties.

(2) Net realized and unrealized gains include realized gains from security investments and profit or loss through fair value change.

(3) Net foreign currency gains or losses on investment assets denominated in foreign currencies are excluded in the calculation of the above yields. Average investment assets used as the denominator are computed based on the Modified Dietz method in principle.

Net investment income for our life insurance business increased by 20.7% to RMB27,709 million in the first half of 2014 from RMB22,963 million in the same period in 2013. This was primarily due to the increase of interest income from fixed maturity investments as a result of the growth of the scale of investment assets and the rise of interest rates for newly-added fixed maturity investments. Net investment yield rose to 5.0% in the first half of 2014 from 4.9% in the same period in 2013, mainly due to that the Company increased the proportion of fixed maturity investments and the newly-added fixed maturity investments had higher interest rates.

Management Discussion and Analysis

Insurance Business

Due to the continued weakness of domestic capital market since 2013, the net realized and unrealized gains went from a gain of RMB1,181 million in the first half of 2013 to a loss of RMB874 million for the same period in 2014. Impairment losses of available-for-sale financial assets were largely increased from RMB1,052 million in the first half of 2013 to RMB7,603 million for the same period in 2014.

Due to the combination of the above factors, total investment income for life insurance business decreased by 16.7% to RMB19,232 million in the first half of 2014 from RMB23,092 million in the same period in 2013, and total investment yield decreased from 4.9% to 4.2%.

Claims and policyholders' benefits

For the six months ended June 30 (in RMB million)	2014	2013
Surrenders	5,053	3,712
Claims	5,124	4,397
Annuities	2,583	2,475
Maturities and survival benefits	10,737	8,768
Policyholder dividends	3,361	3,482
Interest credited to policyholder contract deposits	6,359	5,277
Net increase in policyholders' reserves	60,577	53,722
Total claims and policyholders' benefits	93,794	81,833

Payments for surrenders were up by 36.1% to RMB5,053 million in the first half of 2014 from RMB3,712 million in the same period in 2013. This was primarily due to the increase of business scale as well as the rise in payments for surrenders of participating products, in view of the market environment.

Payments for claims rose by 16.5% to RMB5,124 million in the first half of 2014 from RMB4,397 million in the same period in 2013. This was primarily due to the continuous growth in our accident and health insurance business.

Maturities and survival benefits expenses increased by 22.5% to RMB10,737 million in the first half of 2014 from RMB8,768 million for the same period in 2013. This was mainly because the maturity of certain life insurance products reached their peak.

Payments for interest credited to policyholder contract deposits increased by 20.5% to RMB6,359 million in the first half of 2014 from RMB5,277 million in the same period in 2013. This was primarily due to the increase in interest payments resulting from the growth in universal life business.

Net increase in policyholders' reserves increased by 12.8% to RMB60,577 million in the first half of 2014 from RMB53,722 million in the same period in 2013. This was due to a combination of factors such as growth of business scale, restructuring of business and changes in assumptions of the benchmark yield curve for the measurement of insurance contract liabilities.

Commission expenses of insurance operations

For the six months ended June 30 (in RMB million)	2014	2013
Health insurance	2,321	1,281
Accident insurance	1,024	519
Life insurance and others	8,126	6,658
Total commission expenses of insurance operations	11,471	8,458

Commission expenses of insurance operations which are mainly paid to our sales agents increased by 35.6% to RMB11,471 million in the first half of 2014 from RMB8,458 million in the same period in 2013. This was primarily due to the growth of premiums and the product restructuring.

General and administrative expenses

General and administrative expenses increased by 16.6% to RMB9,832 million in the first half of 2014 from RMB8,429 million in the same period in 2013. This increase was primarily due to the growth of the business and the increase in operating costs such as labour costs and office expenses.

PROPERTY AND CASUALTY INSURANCE BUSINESS

Business Overview

We conduct our property and casualty insurance business mainly through Ping An Property & Casualty. In addition, Ping An Hong Kong offers property and casualty insurance services in the Hong Kong market. In July 2014, Ping An Property & Casualty increased its paid-in capital to RMB19 billion, making it the property and casualty insurance company with the highest level of paid-in capital in China.

Market share

The premium income and market share of Ping An Property & Casualty are as follows:

For the six months ended June 30	2014	2013
Premium income (in RMB million)	68,705	53,744
Market share (%) ⁽¹⁾	18.0	16.4

(1) Calculated in accordance with the PRC insurance industry data published by the CIRC.

In the first half of 2014, the overall macro-economy remained stable. The automobile sales kept a stable growth rate. Ping An Property & Casualty continued to implement its business strategy of “professional operations and leading services”, promoting stable and healthy growth of its business. It continued to focus on business quality so as to implement a customer-oriented sales and service system, and kept upgrading its service pledge to improve its customer service experience. In the first half of 2014, the premium income of Ping An Property & Casualty increased by 27.8% to RMB68,705 million as compared with the same period last year. Of this amount, premium income from cross-selling and telemarketing increased by 23.7% to RMB28,821 million, accounting for 41.9% of the total premium income, while RMB13,719 million came from the car dealer channel, representing a 33.9% growth compared with the same period last year. Ping An Property & Casualty accounted for approximately 18.0% of the total premium income received by property and casualty insurance companies in China, as calculated in accordance with the PRC insurance industry data published by the CIRC. Ping An Property

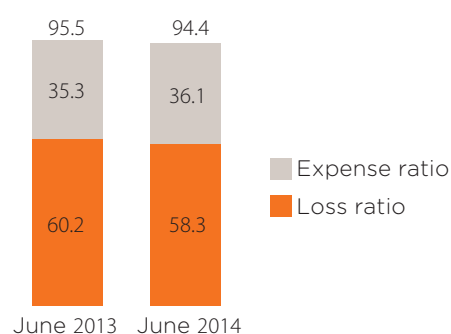
& Casualty is currently the second largest property and casualty insurance company in China in terms of premium income.

Combined ratio

In the first half of 2014, the property and casualty insurance market in China maintained its good order while competition intensified, creating downward pressure on the industry's profitability. Ping An Property & Casualty persisted with innovative developments and constantly enhanced professional technical standards, maintaining sound profitability. The combined ratio was 94.4%. While maintaining rapid growth of business, Ping An Property & Casualty actively controlled business risks, promoted measures that linked performance evaluation with business quality, and encouraged the growth of high quality business, in order to improve the overall quality of business. The loss ratio for the first half of 2014 was 58.3%, down by 1.9 percentage points as compared with the same period last year.

Combined ratio

(%)



Management Discussion and Analysis

Insurance Business

Summary of operating data

	June 30, 2014	December 31, 2013
Number of customers (in thousands)		
Individual	28,516	25,982
Corporate	1,849	1,747
Total	30,365	27,729
Distribution network		
Number of direct sales representatives	7,443	7,305
Number of insurance agents	44,439	37,573

Ping An Property & Casualty distributes its products mainly through its network of 41 branches and over 2,100 sub-branches across China. Main distribution channels include in-house sales representatives, sales agents, insurance brokers, telemarketing and cross-selling.

Reinsurance arrangement

In the first half of 2014, Ping An Property & Casualty's outward reinsurance premiums amounted to RMB11,338 million in total, of which, RMB7,788 million and RMB3,534 million were from the automobile and non-automobile insurance businesses, respectively, while RMB16 million came from the accident and health insurance division. Ping An Property & Casualty's gross inward reinsurance premiums amounted to RMB454.3 thousand, all of which were from the non-automobile insurance business.

Ping An Property & Casualty continued to be actively engaged in reinsurance arrangements that helped to enhance its underwriting capabilities, diversify its operational risks and ensure its long-term healthy and steady growth. It has endeavored to widen the scope of collaboration by stepping up efforts to work with reinsurers to expand reinsurance channels. Ping An Property & Casualty has gained strong support from the world's major reinsurance markets including Europe, the United States, Bermuda, Asia, and so on. Currently, it has established extensive and close partnerships with nearly one hundred reinsurance companies and reinsurance brokers worldwide. Its major reinsurance partners include China Property & Casualty Reinsurance Company Ltd., Swiss Re, Munich Re and Hannover Re Group.

Financial Analysis

Financial data in this section include that of Ping An Property & Casualty together with Ping An Hong Kong.

Results of operation

For the six months ended June 30 (in RMB million)	2014	2013
Premium income	68,852	53,903
Net earned premiums	51,833	43,284
Reinsurance commission income	3,870	2,431
Investment income	3,134	2,946
Other income	222	176
Total income	59,059	48,837
Claim expenses	(30,215)	(26,039)
Fees expenses of insurance operations	(7,336)	(5,117)
Foreign currency gains or losses	4	(17)
General and administrative expenses	(15,258)	(12,648)
Including: investment- related general and administrative expenses	(33)	(38)
Finance cost	(82)	(211)
Other expenses	(83)	(97)
Total expenses	(52,970)	(44,129)
Income tax	(1,593)	(1,216)
Net profit	4,496	3,492

Our property and casualty insurance business kept its stable growth and sound business quality with net profit increased by 28.8% from RMB3,492 million in the first half of 2013 to RMB4,496 million in the same period in 2014.

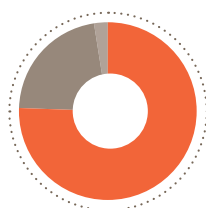
Premium income

In the first half of 2014, all three principal lines of our property and casualty insurance business recorded a steady growth.

For the six months ended June 30 (in RMB million)	2014	2013
Automobile insurance	52,142	40,884
Non-automobile insurance	15,051	11,589
Accident and health insurance	1,659	1,430
Total premium income	68,852	53,903

Premium income by product type

(%)
2014 (2013)



- Automobile insurance 75.7 (75.8)
- Non-automobile insurance 21.9 (21.5)
- Accident and health insurance 2.4 (2.7)

Automobile insurance. Premium income was RMB52,142 million in the first half of 2014, representing an increase of 27.5% from RMB40,884 million in the same period in 2013. Considering the steady growth of the automobile sales, Ping An Property & Casualty executed its business strategy of “professional operations and leading services” to promote steady business growth, achieving rapid growth in premium income from the cross-selling, telemarketing and car dealer channels.

Non-automobile insurance. Premium income was RMB15,051 million in the first half of 2014, representing an increase of 29.9% from RMB11,589 million in the same period in 2013. Of this amount, premium income of guarantee insurance grew 74.4% to RMB6,778 million in

the first half of 2014 from RMB3,887 million in the same period in 2013. Ping An Property & Casualty implemented customer segmentation strategy in guarantee insurance business, and conducted product line enrichment, achieving rapid growth in premium income. Premium income of liability insurance was RMB1,739 million in the first half of 2014, up by 26.6% from RMB1,374 million over the same period last year.

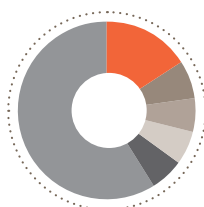
Accident and health insurance. The business of accident and health insurance achieved stable growth. Its premium income was RMB1,659 million in the first half of 2014, representing an increase of 16.0% from RMB1,430 million in the same period in 2013.

The following is the breakdown of premium income for our property and casualty insurance business by region:

For the six months ended June 30 (in RMB million)	2014	2013
Guangdong	10,822	8,243
Jiangsu	5,110	4,117
Sichuan	4,323	3,314
Shanghai	3,982	3,312
Zhejiang	3,966	3,224
Subtotal	28,203	22,210
Total premium income	68,852	53,903

Premium income by region

(%)
2014 (2013)



- Guangdong 15.7 (15.3)
- Jiangsu 7.4 (7.6)
- Sichuan 6.3 (6.1)
- Shanghai 5.8 (6.1)
- Zhejiang 5.8 (6.0)
- Others 59.0 (58.9)

Management Discussion and Analysis

Insurance Business

Total investment income

For the six months ended June 30 (in RMB million)	2014	2013
Net investment income ⁽¹⁾	3,224	2,608
Net realized and unrealized gains ⁽²⁾	(85)	338
Impairment losses	(5)	-
Total investment income	3,134	2,946
Net investment yield (%) ⁽³⁾	5.4	5.0
Total investment yield (%) ⁽³⁾	5.3	5.3

(1) Net investment income includes interest income from deposits and bonds, dividend income from equity investments, and operating lease income from investment properties, etc.

(2) Net realized and unrealized gains include realized gains from security investments and profit or loss through fair value change.

(3) Net foreign currency gains or losses on investment assets denominated in foreign currencies are excluded in the calculation of the above yields. Average investment assets used as the denominator are computed based on the Modified Dietz method in principle.

Net investment income from our property and casualty insurance business recorded an increase of 23.6% to RMB3,224 million in the first half of 2014 from RMB2,608 million in the same period in 2013, mainly due to the growth in the scale of investment assets corresponding to the growth in the premium income, and the increase of interest income from fixed maturity investments. Net investment yield increased to 5.4% in the first half of 2014 from 5.0% in the same period in 2013, mainly due to that the Company increased the proportion of fixed maturity investments and the newly-added fixed maturity investments had higher interest rates.

Due to the continued weakness of domestic capital market since 2013, net realized and unrealized investment income went from a gain of RMB338 million in the first half of 2013 to a loss of RMB85 million for the same period in 2014. Available-for-sale equity investments suffered an impairment loss of RMB5 million in this period.

As a whole, in the first half of 2014, total investment income of our property and casualty insurance business was RMB3,134 million, representing a slight increase as compared with the same period in 2013, and total investment yield remained stable.

Claims expenses

For the six months ended June 30 (in RMB million)	2014	2013
Automobile insurance	26,331	22,610
Non-automobile insurance	3,301	2,937
Accident and health insurance	583	492
Total claims expenses	30,215	26,039

Claims attributable to automobile insurance business increased by 16.5% to RMB26,331 million in the first half of 2014 from RMB22,610 million in the same period in 2013. This was primarily due to the growth in automobile insurance business.

Claims attributable to non-automobile insurance business increased by 12.4% to RMB3,301 million in the first half of 2014 from RMB2,937 million in the same period in 2013. This was primarily due to the growth in non-automobile insurance business. Besides, claims for grave accidents decreased in the first half of 2014 as compared with the same period in 2013.

Claims attributable to accident and health insurance business increased by 18.5% to RMB583 million in the first half of 2014 from RMB492 million in the same period in 2013. This was primarily due to the growth in premium income during the past twelve months.

Fees expenses of insurance operations

For the six months ended June 30 (in RMB million)	2014	2013
Automobile insurance	4,935	3,451
Non-automobile insurance	2,087	1,378
Accident and health insurance	314	288
Total fees expenses	7,336	5,117
Fees expenses as a percentage of premium income (%)	10.7	9.5

Commission expenses of our property and casualty insurance business increased by 43.4% to RMB7,336 million in the first half of 2014 from RMB5,117 million in the same period in 2013. Commission expenses as a percentage of premium income was 10.7% in the first half of 2014, higher than the 9.5% in the same period in 2013. This was primarily due to the increase in premium income and the increase of overall commission rate in the industry.

General and administrative expenses

General and administrative expenses increased by 20.6% to RMB15,258 million in the first half of 2014 from RMB12,648 million in the same period in 2013. This increase was primarily due to the growth in insurance business and the increasing inputs in customer services.

Income tax

Income tax was RMB1,593 million in the first half of 2014, 31.0% higher than the amount of RMB1,216 million for the same period of last year, which was mainly due to an increase in the taxable profits.

SOLVENCY MARGIN

The solvency margin ratio is a measurement of capital adequacy for insurance companies. It is calculated by dividing the actual capital by the statutory minimum capital.

The following table sets out the solvency margin ratios for Ping An Life and Ping An Property & Casualty:

(in RMB million)	Ping An Life		Ping An Property & Casualty	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Actual capital	83,494	70,256	24,935	24,714
Minimum capital	45,306	40,865	16,411	14,793
Solvency margin ratio (regulatory requirement $\geq 100\%$)	184.3%	171.9%	151.9%	167.1%

Ping An Life's solvency margin ratio increased as compared to the end of 2013, which was mainly due to the successful issuance of RMB8 billion subordinated bonds in the first half of 2014. The solvency margin ratio of Ping An Property & Casualty decreased comparing to the end of 2013, whose main reason was the redemption of RMB2 billion subordinated bonds in the first half of 2014.

According to the "Measure of Management of Solvency on Insurance Companies" issued by the CIRC, an insurance company is required to have a level of capital commensurate with its risk and business scale, to ensure that the solvency margin ratio is not less than 100%. As at June 30, 2014, the solvency margin ratios of Ping An Life and Ping An Property & Casualty were well in compliance with the regulatory requirements.

Management Discussion and Analysis

Banking Business

- With the further optimization of the business structure, profit contribution to the Group increased steadily.
- Operating efficiency was continuously improved, while innovation and reforms were steadily implemented.
- Asset quality remained stable, and capital strength was continuously increased. The number of outlets increased by 38 over the beginning of the year.

The Company runs its banking business through Ping An Bank, which is a national joint-stock commercial bank headquartered in Shenzhen and listed on Shenzhen Stock Exchange under the stock name “Ping An Bank” and stock code “000001”. As at June 30, 2014, Ping An Bank had total assets of RMB2.14 trillion, net assets of RMB120,940 million and share capital of RMB11,425 million. It provides a broad range of financial services to corporate, retail, and government customers, through a network of 566 branches and sub-branches in 38 major cities across the country.

In the first half of 2014, the banking industry faced a complex and volatile operating environment. On one hand, the country was going through a macroeconomic structural adjustment at a time when key global economies were making slow recovery. On the other hand, the directional fine-tuning of macro monetary policy picked up pace while financial reforms progressed as planned. Furthermore, regulations on interbank business as well as the development of internet finance have posed a greater challenge to the banking industry in terms of stability and the cost of liabilities.

Ping An Bank met challenges head-on and seized market opportunities, running its business under the “customer-centric” management concept. It adjusted the assets and liabilities structure and transformed its growth strategies proactively. The four engines, namely corporate, retail, interbank and investment banking drove the rapid development of Ping An Bank, highlighting the business’s four features, namely specialization, intensification, integrated finance and internet finance. Ping An Bank continued to focus on its market, customers, innovating products and integrating resources to form a leading

business platform and business model. It laid a foundation to improve operating results and market competitiveness through various reforms, undergoing network expansion, enhancing asset liability management and optimizing risk management mechanism.

In the first half of 2014, Ping An Bank achieved a profit of RMB10,072 million, up by 33.7% over the same period last year. Profit contribution to the Group reached RMB5,830 million, up by 50.4% compared with the same period in 2013. As at June 30, 2014, total deposits amounted to RMB1,508,904 million, representing an increase of 24.0%, as compared with the beginning of the year. The balance of total deposits marked a new step of RMB1.5 trillion, with the growth rate leading the market, which laid a good foundation for business development. The total loans reached RMB938,227 million, up by 10.7% over the beginning of the year.

Business structure was further optimized, while profitability was improved continuously.

Ping An Bank actively adjusted the structure of assets and liabilities and performed pricing management to improve profitability, while strengthening cost control simultaneously. In the first half of 2014, Ping An Bank’s cost/income ratio was 37.59%, down by 1.28 percentage points over the same period last year. Ping An Bank actively adjusted its business structure and focused on growing its intermediary business. In the first half of 2014, net non-interest income was RMB10,179 million, up by 107.8% over the same period last year. Net non-interest income’s contribution to operating income rose from 20.9% in the first half of 2013 to 29.3% in the same period of 2014, with a further optimized income structure.

Business innovation was promoted from all sides, while reforms and transformations were steadily implemented. In terms of platform innovation, the launch of the Orange E platform, an online platform for integrated financial services for SMEs, has provided effective support for the rapid development of the Company's banking business. The national framework of the "Hang E Tong" platform has been basically completed, with cumulative interbank clients exceeding 230, representing an increase of 65 over the beginning of the year, with RMB230 billion of interbank product sales transacted on the platform. In terms of product innovation, the Bank successfully issued a securitization project backed by personal consumption loan assets, making it the first of its kind issued in a stock exchange in China. "Ping An Gold" has become increasingly well-known through collaborations with the Shanghai Gold Exchange, Wanlitong, JD.com and SF Express, and pioneered new practices of online sales of physical gold. Integrated financial products such as "Lufax bills" and "Hang E Tong bills" were also successfully launched, allowing Ping An Bank's bills products to establish a foothold in third-party platforms for promotion. Furthermore, the opening of "Ping An Bill Center" catered to the internal market making of Ping An Bank's bills business.

Comprehensive risk management was strengthened, with asset quality remaining stable. Ping An Bank kept to the principle of using "Risk Control at the Heart of Banking Operations" and further implemented comprehensive risk management to support the real economy and ensure stable operations. As at June 30, 2014, the non-performing loan ratio was 0.92%, up slightly by 0.03 percentage points over the beginning of the year. The loan loss provision ratio was 1.83%, up slightly by 0.04 percentage points over the beginning of the year. The provision coverage ratio was 198.18%, down slightly by 2.88 percentage points over the beginning of the year.

Capital strength was further increased, and outlets establishment speeded up.

Ping An Bank actively expanded its capital replenishment channels and instruments. In the first half of 2014, it issued RMB15 billion tier-2 capital bonds, which effectively boosted its capital strength. As at June 30, 2014, the capital adequacy ratio was 11.02%, an increase of 1.12 percentage points as compared with the beginning of the year. The Bank accelerated network expansion and stepped up extension development. It opened 38 new outlets in the first half of 2014. At the end of June 2014, Ping An Bank had 38 branches, 566 outlets, and 44 community banks in operation, among which three community banks had assets of over RMB100 million.

RESULTS OF OPERATION

Pursuant to the Accounting Standards for Business Enterprises, the identifiable assets and liabilities acquired upon the merger with Original Shenzhen Development Bank were to be recognised and measured at fair value on the date of merger. As a result, the figures of Original SDB in the consolidated financial statements of the Group were the results of subsequent measurement on the basis of the fair value of its assets and liabilities on the date of merger. Therefore, there were differences between the data of the segment operating results of the Group's banking business in the financial statements and those of the results of operations of Ping An Bank as disclosed in its interim report.

Management Discussion and Analysis

Banking Business

This section is the analysis about the operating result of Ping An Bank. The data came from its interim report.

For the six months ended June 30 (in RMB million)	2014	2013
Net interest income	24,554	18,528
Net fees and commission income	7,771	4,376
Investment income	2,173	510
Profit or loss through fair value change	68	(76)
Foreign exchange gains/(losses)	80	23
Income from other businesses	87	65
Total operating income	34,733	23,426
Business tax and surcharges	(2,681)	(1,824)
General and administrative expenses	(13,055)	(9,106)
Asset impairment losses	(5,652)	(2,602)
Total operating expenses	(21,388)	(13,532)
Net non-operating income and expenses	(17)	12
Income tax	(3,256)	(2,375)
Net profit	10,072	7,531

Ping An Bank steadily improved its profitability. In the first half of 2014, it realized a net profit of RMB10,072 million, up by 33.7% as compared with the same period last year.

NET INTEREST INCOME

For the six months ended June 30 (in RMB million)	2014	2013
Interest income		
Due from the PBOC	1,860	1,561
Due from financial institutions	11,090	10,144
Loans and advances to customers	33,000	24,255
Dividend income from securities investment	10,827	7,138
Others	173	128
Total interest income	56,950	43,226
Interest expenses		
Due to the PBOC	(18)	(15)
Due to financial institutions	(15,125)	(11,721)
Customer deposits	(16,706)	(12,576)
Bonds payable	(547)	(386)
Total interest expenses	(32,396)	(24,698)
Net interest income	24,554	18,528
Net interest spread (%) ⁽¹⁾	2.32	2.03
Net interest margin (%) ⁽²⁾	2.50	2.19
Average balance of interest-earning assets	1,984,241	1,705,080
Average balance of interest-bearing liabilities	1,885,375	1,614,696

(1) Net interest spread (NIS) refers to the difference between the average yield of interest-earning assets and the average cost rate of interest-bearing liabilities.

(2) Net interest margin (NIM) refers to net interest income/average balance of interest-earning assets.

Net interest income increased by 32.5% from RMB18,528 million in the first half of 2013 to RMB24,554 million for the same period in 2014, mainly due to the expanded scale of interest-earning assets, improved loan structure and enhanced pricing capability.

Both net interest spread and net interest margin increased as compared with the same period last year, due to the continuous efforts in adjustment of the structure of interest-earning assets and risk pricing management.

NET FEES AND COMMISSION INCOME

For the six months ended June 30 (in RMB million)	2014	2013
Fees and commission income		
Settlement fees income	828	582
Agency commissions	1,220	213
Bank card fees income	3,096	2,086
Wealth management fees income	820	622
Consultancy fees income	1,699	647
Account management fees income	116	101
Others	1,162	640
Total fees and commission income	8,941	4,891
Fees and commission expenses		
Agency expenses	(190)	(98)
Bank card fees expenses	(923)	(377)
Others	(57)	(40)
Total fees and commission expenses	(1,170)	(515)
Net fees and commission income	7,771	4,376

Benefitting from the significantly increased intermediary income arising from the rapid growth of investment banking and depository business, as well as the excellent performance of the wealth management and settlement business and credit card business, net fees and commission income rose 77.6% to RMB7,771 million in the first half of 2014, from RMB4,376 million in the same period in 2013.

GENERAL AND ADMINISTRATIVE EXPENSES

For the six months ended June 30 (in RMB million)	2014	2013
General and administrative expenses	13,055	9,106
Cost/income ratio (%)⁽¹⁾	37.59	38.87

(1) Cost/income ratio refers to general and administrative expenses divided by operating income.

General and administrative expenses rose by 43.4% to RMB13,055 million in the first half of 2014 from RMB9,106 million for the same period in 2013, which was mainly due to the increasing input in outlets, expansion of business, as well as continued investment in the optimization of management workflow and the IT system. Cost/income ratio decreased by 1.28 percentage points to 37.59% for the first half of 2014 from 38.87% for the same period last year.

ASSET IMPAIRMENT LOSSES

Asset impairment losses rose 117.2% from RMB2,602 million for the six months ended June 30, 2013 to RMB5,652 million for the same period in 2014, mainly due to the increase in loan loss provision.

INCOME TAX

For the six months ended June 30	2014	2013
Effective tax rate (%)⁽¹⁾	24.43	23.98

(1) Effective tax rate refers to income tax divided by profit before tax.

The effective tax rate increased from 23.98% for the six months ended June 30, 2013 to 24.43% for the same period in 2014.

Management Discussion and Analysis

Banking Business

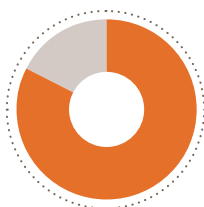
DEPOSIT MIX

(in RMB million)	June 30, 2014	December 31, 2013
Corporate deposits	1,246,993	1,005,337
Retail deposits	261,911	211,665
Total deposits	1,508,904	1,217,002

Deposit mix

(%)

June 30, 2014 (December 31, 2013)



- Corporate deposits 82.6 (82.6)
- Retail deposits 17.4 (17.4)

The total deposits increased by 24.0% to RMB1,508,904 million as at June 30, 2014 from RMB1,217,002 million as at December 31, 2013. Both types of deposits maintained a stable growth.

LOAN MIX

(in RMB million)	June 30, 2014	December 31, 2013
Corporate loans	584,328	521,639
Retail loans	255,214	238,816
Accounts receivable on credit cards	98,685	86,834
Total loans	938,227	847,289

Loan mix

(%)

June 30, 2014 (December 31, 2013)



- Corporate loans 62.3 (61.6)
- Retail loans 27.2 (28.2)
- Accounts receivable on credit cards 10.5 (10.2)

Total loans increased by 10.7% to RMB938,227 million as at June 30, 2014 from RMB847,289 million as at December 31, 2013. Corporate loans increased by 12.0% to RMB584,328 million, contributing 62.3% to total loans as at June 30, 2014 (as at December 31, 2013: 61.6%). Retail loans increased by 6.9% to RMB255,214 million, contributing 27.2% to total loans as at June 30, 2014 (as at December 31, 2013: 28.2%). Accounts receivable on credit cards increased by 13.6% to RMB98,685 million, contributing 10.5% to total loans as at June 30, 2014 (as at December 31, 2013: 10.2%).

LOAN QUALITY

(in RMB million)	June 30, 2014	December 31, 2013
Pass	904,227	821,721
Special mention	25,332	18,027
Sub-standard	3,916	4,375
Doubtful	2,272	1,575
Loss	2,480	1,591
Total loans	938,227	847,289
Total non-performing loans	8,668	7,541
Non-performing loan ratio (%)	0.92	0.89
Impairment provision balance	(17,179)	(15,162)
Provision coverage ratio (%)	198.18	201.06

As at June 30, 2014, the carrying amount of non-performing loans was RMB8,668 million, up by RMB1,127 million over the beginning of the year; the non-performing loan ratio was 0.92%, up by 0.03 percentage points over the beginning of the year; the provision coverage ratio was 198.18%, down by 2.88 percentage points from the beginning of the year.

Loan quality by region

(in RMB million)	June 30, 2014		December 31, 2013	
	Balances	Non-performing loan ratio (%)	Balances	Non-performing loan ratio (%)
East	282,225	1.19	266,690	1.05
South	233,569	0.63	219,911	0.49
West	100,321	0.25	85,720	0.31
North	182,196	0.43	158,228	0.36
Headquarter	139,916	2.01	116,740	2.40
Total	938,227	0.92	847,289	0.89

In the first half of 2014, the overall asset quality in banking industry demonstrated a downside trend because of the adjustment of economic structure and a slow pace of economic growth. Ping An Bank's non-performing loans and non-performing loan ratio rose by a certain extent over the beginning of the year, due to the rising credit risk of certain steel trading companies and private SMEs, facing operating challenges and being involved in mutual guarantee and joint guarantee situation. Ping An Bank stepped up efforts on non-performing assets recovery and used various methods to dispose of and dissolve non-performing assets. Going forward, Ping An Bank will further enhance its credit structure, prevent and mitigate potential risks associated with existing loans, tightly control the growth of non-performing loans and maintain stable assets quality.

CAPITAL ADEQUACY RATIO

Calculated under the "Capital Rules for Commercial Banks (Provisional)" issued by the CBRC:

(in RMB million)	June 30, 2014	December 31, 2013
Net core tier 1 capital	109,194	100,161
Net tier 1 capital	109,194	100,161
Net capital	137,819	115,884
Total risk weighted assets	1,250,270	1,170,412
Core tier 1 capital adequacy ratio (%) (regulatory requirement \geq 5.9%)	8.73	8.56
Tier 1 capital adequacy ratio (%) (regulatory requirement \geq 6.9%)	8.73	8.56
Capital adequacy ratio (%) (regulatory requirement \geq 8.9%)	11.02	9.90

Note:

- (1) Capital requirement regarding credit risk, market risk and operation risk was measured in weighted method, standard method and basic index method, respectively.
- (2) According to the "Capital Rules for Commercial Banks (Provisional)" issued by the CBRC, commercial banks should meet the requirements of capital adequacy ratio by the end of 2018, with capital adequacy ratio, tier 1 capital adequacy ratio and core tier 1 capital adequacy ratio reaching 10.5%, 8.5% and 7.5%, respectively, which could be met in stages in the transition period. According to the regulations of the "Notice on Arrangements for the Transition Period of Capital Rules for Commercial Banks (Provisional)", the applicable requirements of capital adequacy ratio mentioned above for 2014 are 8.9%, 6.9% and 5.9%, respectively.

On June 7, 2012, the CBRC issued the "Capital Rules for Commercial Banks (Provisional)" (the "Rules"), which took effect from January 1, 2013. The Rules require commercial banks to meet the required capital adequacy ratio by the end of 2018. The Rules expand risk coverage, raise the risk sensitivity of regulatory capital and impose more prudent requirements on capital measurement.

As at June 30, 2014, calculated under the Rules issued by the CBRC, capital adequacy ratio of Ping An Bank was 11.02%, with both tier 1 capital adequacy ratio and core tier 1 capital adequacy ratio of 8.73%, all of which were in compliance with the regulatory requirements.

Management Discussion and Analysis

Investment Business

- Ping An Trust's private wealth management business recorded stable growth, with the number of active and high net worth customers exceeding 27 thousand.
- Ping An Securities established a new development strategy, and proactively promoted strategic transformation.
- The third-party asset management business of Ping An Asset Management grew steadily, with the scale of assets under management for the third-party business increasing at a stable pace.

TRUST BUSINESS

Through Ping An Trust, the Company provides a full range of comprehensive and diversified trust wealth management products, as well as high-quality investment and financing services to high net worth individuals and institutional customers. Ping An Trust was established in 1996, with a registered capital of RMB6,988 million, making it the trust company with the highest level of registered capital in China. It focuses on the three core business areas of alternative asset management, private wealth management and investment banking, and has established leading competitive advantages through long-term development and accumulated experience.

In recent years, the trust industry has experienced explosive growth, leveraging China's booming economy and the industry's unique advantage stemming from trust licenses. However, with the opening up of the pan asset management industry since the previous year, asset management companies, security brokerages and fund companies have rapidly entered the industry by focusing on business areas with lower entry barriers. This gradually eroded the advantage that trust companies used to have by virtue of the trust licenses. With the intense competition and shrinking profit margins, industry growth can no longer be sustained by focusing on channel businesses, making industry transformation imminent. With the slowdown in China's macro-

economy and tightened regulations on shadow banking system, the development of the trust industry has been affected by uncertainties, increasing the need for industry reform. In the first half of 2014, the trust industry maintained relatively stable growth, but the pace of growth has slowed significantly compared with that in 2013. As at June 30, 2014, the total assets held in trust for trust industry increased by 14.4% to RMB12.48 trillion, as compared to the end of 2013. From the perspective of business structure, the growth of trust industry was still driven by the growth of single trust products comprising mainly channel businesses.

Relatively speaking, Ping An Trust's growth rate for business volume and quality put it in a leading position in the industry. In 2008, Ping An Trust began the strategic transformation of its business development, opting to abandon channel businesses which were largely beneficial for scale expansion but weak in active management capabilities, while starting to develop a wealth management business focusing on high net worth individuals and institutional customers. Meanwhile, based on its expertise in investments in private equity, real estate and infrastructure, which was established in earlier years to invest the Group's insurance funds, Ping An Trust gradually formed a business model which focused on three main business areas, namely alternative asset management, private wealth management and investment banking. This

unique business model allowed Ping An Trust to maintain sustainable and stable growth, despite increased uncertainty in the macroeconomic environment, intensifying competition and increasingly stringent regulations.

As at June 30, 2014, Ping An Trust's assets held in trust reached RMB366,886 million, representing an increase of 26.4% over the end of 2013, which surpassed the industry average. Paid-in capital of collective trust products, which demonstrated active management capabilities, reached RMB247,512 million, up by 40.8% over the beginning of the year. The steady growth in business scale resulted in stable operating income. In the first half of the year, the trust business realized RMB1,594 million for management fees income of trust products, placing it in a market-leading position. As at the end of June 2014, the number of active and high net worth customers surpassed 27 thousand, up by 24.5% over the end of 2013.

Comparison of Business Structure

(In RMB million)	Trust Industry		Ping An Trust	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Total assets held in trust	12,478,228	10,907,111	366,886	290,320
The percentage of collective trust scheme	26.4%	24.9%	67.5%	60.6%
The percentage of single trust scheme	68.0%	69.6%	26.3%	33.2%

Assets Held in Trust

(in RMB million)	June 30, 2014	December 31, 2013
Real estates	93,132	69,352
Commercial and industry	92,722	62,396
Securities market	69,647	39,816
Financial institutions	48,218	39,734
Infrastructure	42,220	61,208
Others	20,947	17,814
Total assets held in trust	366,886	290,320

Assets held in trust

(%)
June 30, 2014 (December 31, 2013)



With its industry-leading strategy and business model, Ping An Trust established superior capabilities in four core areas, namely investment management, fund raising, service and operation support as well as risk management.

With regard to investment management, Ping An Trust has established six main business areas after a decade of development, namely private equity investment, real estate investment, infrastructure investment, fixed income investment, alternative capital market and traditional trust, covering debt and equity businesses. The diversified nature of the businesses demonstrated its capabilities in active management.

In fund raising, Ping An Trust has built a strong capital base from high net worth individuals and institutional funds channels which include insurance funds from Ping An Group and capital from external corporates. As for capital sources, it maintained a balance between capital from high net worth individuals and from institutional customers to keep the risk under control.

Management Discussion and Analysis

Investment Business

In terms of service and operation support, a high-level supporting system aiming at reducing daily operational risk and enhancing the customer experience standard was put in place, which optimized and reformed “customer experience”, “sales support system”, “operation flow system” and “IT system platform”.

In terms of risk management capabilities, Ping An Trust is renowned for its professionalism and stringent requirements. In 2008, it engaged international risk control experts to establish a risk management team. Since then, it has established a comprehensive and scientific quantitative risk management model. A risk management mechanism which exceeds market standards is used to manage risk for the entire business line. Ping An Trust maintains operational stability with a conservative risk appetite, striving for adequate safeguards for client interests. It manages risk by four means, namely “counterparty and project access”, “professional and comprehensive risk management mechanism and methods”, “stringent selection mechanism of qualified investors” and “normalized industry risk stress tests”. On this basis, Ping An Trust also established a risk reserve mechanism of the highest standard within the industry. Sufficient liquid, low risk monetary assets and short-term realizable assets ensured that the Company was able to cope with and resolve extreme risk events.

For real estate trust management, Ping An Trust conducted stringent tiered evaluation of all its real estate businesses. To keep risks faced by the real estate business at a manageable level, Ping An Trust employed comprehensive measures such as “stringent counterparties assessment”, “project selection and evaluation”, “post-investment project management” and “dynamic risk monitoring”.

With regard to the assessment of counterparties, the majority of counterparties of the real estate business of Ping An Trust were leading regional and nationwide real estate companies, with mid-to-large size counterparties accounting for over 80% of the existing business. The proportion of high credit rating counterparties increased year by year, effectively mitigating business uncertainty caused by the volatile market. In the meantime, Ping An Trust further actively managed the risk of its real estate business by selecting projects based on their “business location distribution” and “project duration”. Over 60% of the real estate business was located in first and second tier cities. In view of the increasing risk in the real estate market, we actively optimized the investment strategy. In the first half of the year, the average duration of newly-added real estate projects was reduced to one year.

For project selection, we engaged internationally renowned third-party valuation advisors to evaluate projects. To avoid unrealistically high valuations of mortgaged properties, Ping An Trust conducted on-site due diligence investigations, followed by reexamination and valuation of independent real estate valuation advisors. In addition, Ping An Trust established a high standard for mortgage rate of collaterals for real estate projects, and took the total liabilities that collaterals bear into consideration. Further, this standard was strictly followed to keep the risk of projects under control.

For post-investment project management, Ping An Trust delegated directors, financial personnel and engineering personnel to the real estate trust plan projects through the corporate governance mechanism such as general meeting and board of directors' meeting, to monitor the construction and sales progress of the real estate project. This was done as a precautionary move to assess possible risk. In addition, for transaction contracts, Ping An Trust put special penalty and early repayment measures in place for possible suspensions and delays of construction and sales, providing more protection for trust schemes.

In daily management, Ping An Trust implemented a real-time monitoring mechanism for liquidity risk. The static deficits under normal circumstances and dynamic deficits under stress situations, as well as regular risk indicators, are monitored and reported daily. Different processes and procedures are set for potential specific scenario to ensure all business risks are manageable.

Based on a scientific, stringent and prudent business risk management process, Ping An Trust has conducted end-to-end risk management and monitoring of various real estate trust businesses, from access to process management. Real estate trust projects were successfully redeemed for many consecutive years without any redemption risk incidents. In the first half of 2014, over RMB15 billion was successfully redeemed, and over RMB37 billion is expected to be redeemed for the entire year. The risk of real estate trust business remained at a manageable level.

Overall, Ping An Trust's systematic and professional risk management system ensured the risks of the various businesses under control. Ping An Trust had adequate net capital, with risk control indicators all exceeding regulatory requirements.

Risk control indicators	June 30, 2014	December 31, 2013	Regulatory standard
Net capital (in RMB million)	14,236	12,937	>=200
Net capital/total risk capital of all businesses	206%	202%	>=100%
Net capital/net asset	80%	76%	>=40%

With its outstanding operating results, industry-leading risk management capabilities and outstanding reputation in customer service, Ping An Trust was ranked first in terms of comprehensive strength in the trust industry for the fourth consecutive year, and has been awarded numerous prestigious industry awards. These included the "Annual Outstanding Trust Company Award" jointly awarded by Shanghai Securities News and cnstock.com for the fifth consecutive year, and the "2013 JRJ Leading China Annual Best Brand among Trust Companies Award" awarded by jrj.com.

In the future, Ping An Trust will continue to strengthen its business model and promote business innovation. It will refine its business model in a timely manner, adapting to market changes for stable growth.

Results of Operation

For the six months ended June 30 (in RMB million)	2014	2013
Fees and commission income	1,654	1,112
Investment income	536	78
Other income	201	314
Total operating income	2,391	1,504
Fees and commission expenses	(492)	(294)
General, administrative and other expenses	(926)	(595)
Total operating expenses	(1,418)	(889)
Income tax	(227)	(159)
Net profit	746	456

Note: The above figures are presented at segment level of trust business, including Ping An Trust and its subsidiaries which carry on investment and asset management business.

Management Discussion and Analysis

Investment Business

In the first half of 2014, our trust business realized a net profit of RMB746 million, up by 63.6% from RMB456 million in the same period last year, mainly due to the increase in dividend income from equity investments and net fees and commission income over the same period last year.

Net Fees and Commission Income

For the six months ended June 30 (in RMB million)	2014	2013
Fees and commission income		
Management fees income of trust products	1,594	1,033
Others	60	79
Total fees and commission income	1,654	1,112
Fees and commission expenses		
Handling charges of trust products	(492)	(294)
Total fees and commission expenses	(492)	(294)
Net fees and commission income	1,162	818

Management fees income of trust products for the first half of 2014 was RMB1,594 million, representing an increase of 54.3% from RMB1,033 million in the same period in 2013. This was primarily due to an increase in management fees income from existing trust products, arising from a larger scale of assets held in trust.

Handling charges of trust products went up 67.3% to RMB492 million in the first half of 2014 from RMB294 million in the same period in 2013. This was primarily due to the enlarged scale of assets held in trust.

Total Investment Income

For the six months ended June 30 (in RMB million)	2014	2013
Net investment income ⁽¹⁾	478	27
Net realized and unrealized gains ⁽²⁾	88	51
Impairment loss	(30)	-
Total investment income	536	78

(1) Net investment income includes interest income from deposits, loans and bonds, and dividend income from equity investments.

(2) Net realized and unrealized gains include realized gains from security investments, profit or loss through fair value change, and equity investment income excluding dividends, etc.

Total investment income of our trust business increased substantially to RMB536 million in the first half of 2014 due to the increase of dividend income from equity investments.

SECURITIES BUSINESS

We conduct our securities business through Ping An Securities, providing brokerage, investment banking, asset management, financial advisory services, etc. In 1996, Ping An Securities formed a subsidiary, Ping An Futures, to conduct futures brokerage business. Ping An Securities became an innovative securities company in 2006, and in 2008 formed a wholly-owned subsidiary, Ping An Caizhi, to conduct direct investment. In 2009, it set up another subsidiary in Hong Kong, Ping An Securities (Hong Kong). In 2012, it formed a wholly-owned subsidiary, Ping An Pioneer Capital, to conduct alternative investment business.

In the first half of 2014, IPO in the primary equity market resumed while the number of credit bond issuers in the bond market increased, resulting in a substantial increase in the industry's underwriting income. The transaction volume of stocks, funds and warrants in the secondary market rose slightly. However, due to falling commission rates, the industry's brokerage business saw a fall in net income compared with the same period last year. The margin trading and securities lending business grew substantially over the beginning of the year.

Ping An Securities responded actively to the opportunities and challenges arising from market reforms, establishing a new development strategy and promoting its strategic transformation. In the first half of 2014, the Company achieved net profit of RMB506 million, up by 106.5% over the same period last year. Its fixed income business completed 13 credit bond issuance projects and 5 SME private placement bond issuance projects as lead underwriter. The bond transaction volume in both the interbank and stock exchange markets led the industry. The brokerage business actively developed the intermediary business and the proportion of revenue from the intermediary business for the first half of 2014 increased to 34.9% from 26.7% for the same period last year, with an enhanced income structure. The balance of our margin trading and securities lending business reached RMB3,531 million, up by 8.7% over the beginning of the year. Entrusted assets of the asset management business amounted to RMB88,447 million, up by 63.7% over the beginning of the year, and the asset securitization business underwent robust growth. The investment banking business adjusted its strategic positioning, established a new organization structure, operating method and risk control system, and strived to become the best investment bank in terms of industry supply chain reorganization, M&A and integration. Ping An Securities successfully issued RMB3

billion subordinated bonds, enhancing its capital strength and boosting its business development. It also actively developed its internet finance business, and was one of the first five securities companies designated "Internet Securities Business Trial Unit" by the Securities Association of China. The automobile team and banking team of its research department were placed third in the "2014 CBN Best Securities Analyst" respectively.

In line with the macro trends of internet finance and financial disintermediation, Ping An Securities continued to leverage the Group's advantages in integrated finance to enhance its capabilities in seeking capital, assets and product innovation, striving to become the best financial consultant for SMEs and the best wealth management platform for individual clients.

Results of Operation

For the six months ended
June 30 (in RMB million)

	2014	2013
Fees and commission income	857	839
Investment income	668	596
Other income	13	24
Total operating income	1,538	1,459
Fees and commission expenses	(60)	(79)
General, administrative and other expenses	(882)	(1,074)
Total operating expenses	(942)	(1,153)
Income tax	(90)	(61)
Net profit	506	245

During the first half of 2014, net profit from our securities business increased by 106.5% to RMB506 million from RMB245 million in the same period in 2013, which was mainly because net profit in the first half of 2013 was relatively low as a result of Wanfu Biotechnology incident.

Management Discussion and Analysis

Investment Business

Net Fees and Commission Income

For the six months ended June 30 (in RMB million)	2014	2013
Fees and commission income		
Brokerage fees income	426	451
Underwriting commission income	252	275
Others	179	113
Total fees and commission income	857	839
Fees and commission expenses		
Brokerage fees expenses	(52)	(53)
Others	(8)	(26)
Total fees and commission expenses	(60)	(79)
Net fees and commission income	797	760

In the first half of 2014, our brokerage fees income decreased by 5.5% to RMB426 million, mainly due to the decrease of the commission rate.

Underwriting commission income decreased by 8.4% to RMB252 million in the first half of 2014 from RMB275 million in the same period in 2013, as the underwriting income generated from the bond issuance was lower compared with the same period last year.

Total Investment Income

For the six months ended June 30 (in RMB million)	2014	2013
Net investment income ⁽¹⁾	681	748
Net realized and unrealized gains ⁽²⁾	(12)	(139)
Impairment losses	(1)	(13)
Total investment income	668	596

(1) Net investment income includes interest income from deposits and bonds, and dividend income from equity investments, etc.

(2) Net realized and unrealized gains include realized gains from security investments, profit or loss through fair value change and equity investment income excluding dividend income, etc.

In the first half of 2014, due to the increase of the realized gains from the sales of equity investments and securities investments, total investment income rose by 12.1% to RMB668 million in the first half of 2014 from RMB596 million in the same period in 2013.

INVESTMENT MANAGEMENT BUSINESS

We provide investment management services primarily through two subsidiaries of the Group, Ping An Asset Management and Ping An Asset Management (Hong Kong).

Ping An Asset Management is responsible for our domestic investment management business. It is entrusted to manage the insurance funds of the Group as well as investment assets of other subsidiaries under the Group. It also provides investment products and third-party asset management services to other investors through various channels.

Assets under investment management (in RMB million)



As at June 30, 2014, assets under management of Ping An Asset Management amounted to RMB1,438,346 million, representing an increase of 12.8% compared to the end of 2013. This was mainly attributed to an increase in investable assets generated from the steady growth in our insurance business. In the first half of 2014, Ping An Asset Management realized net profit of RMB359 million, up by 20.5% over the same period last year.

In the first half of 2014, China's macroeconomic policy continued to combine proactive fiscal measures with a stable monetary regime, which emphasized "Progress Amid Stability" and managed the relationship between growth stabilization, structural adjustment and reform implementation. The overall economy of China remained stable while economic growth slowed. Reform and opening up were more deepened, while structural adjustments continued to move forward. The overall stock market of China displayed an unstable downward trend as the SSE Composite Index fell by 3.2% in the first half of the year. The yield curve of the bond market fell sharply, as did the short-end of the yield, as they experienced the effect of a structural bull market.

Utilizing our expertise in investment assessment and effective risk management, Ping An Asset Management ensured a timely response to the changes in the bond and equity markets, increased investments in fixed income assets with high interest rates, and seized the investment opportunities of certain securities, so as to enhance the investment returns. We also expanded our third-party business with improved service quality and enhanced marketing support. As at June 30, 2014, the scale of assets under management for our third-party business reached RMB109,266 million, up by 31.6% over the beginning of the year, while management fees income for third-party asset management business realized RMB300 million in the first half of 2014, a 19.5% increase over the same period last year. Our platform continued to lead the transformation and upgrading of systems, as well as the streamlining of workflows, which laid a solid foundation for the Company to make investments and expand its business both in China and overseas.

Ping An Asset Management (Hong Kong) operates the overseas investment management business of the Group. Apart from managing investments for other subsidiaries under the Group, it also provides a range of overseas investment products and third-party investment management services to clients from China and overseas. Ping An Asset

Management (Hong Kong) has a professional team with ample experience in international investment, overseeing research on global macroeconomics, strategic asset allocation, investment in Hong Kong stocks, overseas investment and other core functions. The team also focuses on the building of an international investment platform, introducing products from overseas to achieve innovation in service offerings. As at June 30, 2014, the assets denominated in foreign currency under management of Ping An Asset Management (Hong Kong) amounted to HK\$26,345 million.

Looking to the future, we will continue to strengthen our research on the macroeconomic environment, industry trends and regulations, and optimize the investment decision-making process. We will seek to unlock the full potential of asset allocation, strengthen the interaction between the investment and the research units, improve our risk control and build a world class investment management system platform. Together, this will strengthen our competitive advantage over peers and continue to enhance our image as a leading brand in the industry.

FUND BUSINESS

Ping An-UOB Fund, established on January 7, 2011 with a registered capital of RMB300 million, is the 63rd fund management company in mainland China. Ping An-UOB Fund mainly engages in the issuance and sales of securities investment funds, as well as assets management business, and provides professional investment products and related services to retail and institutional investors.

In the first half of 2014, funds managed by Ping An-UOB Fund performed well overall as they were ranked above the industry average in performance rankings of similar products. The "Ping An-UOB Industries Pioneer Equity Fund" was ranked in the top 10% of equity funds. Boosted by its outstanding performance, the "Ping An-UOB Daily Profit Money Market Fund" grew rapidly in size from less than RMB200 million at the beginning of the year to over RMB5,000 million.

Management Discussion and Analysis

Integrated Finance

- Outcomes of customer migration are becoming evident, while cross-selling is in a more mature stage of development.
- Back office centralization and technological innovation spurred the business development.

In the first half of 2014, the Company accelerated the progress in integrated finance by continuously promoting technological innovations to spur the business development. In terms of personal integrated finance, we remained committed to our “customer-centric” management concept, strengthened our integrated finance services, steadily promoted customer migration and optimized cross-selling. For group integrated finance, the subsidiaries operated under the principle of “Group Customers, Multiple Services, Mutual Benefits” to promote the diversified development of group integrated finance, with the outcomes of group cooperation becoming more visible. Meanwhile, the Company focused on promoting innovation and the use of technology as the MIT and E-integrated financial platform becomes more mature, and actively tested the application and innovation of new internet technologies, generating greater synergy.

CUSTOMER MIGRATION

In the first half of 2014, a total of about 3.04 million customers across business lines have been migrated, accounting for 28% of new customers across all subsidiaries combined.

Migration Source	Migration Terminal (Number of Customers being Migrated)					Others	Total
	Ping An Life	Ping An Property & Casualty	Retail Banking Business	Credit Card Business			
Ping An Life	-	706,001	258,830	388,419	64,275	1,417,525	
Ping An Property & Casualty	96,881	-	61,439	205,795	10,371	374,486	
Retail Banking Business	141,999	293,696	-	248,385	60,657	744,737	
Credit Card Business	105,981	178,872	149,641	-	21,206	455,700	
Others ⁽¹⁾	5,917	18,360	8,431	14,756	-	47,464	
Total	350,778	1,196,929	478,341	857,355	156,509	3,039,912	

(1) Others include Ping An Securities, Ping An Trust and other subsidiaries which carry on traditional finance business.

CROSS-SELLING OF PERSONAL INTEGRATED FINANCE

Through years of hard work and exploration, cross-selling of personal integrated finance has produced remarkable results and the synergy of integrated financial services is increasingly visible. The following table sets out the Company's cross-selling performance in the first half of 2014:

New Business Acquired through Cross-selling

For the six months ended June 30 (in RMB million)	2014		2013	
	Amount	Business contribution percentage (%)	Amount	Business contribution percentage (%)
Property and casualty insurance business				
Premium income	9,830	14.3	8,265	15.4
Group short-term insurance business of Ping An Annuity				
Sales volume	1,931	38.6	1,563	39.5
Trust business				
Trust schemes	95,593	26.9	50,813	25.6
Banking business				
Retail deposits (increase of average daily balance per year)	7,714	27.8	2,897	15.8
Credit cards (in ten thousands)	96.8	38.0	106	40.0

COOPERATION OF GROUP INTEGRATED FINANCE

Cooperation of group integrated finance was continuously promoted within the Group. Under the guidance of the Group's integrated finance strategy, the subsidiaries collaborated on establishing new cooperative models, leading to a large number of successful cases in group integrated finance. Among these, the number of newly confirmed projects featuring cooperation between the bank and the investment businesses reached 44 in the first half of the year, which already equalled to that of the whole year 2013.

BACK OFFICE CENTRALIZATION

In 2014, Ping An's back office focused on customer experience and services upgrade. We completed the design of a 360-degree perspective for customer experience at a corporate level. The service platform was also optimized as we actively explored new service models.

Enhanced business platform sharing:

The Company improved its operating efficiency through resources consolidation and sharing.

- The centralization of document processing among major Ping An subsidiaries such as Ping An Property & Casualty, Ping An Life, Ping An Annuity, Ping An Health and Ping An Bank was 100% completed.
- 100% of accounting processes and staff services of the major subsidiaries of the Company such as Ping An Property & Casualty, Ping An Life, Ping An Annuity, Ping An Health, Ping An Bank, Ping An Trust, Ping An Securities, Ping An Asset Management, Ping An Technology and Ping An Direct was done on a shared-service basis.
- The centralization of call centre services for the major subsidiaries of the Company such as Ping An Property & Casualty, Ping An Life, Ping An Annuity, Ping An Health, Ping An Bank, Ping An Securities, Ping An Trust and Ping An Technology was implemented, with 74.1% of all calls taken centrally.

Optimization of the service platform:

In the first half of the year, the Company enhanced service standards revolving around core values through platform redesign and technological innovation.

- Undertook planning for the new-generation customer communication centre through multi-services channel integration and customer needs research.
- Completed the set-up of the integrated platform, which features a full module operating system covering demand management, system platforms, production processing, and customer maintenance.
- APP model was introduced for travel expenses reimbursement, realizing self-serve reimbursement application through mobile terminal. It conducted the audit for the entire reimbursement process beforehand. Lead time for the reimbursement of expenses was reduced from 2 days to 15 minutes, greatly enhancing the Company's operational and management efficiency.

Exploration of new business models:

The Company continued to focus on projects centred on improving the customer experience and financial supermarket, to enhance customers' experiences and innovate operational models.

- It established a regular management mechanism for customer experience, and finalized the design of a 360-degree customer experience, facilitating the steady improvement of customer experience for various businesses.
- It further explored the business model of financial supermarket to expand channels for integrated finance customer acquisition. A new operational model involving the online and offline interaction and combining sales and services was developed.

Management Discussion and Analysis

Integrated Finance

TECHNOLOGY-DRIVEN FINANCE

In the first half of 2014, the Company continued to intensify IT reforms. For traditional finance, we maintained high operating standards, deepened synergies among our different businesses, optimized platforms, and strengthened sales and marketing activities, while accelerating the establishment and optimization of the core systems of all businesses. In terms of innovation, Ping An emphasized the research and exploration of new technology. Innovation has become a critical factor in the success of Ping An's integrated finance, from an MIT-supported insurance e-sales platform and a remote all-in-one machine that substitutes remote services for face-to-face services, to the "integrated finance MIT platform" that integrates the Group's resources to assist personal managers to realize mobile sales by integrated finance MIT.

With the rapid development and reforms in the market, the influence of big data, mobile internet and cloud technology on financial services has become evident. Ping An has established a centralized data platform and has successfully developed an innovative credit risk assessment model which provides comprehensive assessments of clients through analysis of hundreds of risk factors. This practice can be applied to more clients in the future to effectively manage credit risk. For mobile internet, Ping An launched the integrated finance MIT, which was introduced to Ping An Bank and applied to various banking products, including debit card, credit card, New Easy Loan, automobile loan, and micro loan. It significantly improved the productivity of sales staff. Ping An has also been promoting its cloud platform, and has already completed the promotion of "development cloud" in the first half of 2014. It shortened the set-up time for machines and resources from 1-2 days to 15 minutes, hence providing strong support to the internet finance strategy.

The Company has always been dedicated to innovative applications in technology and business. We established a full-process e-platform which covers front, mid and back-end business processes. These platforms represent substantial support to drive the growth of integrated finance. The Mobile Integrated Terminal (MIT) has been well received by customers and sales force due to its convenience and speed since its promotion in 2011. As many as 13 million customers have been offered with financial services covering insurance and security since its launch, with contribution of premium amounting to over RMB100 billion. The MIT usage rate of life insurance business has stabilized at 99%; automobile insurance business has surpassed 43%; and health insurance business exceeded 80%. The MIT platform has made contribution on saving hundreds of millions of operation cost, and nearly 900 tons of paper each year. Meanwhile, the newly established "E-Sales Access" pre-sales platform, based on Ping An's MIT platform, extended e-services to frontline sales. This involves precise and comprehensive analysis of customer needs, to help customers understand their own needs and consume reasonably. Currently 65% of agents have utilized the E-Sales Access platform. In the first half of 2014, pocket e-sales was launched to give users a faster, safer and more friendly experience through innovative applications such as mainstream LBS positioning service and name card scanning, which leveraged the PhoneGap solution and a cloud structure. Meanwhile, our e-platform was upgraded, building on the MIT sales platform which combines life insurance, property and casualty insurance, annuity and health insurance. Riding on our internet finance strategy, the Group enabled the one-step registration for its "Five Tong" accounts and launched its one-key automobile insurance renewal, simplifying the process and raising the successful rate of policy renewal. To meet the diverse service needs of customers, Ping An Life has developed a customer service APP which includes value-added services such as risk management, on top of a wide range of policy services, creating a brand-new service experience. These technological advancements have translated into greater productivity with technology becoming a powerful tool for the team, effectively supporting its transformation in a shorter time and smoother manner.

In the first half of 2014, claims services were continuously upgraded for Ping An Life and Ping An Property & Casualty. As a result, Ping An Property & Casualty became the first in the industry to commit to “settlement within 72 hours from reporting to receiving benefit payment for claims below RMB10,000” and has achieved a 95.64% fulfilment rate. Ping An Life has achieved a 96.46% fulfilment rate with an average processing time of 1.87 days committing to “settlement within 48 hours for standard cases with full documentation”.

In the future, modern technology led by mobile internet, big data and cloud services will spread into every aspect of everyday life, and change the traditional businesses’ environment. The Company will strive to enhance customer experience by constant innovation, and to promote business development leveraging innovative IT technology.

Embedded Value

In order to provide investors with an additional tool to understand our economic value and business performance results, the Company has disclosed information regarding embedded value in this section. The embedded value represents the shareholders' adjusted net asset value plus the value of the Company's in-force life insurance business adjusted for the cost of regulatory solvency margin deployed to support this business. The embedded value excludes the value of future new business sales.

In accordance with the related provisions of the Rules for the Compilation of Information Disclosures by the Companies Offering Securities to the Public (No. 4) - Special Provisions on Information Disclosures by Insurance Companies, the Company has engaged PricewaterhouseCoopers Consultants (Shenzhen) Limited to review the reasonableness of the methodology, the assumptions and the calculation results of the Company's embedded value as at June 30, 2014.

The calculation of embedded value necessarily makes a number of assumptions with respect to future experience. As a result, future experience may vary from that assumed in the calculation, and these variations may be material. The market value of the Company is measured by the value of the Company's shares on any particular day. In valuing the Company's shares, investors take into account a variety of information available to them and their own investment criteria. Therefore, these calculated values should not be construed as a direct reflection of the actual market value.

On May 15, 2012, the Ministry of Finance and the State Administration of Taxation issued the "Notice on Corporate Income Tax Deduction of Reserves for Insurance Companies" (Cai Shui [2012] No. 45). Based on this notice, during the preparation of 2014 interim embedded value report, the contract liabilities of life insurance business related to distributable profit were measured according to the assessment standards of the liabilities pursuant to the current solvency regulations, but those related to the income tax were measured according to "Regulations regarding the Accounting Treatment of Insurance Contracts" (Cai Kuai [2009] No. 15).

COMPONENTS OF ECONOMIC VALUE

(in RMB million)	June 30, 2014	December 31, 2013
Risk discount rate	Earned rate/ 11.0%	Earned rate/ 11.0%
Adjusted net asset value	207,490	189,371
Including: Adjusted net asset value of life insurance business	65,795	62,756
Value of in-force insurance business written prior to June 1999	(7,503)	(8,242)
Value of in-force insurance business written since June 1999	194,672	176,219
Cost of holding the required solvency margin	(30,283)	(27,695)
Embedded value	364,376	329,653
Including: Embedded value of life insurance business	222,681	203,038

(in RMB million)	June 30, 2014	December 31, 2013
Risk discount rate	11.0%	11.0%
Value of one year's new business	22,507	20,563
Cost of holding the required solvency margin	(2,655)	(2,400)
Value of one year's new business after cost of solvency	19,852	18,163
Value of first half year's new business after cost of solvency	11,792	10,103

Notes: (1) Figures may not match totals due to rounding.
 (2) In the table above, the assumptions and method used to calculate the value of first half year's new business in 2013 are the same with current assumptions and method used to calculate the new business value. If the 2013 mid-year valuation's assumptions and method were used, the value of first half year's new business in 2013 would be RMB10,110 million.

The adjusted net asset value of life insurance business was based on the unaudited shareholders net asset value of the relevant life insurance business of the Company as measured on the PRC statutory basis. This unaudited shareholders net asset value was calculated based on the shareholders net asset value in accordance with CAS by adjusting the relevant differences, such as reserves. The adjusted net asset value of other business was based on the shareholders net asset value of the relevant business of the Company in accordance with CAS. The relevant life insurance business includes business conducted through Ping An Life, Ping An Annuity and Ping An Health. The values placed on certain assets have been adjusted to the market value.

KEY ASSUMPTIONS

The key assumptions used in the embedded value calculation as at June 30, 2014 have been the same as those used in 2013 year-end valuation.

NEW BUSINESS VOLUMES AND VALUE OF NEW BUSINESS

The volume of new business sold and modelled during the past 12 months prior to June 30, 2014 to calculate the value of one year's new business was RMB68,314 million in terms of first year premium, while that was RMB59,035 million during 2013.

The volume of new business sold and modelled used to calculate the value of first half year's new business were RMB44,293 million and RMB35,013 million in term of first year premium for first half year 2014 and 2013. The new business volumes measured by first year premium and half year's new business value by segment was:

For the six months ended June 30 (in RMB million)	First year premium used to calculate value of new business			Value of new business		
	2014	2013	Growth	2014	2013	Growth
Individual	27,957	23,596	18.5%	11,067	9,394	17.8%
Group	9,019	7,043	28.1%	544	440	23.8%
Bancassurance	7,316	4,374	67.3%	180	270	(33.1%)
Total	44,293	35,013	26.5%	11,792	10,103	16.7%

Notes: (1) Figures may not match totals due to rounding.
 (2) In the table above, the assumptions and method used to calculate the value of first half year's new business in 2013 are the same with current assumptions and method used to calculate the new business value. If the 2013 mid-year valuation's assumptions and method were used, the value of first half year's new business in 2013 would be RMB10,110 million.

SENSITIVITY ANALYSIS

The Company has investigated the effect, on the value of in-force business and the value of one year's new business, of certain independently varying assumptions regarding future experience. Specifically, the following changes in assumptions have been considered:

- Risk discount rate
- Investment return increased by 50 basis points every year
- Investment return decreased by 50 basis points every year
- A 10% reduction in mortality and morbidity for assured lives
- A 10% reduction in policy discontinuance rates
- A 10% reduction in maintenance expenses
- A 5% increase in the policyholders' dividend payout ratio
- Solvency margin at 150% of the regulatory level

(in RMB million)	Risk Discount Rate			
	Earned Rate/10.5%	Earned Rate/11.0%	Earned Rate/11.5%	11.0%
Value of in-force business	163,665	156,886	150,485	157,322
	10.5%	11.0%	11.5%	Earned Rate/11.0%
Value of one year's new business	21,114	19,852	18,676	20,217

Assumptions (in RMB million)	Value of in-force business	Value of one year's new business
Central case	156,886	19,852
Investment return increased by 50bp every year	174,770	21,378
Investment return decreased by 50bp every year	138,375	18,325
10% reduction in mortality and morbidity rates	160,137	20,395
10% reduction in policy discontinuance rates	160,446	20,760
10% reduction in maintenance expense	158,688	20,059
5% increase in the policyholders' dividend payout ratio	151,327	19,280
Solvency margin at 150% of the regulatory level	141,591	18,524

Note: Risk discount rates were earned rate/11.0% and 11.0% for in-force business and new business, respectively.

Liquidity and Financial Resources

- The Company manages its liquidity and financial resources from the perspective of the Group as a whole.
- As at June 30, 2014, the solvency of the Group was adequate.

GENERAL PRINCIPLES

Liquidity refers to the availability of cash assets or cash supply to meet the financial requirements of the Company whenever needed. The aim of the Group's liquidity management is to meet the liquidity requirements of operations, investment and financing activities of the Group while continuously refining its financial resources allocation and capital structure to maximise shareholder return.

The Company manages its liquidity and financial resources from the perspective of the Group as a whole. The Company maintains liquidity through holding a certain proportion of highly liquid assets and managing the liquidation process of the assets. In addition, short-term borrowings, assets sold under agreements to repurchase, and other financing abilities also constitute part of the sources of the Company's liquidity and financial resources in daily operations.

In the first half of 2014, the capital injection into its subsidiaries by the Company is as follows:

- RMB3,375 million to Ping An International Financial Leasing Co., Ltd.
- RMB1,500 million to Shenzhen Ping An Financial Technology Consulting Co., Ltd.

CAPITAL STRUCTURE

As at June 30, 2014, the Group's equity attributable to shareholders of the parent company was RMB206,488 million, representing an increase of 13.0% as compared to the end of 2013.

As at June 30, 2014, capital structure of the Company mainly comprised capital injection from shareholders as well as funds raised from the H share and A share listing.

After receiving the approval from the CIRC and the CSRC, the Company publicly issued the total par value of RMB26 billion A Share Convertible Bonds on November 22, 2013, which have a term of six years. As at June 30, 2014, a total of RMB267 thousand of A Share

Convertible Bonds issued by the Company were converted into 6,443 A shares in aggregate, accounting for 0.00008% of the Company's total number of 7,916,142,092 issued shares before conversion.

GEARING RATIO

	June 30, 2014	December 31, 2013
Gearing ratio (%)	94.6	94.6

The gearing ratio is computed by dividing the sum of total liabilities and non-controlling interests by total assets.

THE SOURCE OF LIQUID CAPITAL

The parent company is a holding company and, with the exception of investment activities, does not engage in any substantive business operations itself. The sources of the parent company's cash inflow are mainly capital financing, dividends from its subsidiaries, short-term borrowings and the income from its investment. The focuses of parent company's liquidity management are its asset allocation status, with the exception of investment in subsidiaries, and asset liquidity. The parent company maintains liquidity through managing the liquidation process of the assets. In addition, borrowings and assets sold under agreements to repurchase also constitute part of the parent company's liquidity sources in the daily operation.

The Group manages its investment assets through strategic asset allocation. As part of their strategic asset allocation, the Group and its subsidiaries all maintain a certain proportion of high liquidity assets to meet their liquidity needs.

The Company's financing capability is an important part of the management of its liquidity and financial resources. The Company centrally manages all financing activities of the Group as a whole.

THE USE OF LIQUID CAPITAL

The use of the Company's liquid capital mainly refers to equity investment in subsidiaries, operating expenses, income tax, dividends distribution to shareholders and reimbursement of short-term borrowings.

CASH FLOW ANALYSIS

For the six months ended
June 30 (in RMB million)

	2014	2013
Net cash flows from operating activities	125,062	105,856
Net cash flows from investing activities	(148,887)	(149,657)
Net cash flows from financing activities	60,374	(18,345)

Net cash inflows from operating activities increased by 18.1% to RMB125,062 million in the first half of 2014 from RMB105,856 million in the same period in 2013. This was mainly affected by the development of business.

For the financing activities, there were net cash inflows of RMB60,374 million in the first half of 2014, while net cash outflows of RMB18,345 million in the same period in 2013. This was mainly due to the increase in cash inflows from repurchase transactions of insurance business. In addition, in the first half of 2014, Ping An Life issued RMB8 billion subordinated bonds and Ping An Bank issued RMB15 billion tier-2 capital bonds.

CASH AND CASH EQUIVALENTS

(in RMB million)

	June 30, 2014	December 31, 2013
Cash	150,447	141,786
Assets purchased under agreements to resell with original maturity less than 3 months and others	131,863	103,091
Total cash and cash equivalents	282,310	244,877

The Group believes that the liquid assets currently held, together with the net cash generated from future operations, and the availability of short-term borrowings, can sufficiently meet the expected liquidity requirements of the Group.

GROUP SOLVENCY MARGIN

The insurance group solvency margin represents the consolidated solvency margin calculated as if the Company and its subsidiaries, joint ventures and associates were a single reporting entity. The group solvency margin ratio is an important regulatory measure of an insurance group's capital adequacy, calculated by dividing the actual capital of the insurance group by its minimum capital requirement.

According to the "Measure of Management of Solvency on Insurance Companies" issued by the CIRC, an insurance company is required to have a level of capital commensurate with its risk and business scale, to ensure the solvency margin ratio is not less than 100%. As at June 30, 2014, the Group's solvency margin ratio was 186.6%, maintaining at an adequate level.

The following table sets out the relevant data in relation to the solvency of the Group:

(in RMB million)	June 30, 2014	December 31, 2013
Actual capital	306,249	264,163
Minimum capital	164,120	151,452
Solvency margin ratio (regulatory requirement $\geq 100\%$)	186.6%	174.4%

The Group's solvency ratio increased by 12.2 percentage points as compared with the end of 2013, mainly because of the successful issuance of RMB8 billion subordinated bonds by Ping An Life and RMB15 billion tier-2 capital bonds by Ping An Bank in the first half of 2014.

Changes in the Share Capital and Shareholders' Profile

SHAREHOLDINGS DISCLOSED UNDER A SHARES REGULATORY REQUIREMENTS

Changes in Share Capital

Statement of changes in share capital

Unit: shares	January 1, 2014		Change during the Reporting Period				June 30, 2014		
	Number of shares	Percentage(%)	Issue of new shares	Bonus issue	Transfer from reserve	Others	Sub-total	Number of shares	Percentage(%)
I. Selling-restricted shares	-	-	-	-	-	-	-	-	-
II. Selling-unrestricted shares									
1. RMB ordinary shares	4,786,409,636	60.46	-	-	-	+6,443 ⁽¹⁾	+6,443	4,786,416,079	60.46
2. Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign shares	3,129,732,456	39.54	-	-	-	-	-	3,129,732,456	39.54
4. Others	-	-	-	-	-	-	-	-	-
Total	7,916,142,092	100.00	-	-	-	+6,443 ⁽¹⁾	+6,443	7,916,148,535	100.00
III. Total number of shares	7,916,142,092	100.00	-	-	-	+6,443 ⁽¹⁾	+6,443	7,916,148,535	100.00

⁽¹⁾ The additional 6,443 shares during the reporting period resulted from the conversion of A Share Convertible Bonds issued by the Company in 2013.

Share issuance and listing

Share issuance of the Company

There was no public issuance of shares during the reporting period.

Timetable for listing and circulation of selling-restricted shares

As at the end of the reporting period, the Company had no selling-restricted shares.

Total number of shares and changes in shareholding structure of the Company

During the reporting period, the total number of shares of the Company increased by 6,443 shares due to the conversion of the Company's A Share Convertible Bonds. As at June 30, 2014, the total share capital of the Company was 7,916,148,535 shares, of which 4,786,416,079 were A shares, and 3,129,732,456 were H shares.

Existing staff shares

As at the end of the reporting period, the Company had no staff shares.

Shareholders' Information

Number of shareholders and their shareholdings

Total number of shareholders as at the end of the reporting period

246,821 shareholders (of which there were 241,507 domestic shareholders)

Shareholdings of top ten shareholders as at the end of reporting period

Name of shareholder	Nature of shareholder	Shareholding percentage(%)	Total number of shares held	Type of shares	Change during the reporting period (+, -)	Number of selling-restricted shares held	Number of pledged or frozen shares
Shenzhen Investment Holdings Co., Ltd.	State	6.08	481,359,551	A shares	-	-	239,980,000 Pledged shares
All Gain Trading Limited	Overseas legal person	4.98	394,500,996	H shares	-	-	394,500,996 Pledged shares
Business Fortune Holdings Limited	Overseas legal person	3.11	246,563,123	H shares	-	-	246,563,123 Pledged shares
Bloom Fortune Group Limited	Overseas legal person	3.02	239,089,199	H shares	-	-	239,089,199 Pledged shares
Linzhi New Horse Investment Development Co., Ltd.	Domestic non-state-owned legal person	2.29	181,643,000	A shares	-20,590,499	-	80,000,000 Pledged shares
Shum Yip Group Limited	State-owned legal person	2.11	166,665,065	A shares	-	-	-
Gongbujiangda Jiangnan Industrial Development Co., Ltd.	Domestic non-state-owned legal person	1.24	98,112,886	A shares	-41,000,000	-	69,000,000 Pledged shares
Temasek Fullerton Alpha PTE Ltd.	QFII	1.17	92,753,762	A shares	+18,663,790	-	-
Linzhi Jingao Industrial Development Co., Ltd.	Domestic non-state-owned legal person	1.08	85,600,000	A shares	-10,253,412	-	-
Huaxia Life Insurance Co., Ltd.- Universal Insurance Products	Insurance products	0.86	67,843,296	A shares	+31,197,218	-	-

Explanation of the connected relationship or acting-in-concert relationship of the above shareholders:

All Gain Trading Limited, Business Fortune Holdings Limited and Bloom Fortune Group Limited are the indirect wholly-owned subsidiaries of CP Group Ltd., which also holds 89.81% of the shares of Gongbujiangda Jiangnan Industrial Development Co., Ltd. through its wholly-owned subsidiary Linzhi Zhengda Global Investment Co., Ltd.. Gongbujiangda Jiangnan Industrial Development Co., Ltd. and All Gain Trading Limited, Business Fortune Holdings Limited, Bloom Fortune Group Limited are of acting-in-concert relationship since they are under common control.

Save as the above, the Company is not aware of any connected relationship or acting-in-concert relationship among the above-mentioned shareholders.

Changes in the Share Capital and Shareholders' Profile

Particulars of controlling shareholder and de facto controller

The shareholding structure of the Company is relatively scattered. There is no controlling shareholder, nor de facto controller.

Information on shareholders holding more than 10% of equity interest of the Company

Of the top ten shareholders, All Gain Trading Limited, Business Fortune Holdings Limited and Bloom Fortune Group Limited are the indirect wholly-owned subsidiaries of CP Group Ltd.. As at June 30, 2014, the total number of the Company's H shares held by these three companies amounted to 880,153,318, accounting for approximately 11.12% of the total share capital of 7,916,148,535 of the Company. Meanwhile, 98,112,886 A shares of the Company, accounting for 1.24% of the Company's share capital, were held by Gongbujiangda Jiangnan Industrial Development Co., Ltd., whose 89.81% shares are held by CP Group Ltd. through its wholly-owned subsidiary Linzhi Zhengda Global Investment Co., Ltd.. Therefore, CP Group Ltd. in total held 12.36% of the total share capital of the Company indirectly as at June 30, 2014.

As at the end of the reporting period, there was no any other shareholder who held more than 10% of the total share capital of the Company.

A Share Convertible Bonds

Top ten holders of A Share Convertible Bonds at the end of reporting period

As at June 30, 2014, there were 13,196 holders of A Share Convertible Bonds in total, and the top ten holders of A Share Convertible Bonds are set out below:

Name of holder of A Share Convertible Bonds	Holding amount at the end of reporting period (RMB)	Percentage to the balance of A Share Convertible Bonds(%)	Amount of pledged or frozen bonds (RMB)
GIC PRIVATE LIMITED	1,189,395,000	4.57	-
Industrial Bank Co., Ltd. - Xingquan Trend Investment Mixed Securities Investment Fund	1,154,228,000	4.44	Pledged 1,154,227,000
UBS AG	987,645,000	3.80	-
Huaxia Life Insurance Co., Ltd - Universal Insurance Products	830,648,000	3.19	-
China Life Insurance Company Limited - Dividend - Personal Dividend - 005L - FH002Hu	542,680,000	2.09	-
China Construction Bank - Yinhua - Dow Jones China 88 Select Equity Fund	534,231,000	2.05	-
LI Li	473,189,000	1.82	Pledged 473,189,000
China Life Insurance Company Limited - Dividend - Group Dividend - 005L - FH001Hu	444,296,000	1.71	-
China Pacific Insurance (Group) Co., Ltd. - Conventional - General Insurance Products	438,700,000	1.69	-
Industrial and Commercial Bank of China Ltd. - Xingquan Convertible Bonds Mixed Securities Investment Fund	355,173,000	1.37	-

Note: Pursuant to relevant requirements of the Notice on Participation of Convertible Corporate Bonds in Collateralized Bond Repurchase Business stipulated by SSE, the A Share Convertible Bonds of the Company have participated in collateralized bond repurchase since December 9, 2013. The above data has been summed up by the Company according to the register of holders of the A Share Convertible Bonds provided by the China Securities Depository and Clearing Corporation Limited and the information on holders of specific accounts for collateralized bond repurchase of settlement participants.

Guarantor of A Share Convertible Bonds

There is no guarantor of A Share Convertible Bonds.

Accumulated converted shares from A Share Convertible Bonds during the reporting period

The conversion period of A Share Convertible Bonds issued by the Company in 2013 commenced on May 23, 2014 and will end on November 22, 2019. As at June 30, 2014, there were 6,443 shares issued as a result of conversion from A Share Convertible Bonds. The details are set as below:

Abbreviation of A Share Convertible Bonds	Balance amount of A Share Convertible Bonds at January 1, 2014 (RMB)	Change during the reporting period				Shares Converted during the reporting period (Shares)	Accumulated shares converted (Shares)	Accumulated Converted shares/ Company's shares in issue before the Conversion	Balance amount of A Share Convertible Bonds at June 30, 2014 (RMB)	Unconverted shares/total A Share Convertible Bonds issued
		Converted (RMB)	Redeemed (RMB)	Bought back (RMB)	Others (RMB)					
Ping An Convertible Bonds	26,000,000,000	267,000	-	-	-	6,443	6,443	0.00008%	25,999,733,000	99.99897%

Conversion price adjustment of A Share Convertible Bonds during the reporting period

The A Share Convertible Bonds issued by the Company in 2013 have an initial conversion price of RMB41.33 per share. The 2013 annual general meeting of the Company considered and passed the profit distribution proposal of the Company for the year 2013. It was decided to distribute a 2013 final dividend to all shareholders, with a cash dividend of RMB0.45 per share (tax inclusive). According to the relevant terms and regulations of the "Prospectus in relation to the Public Issuance of A Share Convertible Corporate Bonds (including Subordinated Terms) of Ping An Insurance (Group) Company of China, Ltd.", after the issue of the A Share Convertible Bonds of the Company, when the Company distributes cash dividends, the conversion price shall be adjusted downwards by subtracting the cash dividend amount from the initial conversion price. As the Company's A share profit distribution for the year 2013 has already been completed on June 26, 2014 (the registration date for dividend rights), according to the above regulations, the conversion price of A Share Convertible Bonds has been adjusted from RMB41.33 per share to RMB40.88 per share on June 27, 2014 (the ex-dividend date of the dividend distribution).

Conversion price adjustment date	Conversion price after adjustment	Time of disclosure	Explanation on conversion price adjustment	Disclosure through the Media
June 27, 2014	RMB40.88 per share	June 20, 2014	Final dividend distribution of 2013	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily

The status of the Company's liability, change of credit and the fund arrangement for repayment in the future

Dagong Global Credit Rating Co., Ltd. has tracked the credit ratings on the A Share Convertible Bonds issued by the Company and published the "Credit Rating Tracking Report in relation to the 2013 A Share Convertible Corporate Bonds (including subordinated terms) of Ping An Insurance (Group) Company of China, Ltd." (Da Gong Bao SD[2014]No.066) on April 24, 2014, which reaffirmed a credit rating of AAA on the A Share Convertible Bonds and a credit rating of AAA on the issue entity, with rating outlook remaining stable. According to the rating results, the A Share Convertible Bonds can still be used as pledging bonds in pledge-style repo of bonds.

The primary funds to repay the interest of A Share Convertible Bonds come from cash flows generated from operating activities of the Company. In the last three years, the principal businesses of the Company have achieved outstanding performance with a healthy financial condition and the operating activities have created adequate cash flows, which enhanced our ability of repayment.

The Company has attached great importance to liquidity management on a long term basis. We established fund management system in line with our development strategy and risk control requirements based on the characteristics and market environment of insurance industry. We resolved to make sure that we have sufficient fund to meet up the requirements for compensation, payments and operation fees paid in routine operation and are capable of obtaining cash. In light of the scale of the A Share Convertible Bonds, based on reasonable interest rate, we estimated that the cash flows generated from operating activities are sufficient to pay debts when they are due.

Changes in the Share Capital and Shareholders' Profile

SHAREHOLDINGS DISCLOSED UNDER H SHARES REGULATORY REQUIREMENTS

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

As far as is known to any Director or Supervisor of the Company, as at June 30, 2014, the following persons (other than the Directors, Supervisors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interests and short positions of substantial shareholders who are entitled to exercise or control the exercise of 10% or more of the voting power at any general meeting of the Company

Name of substantial shareholder	H/A Shares	Capacity	Notes	Number of H/A shares	Nature of interest	Percentage of total number of H/A shares in issue (%)	Percentage of total shares in issue (%)
Charoen Pokphand Group Company Limited ("CP Group Ltd.")	H	Interest of controlled corporations		1,182,815,613	Long position	37.79	14.94
		Party to s317 agreement		50,000,000	Long position	1.60	0.63
		Total:	(1), (2), (3)	1,232,815,613		39.39	15.57
		Interest of controlled corporations	(1)	302,662,295	Short position	9.67	3.82
Dhanin Chearavanont	H	Party to s317 agreement		1,182,815,613	Long position	37.79	14.94
		Interest of controlled corporations		50,000,000	Long position	1.60	0.63
		Total:	(1), (2), (3)	1,232,815,613		39.39	15.57
		Party to s317 agreement	(3)	302,662,295	Short position	9.67	3.82
King Ace International Limited	H	Party to s317 agreement		1,182,815,613	Long position	37.79	14.94
		Interest of controlled corporations		50,000,000	Long position	1.60	0.63
		Total:	(1), (2), (3)	1,232,815,613		39.39	15.57
		Party to s317 agreement	(3)	302,662,295	Short position	9.67	3.82

Interests and short positions of other substantial shareholders

Name of substantial shareholder	H/A Shares	Capacity	Notes	Number of H/A shares	Nature of interest	Percentage of total number of H/A shares in issue (%)	Percentage of total shares in issue (%)
All Gain Trading Limited	H	Beneficial owner	(1), (2)	394,500,996	Long position	12.60	4.98
Easy Boom Developments Limited	H	Beneficial owner	(1), (2)	302,662,295	Long position	9.67	3.82
Business Fortune Holdings Limited	H	Beneficial owner	(1), (2)	246,563,123	Long position	7.88	3.11
Bloom Fortune Group Limited	H	Beneficial owner	(1), (2)	239,089,199	Long position	7.64	3.02
JPMorgan Chase & Co.	H	Beneficial owner		87,981,264	Long position	2.81	1.11
		Investment Manager		100,188,554	Long position	3.20	1.27
		Trustee		1,340	Long position	0.00	0.00
		Custodian		120,050,381	Lending Pool	3.83	1.52
		Total:	(4)	308,221,539		9.84	3.90
		Beneficial owner	(4)	111,257,887	Short position	3.55	1.41
UBS AG	H	Beneficial owner		243,796,637	Long position	7.79	3.08
		Person having a security interest in shares		8,878,040	Long position	0.28	0.11
		Interest of controlled corporations	(5)	42,759,377	Long position	1.37	0.54
		Total:	(5)	295,434,054		9.44	3.73
		Beneficial owner	(5)	507,503,138	Short position	16.22	6.41
Deutsche Bank Aktiengesellschaft	H	Beneficial owner		166,597,280	Long position	5.32	2.11
		Person having a security interest in shares		3,276,886	Long position	0.11	0.04
		Interest of controlled corporations	(6)	6,673,578	Long position	0.21	0.08
		Custodian		3,119,086	Lending Pool	0.10	0.04
		Other		388,500	Long position	0.01	0.00
		Total:	(6)	180,055,330		5.75	2.27
		Beneficial owner	(6)	145,774,488	Short position	4.66	1.84
BlackRock, Inc.	H	Interest of controlled corporations	(7)	160,069,612	Long position	5.11	2.02
				1,032,500	Short position	0.03	0.01
Shenzhen Investment Holdings Co., Ltd.	A	Beneficial owner		481,359,551	Long position	10.06	6.08

Changes in the Share Capital and Shareholders' Profile

Notes:

- (1) All Gain Trading Limited, Easy Boom Developments Limited, Business Fortune Holdings Limited and Bloom Fortune Group Limited were the indirect wholly-owned subsidiaries of CP Group Ltd. and their respective interests in 394,500,996 H shares (Long position), 302,662,295 H shares (Long position), 246,563,123 H shares (Long position) and 239,089,199 H shares (Long position) of the Company were deemed to be the interest of CP Group Ltd.. The entire interests of CP Group Ltd. in the Company included 302,662,295 H shares (Short position) which were held through derivatives, the category of which is through physically settled unlisted securities. In addition, CP Group Ltd. is also deemed to be interested in 50,000,000 H shares (Long position) by virtue of section 317 of the SFO.
- (2) All Gain Trading Limited, Easy Boom Developments Limited, Business Fortune Holdings Limited and Bloom Fortune Group Limited were wholly owned by Chia Tai Primrose Investment Limited, a wholly-owned subsidiary of Chia Tai Primrose Holdings Limited. Chia Tai Primrose Holdings Limited was wholly owned by Chia Tai Giant Far Limited, a wholly-owned subsidiary of Chia Tai Resources Holdings Limited. Chia Tai Resources Holdings Limited was wholly owned by CPG Overseas Company Limited, which was in turn wholly owned by CP Group Ltd..
- (3) Boom Dragon Limited and Long Growth Global Limited held 25,000,000 H shares (Long position) in the Company, respectively, both of which were wholly owned by King Ace International Limited, which was in turn wholly owned by Dhanin Chearavanont. In addition, King Ace International Limited and Dhanin Chearavanont are also deemed to be interested in 1,182,815,613 H shares (Long position) by virtue of section 317 of the SFO.
- (4) JPMorgan Chase & Co. was deemed to be interested in a total of 308,221,539 H shares (Long position) and 111,257,887 H shares (Short position) in the Company by virtue of its control over several corporations.

According to the disclosure form filed by JPMorgan Chase & Co. on May 15, 2014, the following interests in H shares were held by JPMorgan Chase & Co. through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest	Nature of interest	Number of shares
J.P. Morgan Clearing Corp	J.P. Morgan Securities LLC	100.00	Y	Long position	349,357
				Short position	-
JF International Management Inc.	JPMorgan Asset Management (Asia) Inc.	100.00	Y	Long position	1,291,500
				Short position	-
JF Asset Management Limited	JPMorgan Asset Management (Asia) Inc.	100.00	Y	Long position	36,644,000
				Short position	-
JPMorgan Asset Management (Japan) Limited	JPMorgan Asset Management (Asia) Inc.	100.00	Y	Long position	1,778,500
				Short position	-
JPMorgan Asset Management (Taiwan) Limited	JPMorgan Asset Management (Asia) Inc.	100.00	Y	Long position	3,022,000
				Short position	-
J.P. Morgan Investment Management Inc.	JPMorgan Asset Management Holdings Inc	100.00	Y	Long position	20,764,170
				Short position	-
J.P. Morgan Whitefriars Inc.	J.P. Morgan Overseas Capital Corporation	100.00	Y	Long position	41,478,978
				Short position	41,898,375
J.P. Morgan Securities plc	J.P. Morgan Capital Financing Limited	0.69	Y	Long position	46,152,929
				Short position	69,359,512
Bank One International Holdings Corporation	J.P. Morgan International Inc.	100.00	N	Long position	87,631,907
				Short position	111,257,887
J.P. Morgan International Inc.	JPMorgan Chase Bank, N.A.	100.00	N	Long position	87,631,907
				Short position	111,257,887
J.P. Morgan Chase International Holdings	J.P. Morgan Chase (UK) Holdings Limited	100.00	N	Long position	46,152,929
				Short position	69,359,512
J.P. Morgan Securities plc	J.P. Morgan Chase International Holdings	99.31	Y	Long position	46,152,929
				Short position	69,359,512
JPMorgan Chase Bank, N.A.	JPMorgan Chase & Co.	100.00	Y	Long position	126,179,371
				Short position	-
JPMorgan Asset Management (UK) Limited	JPMorgan Asset Management Holdings (UK) Limited	100.00	Y	Long position	26,057,000
				Short position	-
China International Fund Management Co Ltd	JPMorgan Asset Management (UK) Limited	49.00	Y	Long position	3,554,500
				Short position	-
JPMorgan Funds Management, Inc.	JPMorgan Distribution Services, Inc.	100.00	Y	Long position	157,734
				Short position	-

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest	Nature of interest	Number of shares
JPMorgan Asset Management (Singapore) Limited	JPMorgan Asset Management (Asia) Inc.	100.00	Y	Long position Short position	791,500 -
J.P. Morgan Capital Financing Limited	JPMorgan Chase & Co.	100.00	N	Long position Short position	46,152,929 69,359,512
J.P. Morgan Securities LLC	J.P. Morgan Broker-Dealer Holdings Inc	100.00	N	Long position Short position	349,357 -
J.P. Morgan Broker-Dealer Holdings Inc	JPMorgan Chase & Co.	100.00	N	Long position Short position	349,357 -
J.P. Morgan Capital Holdings Limited	J.P. Morgan International Finance Limited	100.00	N	Long position Short position	46,152,929 69,359,512
JPMorgan Asset Management Holdings Inc	JPMorgan Chase & Co.	100.00	N	Long position Short position	93,903,170 -
JPMorgan Asset Management (Asia) Inc.	JPMorgan Asset Management Holdings Inc	100.00	N	Long position Short position	43,527,500 -
J.P. Morgan Chase (UK) Holdings Limited	J.P. Morgan Capital Holdings Limited	100.00	N	Long position Short position	46,152,929 69,359,512
JPMorgan Asset Management Holdings (UK) Limited	JPMorgan Asset Management International Limited	100.00	N	Long position Short position	29,611,500 -
J.P. Morgan Overseas Capital Corporation	J.P. Morgan International Finance Limited	100.00	N	Long position Short position	41,478,978 41,898,375
JPMorgan Asset Management International Limited	JPMorgan Asset Management Holdings Inc	100.00	N	Long position Short position	29,611,500 -
JPMorgan Chase Bank, N.A.	JPMorgan Chase & Co.	100.00	N	Long position Short position	87,631,907 111,257,887
J.P. Morgan International Finance Limited	Bank One International Holdings Corporation	100.00	N	Long position Short position	87,631,907 111,257,887
JPMorgan Asset Management (UK) Limited	JPMorgan Asset Management Holdings (UK) Limited	100.00	N	Long position Short position	3,554,500 -
JPMorgan Distribution Services, Inc.	JPMorgan Chase & Co.	100.00	N	Long position Short position	157,734 -

The entire interests and short positions of JPMorgan Chase & Co. in the Company included a lending pool of 120,050,381 H shares (Long position). Besides, 51,301,164 H shares (Long position) and 104,807,886 H shares (Short position) were held through derivatives as follows:

- 6,944,724 H shares (Long position) and 2,933,500 H shares (Short position) - through physically settled listed securities
- 111,000 H shares (Long position) and 13,460,000 H shares (Short position) - through cash settled listed securities
- 1,123,416 H shares (Long position) and 137,808 H shares (Short position) - through physically settled unlisted securities
- 43,122,024 H shares (Long position) and 88,276,578 H shares (Short position) - through cash settled unlisted securities

Changes in the Share Capital and Shareholders' Profile

- (5) UBS AG was deemed to be interested in a total of 42,759,377 H shares (Long position) in the Company through a number of its direct wholly-owned subsidiaries.

According to the disclosure form filed by UBS AG on June 27, 2014, the following interests in H shares were held by UBS AG through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest	Nature of interest	Number of shares
UBS Fund Management (Switzerland) AG	UBS AG	100.00	Y	Long position	3,670,500
				Short position	-
UBS Fund Services (Luxembourg) S.A.	UBS AG	100.00	Y	Long position	2,757,400
				Short position	-
UBS Global Asset Management (Americas) Inc.	UBS AG	100.00	Y	Long position	3,984,000
				Short position	-
UBS Global Asset Management (Australia) Ltd	UBS AG	100.00	Y	Long position	121,500
				Short position	-
UBS Global Asset Management (Canada) Inc.	UBS AG	100.00	Y	Long position	5,118,424
				Short position	-
UBS Global Asset Management (Hong Kong) Limited	UBS AG	100.00	Y	Long position	4,398,635
				Short position	-
UBS Global Asset Management (Japan) Ltd	UBS AG	100.00	Y	Long position	1,513,052
				Short position	-
UBS Global Asset Management (Singapore) Ltd	UBS AG	100.00	Y	Long position	9,515,500
				Short position	-
UBS Global Asset Management Trust Company	UBS AG	100.00	Y	Long position	613,000
				Short position	-
UBS Global Asset Management (UK) Ltd	UBS AG	100.00	Y	Long position	10,753,500
				Short position	-
UBS Global Asset Management (Deutschland) GmbH	UBS AG	100.00	Y	Long position	12,500
				Short position	-
UBS Financial Services Inc.	UBS AG	100.00	Y	Long position	1,366
				Short position	-
UBS Bank (Canada)	UBS AG	100.00	Y	Long position	13,000
				Short position	-
UBS Swiss Financial Advisers AG	UBS AG	100.00	Y	Long position	287,000
				Short position	-

Besides, 184,530,110 H shares (Long position) and 507,503,138 H shares (Short position) were held through derivatives as follows:

2,915,620 H shares (Long position) and 1,650,000 H shares (Short position)	-	through physically settled listed securities
1,046,850 H shares (Long position) and 5,222,703 H shares (Short position)	-	through cash settled listed securities
7,792,675 H shares (Long position) and 16,728,953 H shares (Short position)	-	through physically settled unlisted securities
172,774,965 H shares (Long position) and 483,901,482 H shares (Short position)	-	through cash settled unlisted securities

- (6) Deutsche Bank Aktiengesellschaft was deemed to be interested in a total of 6,673,578 H shares (Long position) in the Company by virtue of its control over several corporations.

According to the disclosure form filed by Deutsche Bank Aktiengesellschaft on February 6, 2014, the following interests in H shares were held by Deutsche Bank Aktiengesellschaft through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest	Nature of interest	Number of shares
DB Finanz-Holding GmbH	Deutsche Bank Aktiengesellschaft	100.00	N	Long position Short position	2,821,798 -
DWS Holding & Service GmbH	DB Finanz-Holding GmbH	51.00	N	Long position Short position	2,821,798 -
DB Capital Markets (Deutschland) GmbH	Deutsche Bank Aktiengesellschaft	100.00	N	Long position Short position	2,941,798 -
DWS Holding & Service GmbH	DB Capital Markets (Deutschland) GmbH	49.00	N	Long position Short position	2,821,798 -
Deutsche Asset & Wealth Management Investment GmbH	DWS Holding & Service GmbH	100.00	Y	Long position Short position	2,821,798 -
Sal. Oppenheim jr. & Cie. AG & Co. Kommanditgesellschaft auf Aktiengesellschaft	DB Capital Markets (Deutschland) GmbH	100.00	N	Long position Short position	120,000 -
Sal. Oppenheim jr. & Cie. Luxembourg S.A.	Sal. Oppenheim jr. & Cie. AG & Co. Kommanditgesellschaft auf Aktiengesellschaft	100.00	N	Long position Short position	120,000 -
Oppenheim Asset Management Services S.a.r.l	Sal. Oppenheim jr. & Cie. Luxembourg S.A.	100.00	Y	Long position Short position	120,000 -
Deutsche Bank Luxembourg S.A.	Deutsche Bank Aktiengesellschaft	100.00	N	Long position Short position	281,000 -
DWS Investment S.A., Luxembourg	Deutsche Bank Luxembourg S.A.	100.00	Y	Long position Short position	281,000 -
Deutsche Finance No. 2 Limited	Deutsche Bank Aktiengesellschaft	100.00	N	Long position Short position	296,000 -
Deutsche Holdings No. 4 Limited	Deutsche Finance No. 2 Limited	94.90	N	Long position Short position	296,000 -
Abbey Life Assurance Company Limited	Deutsche Holdings No. 4 Limited	100.00	Y	Long position Short position	296,000 -
Taunus Corporation	Deutsche Bank Aktiengesellschaft	100.00	N	Long position Short position	91,000 -
Deutsche Bank Americas Holding Corp.	Taunus Corporation	100.00	N	Long position Short position	91,000 -
Deutsche Investment Management Americas Inc.	Deutsche Bank Americas Holding Corp.	100.00	Y	Long position Short position	91,000 -
DB Valoren S.a.r.l	Deutsche Bank Aktiengesellschaft	100.00	N	Long position Short position	3,074,594 -
Deutsche Asia Pacific Holdings Pte Ltd	DB Valoren S.a.r.l	100.00	N	Long position Short position	1,075,807 -
Deutsche Asset Management (Asia) Limited	Deutsche Asia Pacific Holdings Pte Ltd	100.00	Y	Long position Short position	1,075,807 -

Changes in the Share Capital and Shareholders' Profile

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest	Nature of interest	Number of shares
DB UK PCAM Holdings Limited	Deutsche Bank Aktiengesellschaft	100.00	N	Long position	1,983,473
				Short position	-
Deutsche Asset Management Group Limited	DB UK PCAM Holdings Limited	100.00	N	Long position	1,983,473
				Short position	-
Deutsche Asset Management (Korea) Company Limited	Deutsche Asset Management Group Limited	100.00	Y	Long position	3,219
				Short position	-
Deutsche Asset Management (UK) Limited	Deutsche Asset Management Group Limited	100.00	Y	Long position	1,980,254
				Short position	-
DWS Investment S.A., Luxembourg	Deutsche Bank Luxembourg S.A.	100.00	N	Long position	4,500
				Short position	-
DWS Invest II	DWS Investment S.A. Luxemburg	100.00	Y	Long position	4,500
				Short position	-

The entire interests and short positions of Deutsche Bank Aktiengesellschaft in the Company included a lending pool of 3,119,086 H shares (Long position). Besides, 151,648,658 H shares (Long position) and 145,774,488 H shares (Short position) were held through derivatives as follows:

1,149,970 H shares (Long position) and 50,000 H shares (Short position) - through physically settled listed securities

135,100,988 H shares (Long position) and 135,100,988 H shares (Short position) - through cash settled listed securities

15,397,700 H shares (Long position) and 10,623,500 H shares (Short position) - through cash settled unlisted securities

- (7) BlackRock, Inc. was deemed to be interested in a total of 160,069,612 H shares (Long position) and 1,032,500 H shares (Short position) in the Company by virtue of its control over several corporations.

According to the disclosure form filed by BlackRock, Inc. on July 1, 2014, the following interests in H shares were held by BlackRock, Inc. through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest	Nature of interest	Number of shares
Trident Merger, LLC	Blackrock Inc.	100.00	N	Long position	1,172,500
BlackRock Investment Management, LLC.	Trident Merger, LLC	100.00	Y	Long position	1,172,500
BlackRock Holdco 2 Inc.	Blackrock Inc.	100.00	N	Long position	158,897,112
				Short position	1,032,500
BlackRock Financial Management, Inc.	BlackRock Holdco 2 Inc.	100.00	Y	Long position	158,897,112
				Short position	1,032,500
BlackRock Holdco 4 LLC	BlackRock Financial Management, Inc.	100.00	N	Long position	87,961,500
				Short position	9,000
BlackRock Holdco 6 LLC	BlackRock Holdco 4 LLC	100.00	N	Long position	87,961,500
				Short position	9,000
BlackRock Delaware Holdings, Inc.	BlackRock Holdco 6 LLC	100.00	N	Long position	87,961,500
				Short position	9,000
BlackRock Institutional Trust Company, N.A.	BlackRock Delaware Holdings, Inc.	100.00	Y	Long position	37,046,500
				Short position	9,000
BlackRock Fund Advisors	BlackRock Delaware Holdings, Inc.	100.00	Y	Long position	50,915,000

Name of controlled corporation	Name of controlling shareholder	% control	Direct interest	Nature of interest	Number of shares
BlackRock Advisors Holdings Inc.	BlackRock Financial Management, Inc.	100.00	N	Long position	68,561,112
				Short position	1,023,500
BlackRock Capital Holdings, Inc.	BlackRock Advisors Holdings Inc.	100.00	N	Long position	5,760,500
				Short position	1,023,500
BlackRock Advisors, LLC	BlackRock Capital Holdings, Inc.	100.00	Y	Long position	5,760,500
				Short position	1,023,500
BlackRock Institutional Management Corporation	BlackRock Advisors, LLC	100.00	N	Long position	94,000
BlackRock Capital Management	BlackRock Institutional Management Corporation	100.00	Y	Long position	94,000
BlackRock International Holdings Inc.	BlackRock Advisors Holdings Inc.	100.00	N	Long position	62,800,612
BR Jersey International LP	BlackRock International Holdings Inc.	100.00	N	Long position	62,800,612
BlackRock (Channel Islands) Ltd	BR Jersey International LP	100.00	Y	Long position	426,500
BlackRock Cayco Ltd.	BR Jersey International LP	100.00	N	Long position	1,621,000
BlackRock Trident Holding Company Limited	BlackRock Cayco Ltd.	100.00	N	Long position	1,621,000
BlackRock Japan Holdings GK	BlackRock Trident Holding Company Limited	100.00	N	Long position	1,621,000
BlackRock Japan Co Ltd	BlackRock Japan Holdings GK	100.00	Y	Long position	1,621,000
BlackRock (Institutional) Canada Ltd	BR Jersey International LP	100.00	N	Long position	271,500
BlackRock Holdings Canada Limited	BlackRock (Institutional) Canada Ltd	100.00	N	Long position	271,500
BlackRock Asset Management Canada Limited	BlackRock Holdings Canada Limited	100.00	N	Long position	271,500
BlackRock Australia Holdco Pty Ltd	BR Jersey International LP	100.00	N	Long position	389,000
BlackRock Investment Management (Australia) Limited	BlackRock Australia Holdco Pty Ltd	100.00	Y	Long position	389,000
BlackRock HK Holdco Limited	BR Jersey International LP	100.00	N	Long position	18,686,692
BlackRock Asset Management North Asia Limited	BlackRock HK Holdco Limited	100.00	Y	Long position	18,686,692
BlackRock Group Limited	BR Jersey International LP	100.00	N	Long position	41,405,920
BlackRock (Netherlands) B.V.	BlackRock Group Limited	100.00	Y	Long position	402,000
BlackRock Advisors (UK) Limited	BlackRock Group Limited	100.00	Y	Long position	14,058,831
BlackRock International Limited	BlackRock Group Limited	100.00	Y	Long position	1,153,000
BlackRock Luxembourg Holdco S.a.r.l.	BlackRock Group Limited	100.00	N	Long position	21,462,589
BlackRock Investment Management Ireland Holdings Ltd	BlackRock Luxembourg Holdco S.a.r.l.	100.00	N	Long position	15,144,589
BlackRock Asset Management Ireland Limited	BlackRock Investment Management Ireland Holdings Ltd	100.00	Y	Long position	15,144,589
BlackRock (Luxembourg) S.A.	BlackRock Luxembourg Holdco S.a.r.l.	100.00	Y	Long position	6,318,000
BlackRock Investment Management (UK) Ltd	BlackRock Group Limited	100.00	Y	Long position	4,329,500
BlackRock Holdings Deutschland GmbH	BlackRock Investment Management (UK) Ltd	100.00	N	Long position	233,000
BlackRock Asset Management Deutschland AG	BlackRock Holdings Deutschland GmbH	100.00	Y	Long position	233,000
BlackRock Fund Managers Ltd	BlackRock Investment Management (UK) Ltd	100.00	Y	Long position	1,375,000

Besides, 1,086,000 H shares (Long position) were held through derivatives, the category of which is through cash settled listed securities and 1,023,500 H shares (Short position) were held through derivatives, the category of which is through physically settled listed securities.

Save as disclosed above, the Company is not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) having any interest or short position in the shares and underlying shares of the Company as at June 30, 2014 which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Directors, Supervisors and Senior Management

CHANGES IN THE NUMBER OF SHARES, SHARE OPTIONS AND RESTRICTED SHARES HELD BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN THE COMPANY OR ASSOCIATED CORPORATIONS OF THE COMPANY DURING THE REPORTING PERIOD

Direct Shareholding

As at June 30, 2014, the interests of the Directors, Supervisors and Senior Management of the Company in the shares of the Company which shall be disclosed pursuant to the “Standard Concerning the Contents and Formats of Information Disclosure by Listed Companies No. 3 – The Contents and Formats of Interim Report (Revised in 2014)” issued by CSRC; and the interests and short positions of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which shall have been notified to the Company and HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors, Supervisors or chief executive of the Company are taken as or deemed to have under such provisions of the SFO, or which are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise required to be notified by the Directors, Supervisors and chief executive to the Company and HKEx pursuant to the Model Code, were as follows:

Changes in the number of shares, share options and restricted shares held in the Company

Name	Position	Capacity	H/A shares	Number of shares held at the beginning of the period	Number of shares held at the end of the period	Change	Reason for the change	Nature of interest	Percentage to total issued H/A shares (%)	Percentage to total issued shares (%)
Ma Mingzhe	Chairman, Chief Executive Officer	Interest of his spouse	H	10,000	10,000	-	-	Long position	0.00032	0.00013
Sun Jianyi	Vice Chairman and Executive Vice President	Beneficial owner	A	1,898,280	1,898,280	-	-	Long position	0.03966	0.02398
Ren Huichuan	Executive Director and President	Beneficial owner	A	100,000	100,000	-	-	Long position	0.00209	0.00126
Yao Jason Bo	Executive Director, Senior Vice President, Chief Financial Officer and Chief Actuary	Beneficial owner	H	12,000	12,000	-	-	Long position	0.00038	0.00015
		Interest of his spouse	H	12,000	12,000	-	-	Long position	0.00038	0.00015
Peng Zhijian	Independent Supervisor	Beneficial owner	A	6,600	6,600	-	-	Long position	0.00014	0.00008
Lin Li	Shareholder Representative Supervisor	Interest of controlled corporation ⁽¹⁾	A	73,019,013	61,018,865	-12,000,148	Disposal	Long position	1.27483	0.77082
Zhao Fujun	Employee Representative Supervisor	Interest of his spouse	A	1,700	1,700	-	-	Long position	0.00004	0.00002
Jin Shaoliang	Secretary of the Board of Directors	Beneficial owner	H	10,000	10,000	-	-	Long position	0.00032	0.00013

(1) Mr. Lin Li, by virtue of his control over Shenzhen Liye Group Co., Ltd., a shareholder of the Company, was deemed to be interested in the shares of the Company held by Shenzhen Liye Group Co., Ltd..

Changes in the number of shares, share options and restricted shares held in associated corporations of the Company

Name	Position	Associated Corporation	Capacity	H/A shares	Number of shares held at the beginning of the period	Number of shares held at the end of the period	Change	Reason for the change	Nature of Interest	Percentage to total issued shares in associated corporation (%)
Sun Jianping	Employee Representative Supervisor	Ping An Bank	Beneficial owner	A	43,542	52,251	+8,709	Dividend ⁽¹⁾	Long position	0.00046

(1) Regarding the 2013 final dividend distribution plan, Ping An Bank paid cash dividend of RMB1.60 per 10 shares based on the total share capital of 9,520,745,656 shares to all shareholders. Also, capital common reserves were capitalized and 2 bonus shares were issued for every 10 shares to all shareholders.

Changes in the Number of Share Options and Restricted Shares Granted

During the reporting period, there were no share options held by the Directors, Supervisors and Senior Management of the Company on job presently and those who resigned during the reporting period, nor were there restricted shares granted.

Save as disclosed above, as at June 30, 2014, none of the Directors, Supervisors and chief executive held or was deemed to hold any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in the SFO), which are recorded in the register required to be kept under Section 352 of the SFO, or otherwise required to be notified by the Directors, Supervisors and chief executive to the Company and the HKEx pursuant to the Model Code, nor have they been granted the right to acquire any interests in shares or debentures of the Company or any of its associated corporations.

APPOINTMENT OR REMOVAL OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

1. Mr. Ku Man resigned as the Executive Vice President of the Company and tendered his resignation as the Executive Director of the Company on March 12, 2014 due to personal work arrangement. The resolution regarding the appointment of Ms. Cai Fangfang as an Executive Director of the Company to replace Mr. Ku Man was passed at the 2013 annual general meeting held by the Company on June 12, 2014. The qualification of Ms. Cai Fangfang as a Director of the Company was obtained from CIRC on July 2, 2014, on which day the appointment of Ms. Cai Fangfang and the resignation of Mr. Ku Man became effective.
2. Ms. Wang Liping ceased to be the Senior Vice President of the Company on January 3, 2014.

CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

Pursuant to the disclosure requirement under Rule 13.51B (1) of the HKEx Listing Rules, the changes in information of Directors and Supervisors are as follows:

1. Mr. Sun Jianyi, the Vice Chairman of the Company, was appointed as an Independent Non-Executive Director of Haichang Holdings Ltd. in February 2014.
2. Mr. Yang Xiaoping, the Non-Executive Director of the Company, formerly served as the Vice President of CP Group, and was re-designated as the Vice Chairman of CP Group in April 2014.
3. Mr. Wong Oscar Sai Hung, the Independent Non-Executive Director of the Company, no longer served as an Independent Non-Executive Director of ARN Investment SICAV since January 2014, and no longer served as the Chairman of LW Asset Management Advisors Limited since April 2014. Mr. Wong was appointed as a Non-Executive Director of Credit China Holdings Limited in March 2014, and was re-designated as the Chairman of China Bio-Med Regeneration Technology Limited from Vice Chairman in July 2014, and was appointed as an Independent Non-Executive Director of JP Morgan Chinese Investment Trust, plc in August 2014.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B (1) of the HKEx Listing Rules.

Significant Events

CORPORATE GOVERNANCE

The Company is committed to implementing the relevant requirements in relation to corporate governance issued by the regulatory authorities, in strict compliance with the Company Law of the People's Republic of China and continues to improve the corporate governance structure and enhance the level of corporate governance based on the actual conditions of the Company.

During the reporting period, one general meeting, i.e. the 2013 annual general meeting, was held by the Company; two meetings were held by the board of directors of the Company (the "Board of Directors"); and two meetings were held by the supervisory committee of the Company (the "Supervisory Committee"). The general meeting, the Board of Directors, the Supervisory Committee and senior management performed their respective rights and obligations in accordance with the Articles of Association, and no irregularities or breaches were identified.

The Company discloses various important information in a timely, accurate, true and complete manner in strict compliance with the requirements of the laws, regulations and the Articles of Association, which is aimed to ensure that all shareholders have the same chance of obtaining such information. The Company endeavors to maintain a high level of corporate governance and believes that a sound corporate governance can further enhance the effectiveness and reliability of the management of the Company and such is crucial to the maximization of the shareholders' value of the Company.

During the reporting period, thanks to its regulated, systematic and highly transparent corporate governance, Ping An was ranked 7th in the best investor relations category in FinanceAsia (HK)'s voting of "Asia's Best Managed Company".

IMPLEMENTATION OF PROFIT DISTRIBUTION PROPOSAL AND CASH DIVIDEND POLICY DURING THE REPORTING PERIOD

Pursuant to Article 213 of the Articles of Association, the Company shall attach importance to the reasonable investment returns of investors in terms of its profit distribution. The profit distribution policy of the Company shall maintain its continuity and stability. The accumulated profit to be distributed in cash for any three consecutive years shall not be less than 30% of the average annual distributable profit realized in the three years, provided that the annual distributable profits of the Company (namely profits after tax of the Company after covering the losses and making contributions to the revenue reserve) are positive in value and such distributions are in compliance with the prevailing laws and regulations and the requirements of regulatory authorities for solvency ratio. In determining the specific ratio of distribution of cash dividend, the Company shall take into account its profit, cash flow, solvency and its operation and business development requirements. The Board of Directors of the Company shall be responsible for formulating and implementing a distribution plan according to the provisions of the Articles of Association.

The profit distribution proposal of the Company for 2013 was approved at the 2013 annual general meeting held on June 12, 2014, according to which a final cash dividend plan for 2013 of RMB0.45 (tax inclusive) per share was proposed to be distributed to all shareholders based on the total 7,916,148,463 shares, in a total amount of RMB3,562 million. The poll results announcement of the annual general meeting was published on the websites of SSE and HKEx, and in China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily on June 13, 2014. The record date of A shares for distribution of dividends was June 26, 2014, and the dividend distribution date was June 27, 2014. The record date of H shares for dividend distribution was July 2, 2014, and the dividend distribution date was August 8, 2014. The announcement regarding the implementation of the 2013 dividend distribution of the Company was published on the websites of SSE and HKEx, and in China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily on June 20, 2014. The implementation of the distribution proposal has been completed.

INTERIM RESULTS AND PROFIT DISTRIBUTION

The Group's interim results in 2014 are set out in the section titled "FINANCIAL STATEMENTS". The Board of Directors declared that an interim dividend of RMB0.25 (tax inclusive, equivalent to HK\$0.3149) per share for the six months ended June 30, 2014, would be paid to the shareholders of the Company. As the conversion period of A Share Convertible Bonds issued in 2013 by the Company commenced from May 23, 2014, and it is difficult to estimate the total share capital of the Company at the record date of A shares, the total amount of dividend to be distributed cannot be determined at present. Based on the share capital of 7,916,148,535 in issue as at June 30, 2014, the total 2014 interim dividend to be distributed would be RMB1,979,037,133.75. Holders of H shares whose names are on the Company's register of members of H shares on the record date of H shares of the distribution of the 2014 interim dividend (September 17, 2014, the "Record Date") will be entitled to the interim dividend. The record date and arrangements in relation to the rights of holders of A shares to receive the interim dividend for the six months ended June 30, 2014 will be separately announced on the website of SSE.

According to the Articles of Association, dividends will be denominated and declared in Renminbi. Dividends on A shares will be paid in Renminbi and dividends on H shares will be paid in Hong Kong dollar. The relevant exchange rate is the average middle exchange rate of Renminbi to Hong Kong dollar as announced by PBOC for the week prior to the date of declaration of interim dividend (RMB0.79387 equivalent to HK\$1.00).

In order to determine the list of holders of H shares who are entitled to the interim dividend for the six months ended June 30, 2014, the Company's register of members of H shares will be closed from Friday, September 12, 2014 to Wednesday, September 17, 2014, both days inclusive. In order to qualify for the interim dividend, holders of H shares whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at or before 4:30 p.m. on Thursday, September 11, 2014. The address of the transfer office of Computershare Hong Kong Investor Services Limited is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

The Company has appointed Bank of China (Hong Kong) Trustees Limited as the receiving agent in Hong Kong (the "Receiving Agent") and will pay to the Receiving Agent the interim dividend declared for payment to holders of H shares. The interim dividend will be paid by the Receiving Agent and relevant cheques will be despatched on or before October 17, 2014 to holders of H shares whose names appear on the register of members of the Company on the Record Date by ordinary post at their own risk.

MATERIAL LITIGATIONS, ARBITRATIONS AND ISSUES OF MEDIA INTEREST

During the reporting period, the Company had no material litigations, arbitrations and negative material issues attracting media interest.

GENERAL ANALYSIS OF INVESTMENT

Ping An is an integrated financial services group, and the investment business is one of our core businesses. The investment portfolio of insurance funds represents a majority of the equity investment assets of the Group. The investment of insurance funds is subject to relevant laws and regulations.

Significant Events

Securities Investments Classified as Held for Trading Financial Assets

No.	Type	Code	Short name	Initial investment cost (RMB million)	Number of shares held at the end of the period (million shares/ million pieces)	Carrying amount at the end of the period (RMB million)	Percentage to total securities investments at the end of the period (%)	Profit or loss for the reporting period (RMB million)
1	Convertible bond	113001	BOC CB	449	4.5	458	34.5	26
2	Stock	600378	Tianyi Science & Technology	120	9.6	123	9.2	4
3	Stock	600036	CMB	44	3.0	31	2.3	(8)
4	Stock	600016	CMSB	43	4.9	30	2.3	(10)
5	Stock	000016	SKJ A	22	5.5	25	1.9	3
6	Stock	601166	CIB	29	2.1	21	1.6	(3)
7	Stock	000538	Yunnan Baiyao	5	0.4	20	1.5	(8)
8	Stock	600000	SPDB	28	2.0	18	1.4	(5)
9	Stock	000002	VANKE A	21	1.7	14	1.1	(2)
10	Stock	600030	CITIC Securities	21	1.2	14	1.1	(5)
Other securities investments held at the end of the period				484	-	572	43.1	(4)
Profit or loss upon disposal of securities investments for the reporting period				-	-	-	-	33
Total				1,266	-	1,326	100.0	21

Notes: (1) Securities investments listed in the table include stocks, warrants and convertible bonds.
(2) Other securities investments refer to securities investments other than the above top ten securities.
(3) Profit or loss for the reporting period includes dividend income and gains or losses from fair value change during the reporting period.

Top Ten Equity Investments in Other Listed Companies

No.	Stock code	Short name	Initial investment cost (RMB million)	Carrying amount at the end of the period (RMB million)	Percentage of shareholding in such companies (%)	Profit or loss for the reporting period (RMB million)	Change in shareholders' equity for the reporting period (RMB million)	Accounting item
1	HK1398	ICBC	573	496	1.5	33	(32)	AFS
	601398		20,122	16,302		1,258	(944)	AFS
2	HK1288	ABC	187	170	1.7	11	(17)	AFS
	601288		14,826	13,890		-	216	AFS
3	HK0939	CCB	595	544	1.1	-	2	AFS
	601939		13,302	11,390		-	(35)	AFS
4	000538	Yunnan Baiyao	1,413	5,109	9.4	33	(1,520)	AFS
	HK3328		54	53		-	(1)	AFS
5	601328	BANKCOMM	4,325	3,636	1.3	-	27	AFS
	BE0974264930		23,874	2,959		-	(193)	AFS
7	600887	YILI	770	713	1.1	-	(72)	AFS
	HK3968		143	140		-	(7)	AFS
8	600036	CMB	578	550	0.3	-	(33)	AFS
	000333		593	641		30	(106)	AFS
10	600000	SPDB	688	636	0.4	46	(27)	AFS

Notes: (1) Profit or loss for the reporting period refers to dividend income.
(2) Percentage of shareholding in such companies is calculated using the total shares we held.
(3) The aforesaid shares were acquired from the primary and secondary markets, non-public directed issuance or bonus issue, etc.

Equity Investments in Non-Listed Financial Enterprises

No.	Name	Initial investment cost (RMB million)	Number of shares held (million shares)	Percentage of shareholding in such companies (%)	Carrying amount at the end of the period (RMB million)	Profit or loss for the reporting period (RMB million)	Change in shareholders' equity for the reporting period (RMB million)	Accounting item	Source
1	Taizhou City Commercial Bank Co., Ltd.	361	186	10.33	361	125	-	AFS	Purchased
2	Guotai Junan Securities Co., Ltd.	65	5	0.08	62	-	-	AFS	Held through subsidiary Shanghai Jahwa ⁽¹⁾

(1) Shanghai Jahwa means Shanghai Jahwa (Group) Company Ltd..

ASSET TRANSACTION

Subscription of Ping An Bank Non-public Share Issuance

On July 15, 2014, the 14th meeting of the 9th Session of the Board of Directors considered and approved the Resolution regarding the Subscription of Ping An Bank Non-public Share Issuance and the Resolution regarding the Subscription of Ping An Bank Non-public Preference Share Issuance by Ping An Asset Management. It was decided that the proprietary fund of the Company would be used for the subscription of ordinary shares issued under Ping An Bank's non-public issuance, and the subscription ratio would be 45%-50% of the ordinary shares issued under the current non-public issuance of Ping An Bank. Ping An Asset Management, the Company's controlling subsidiary, will subscribe for the preference shares issued under Ping An Bank's non-public issuance through insurance funds under its management. The subscription ratio would be 50%-60% of the preference shares issued under the current non-public issuance of Ping An Bank. The specific subscription ratio of preference shares is subject to the approval of relevant regulatory authorities.

For further details, please refer to the related announcements published in Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily, and on the website of the SSE (www.sse.com.cn) on July 16, 2014.

Significant Events

MAJOR CONNECTED TRANSACTIONS

During the reporting period, the Company had no major connected transactions that are required to be disclosed.

MATERIAL CONTRACTS AND THEIR IMPLEMENTATION

Guarantee

(in RMB million)	External guarantee of the Company (excluding the guarantee in favor of its subsidiaries)
Total guarantee incurred during the reporting period	-
Total guarantee balance as at the end of the reporting period	-
Guarantee of the Company in favor of its subsidiaries	
Total guarantee in favor of its subsidiaries incurred during the reporting period	12,172
Total guarantee balance in favor of its subsidiaries as at the end of the reporting period	31,526
Total guarantee of the Company (including the guarantee in favor of its subsidiaries)	
Total guarantee	31,526
Total guarantee as a percentage of the Company's net assets (%)	15.3
Including: Direct and indirect guarantee for the secured parties with gearing ratio over 70% (as at June 30, 2014)	26,171

Note: The data set out in the table above does not include those arise from financial guarantee businesses conducted by Ping An Bank (the controlling subsidiary) and other subsidiaries of the Company in strict compliance with the scope of operation approved by relevant regulatory authorities.

Entrustment, Underwriting, Lease, Asset Under Management, Entrusted Loan and Other Material Contracts

No matters relating to entrustment, underwriting, lease, asset under management, entrusted loan or other material contracts of the Company were required to be disclosed during the reporting period.

FOREIGN CURRENCY RISK

Foreign currency-denominated assets held by the Group are exposed to foreign currency risk. These assets include monetary assets such as deposits and bonds held in foreign currencies, and non-monetary assets measured at fair value such as our stocks and funds held in foreign currencies. The Group's foreign currency-denominated liabilities are also exposed to the risk as a result of fluctuations in exchange rates. These liabilities include monetary liabilities, such as borrowings, customer's deposits and claim reserves denominated in foreign currencies and non-monetary liabilities measured at fair value.

The Group adopts sensitivity analysis to assess its risk exposure. The sensitivity of foreign currency risk is calculated by assuming a simultaneous and uniform 5% depreciation against the Renminbi, of all foreign currency-denominated monetary assets and monetary liabilities as well as the non-monetary assets and non-monetary liabilities measured at fair value as illustrated in the table below:

As at June 30, 2014 (in RMB million)	Decrease in profit before tax	Decrease in equity before tax
Net exposure to fluctuations in exchange rates assuming a simultaneous and uniform 5% depreciation of all foreign currency-denominated monetary assets and monetary liabilities as well as all non-monetary assets and non-monetary liabilities measured at fair value against the Renminbi	250	1,185

FULFILLMENTS OF UNDERTAKINGS

Shareholders' Undertakings

The Company received written notices from original Shenzhen New Horse Investment Development Co., Ltd. (newly known as Linzhi New Horse Investment Development Co., Ltd.), original Shenzhen Jingao Industrial Development Co., Ltd. (newly known as Linzhi Jingao Industrial Development Co., Ltd.) and original Shenzhen Jiangnan Industrial Development Co., Ltd. (newly known as Gongbujiangda Jiangnan Industrial Development Co., Ltd.) on February 22, 2010. According to such written notices, Linzhi New Horse Investment Development Co., Ltd. and Linzhi Jingao Industrial Development Co., Ltd. will reduce their shareholdings in the Company by not more than 30% of the 389,592,366 A shares and the 331,117,788 A shares, respectively per annum through the offer for sale in the secondary market as well as the block trading platform in the next five years. Out of the A shares held by Gongbujiangda Jiangnan Industrial Development Co., Ltd., the holding of 88,112,886 A shares will also be reduced in the next five years through the offer for sale in the secondary market as well as the block trading platform, by not more than 30% of the 88,112,886 A shares per annum.

As at June 30, 2014, the above undertaking was still in the process of performance and there was no violation of the above undertaking.

Undertakings in Respect of the Major Asset Restructuring with Shenzhen Development Bank

- (1) The Company undertakes that it and its subsidiaries shall not, within 36 months since the date of completion of the non-public issuance of shares by Shenzhen Development Bank, transfer any of the Shenzhen Development Bank shares they held, excluding the transfer between the Company and its connected organizations (i.e. any parties directly or indirectly controlling the Company or under the direct or indirect control of the Company or under the control of the same controller as that of the Company) to the extent permitted by the applicable laws. Upon expiry of the above-mentioned term, the Company will be free to dispose of such newly-issued shares pursuant to the requirements of CSRC and Shenzhen Stock Exchange.
- (2) In respect of the two properties of the Original Ping An Bank, the ownership certificates of which have not been applied for, the Company has issued "The Letter of Undertaking from Ping An Insurance (Group) Company of China, Ltd. in relation to the Compensation for the Losses Arising from the Potential Title Disputes of Ping An Bank Co., Ltd.". According to the Letter of Undertaking, the Company undertakes that if titleship disputes occurred in respect of the above-mentioned properties of the Original Ping An Bank in the future, the Company will make efforts to coordinate the parties for proper settlement of the disputes, so as to avoid any adverse effect on the normal operation of the bank. If the above-mentioned branches incur additional costs or their revenue decreases due to the titleship disputes, the Company undertakes that it will compensate Shenzhen Development Bank in cash for the loss arising from the handling of the titleship disputes by the Original Ping An Bank.

Besides, in respect of the two properties the ownership certificates of which have not been obtained, the Company has issued "The Letter of Undertaking from Ping An Insurance (Group) Company of China, Ltd. in relation to settlement of properties with title defects of Ping An Bank Co., Ltd.". According to the Letter of Undertaking, the Company undertakes that, within three years following completion of the transaction, if Shenzhen Development Bank fails to obtain the ownership certificates for the two properties and fails to dispose of the same properties properly, the Company shall, within three months upon expiry of the three-year period, purchase or designate any third party to purchase those properties at a fair and reasonable price.

Significant Events

- (3) The Company undertakes that, after the completion of the major asset restructuring with Shenzhen Development Bank and during the period when the Company remains as the controlling shareholder of Shenzhen Development Bank, and in respect of the businesses or commercial opportunities similar to those of Shenzhen Development Bank that the Company and the enterprises under its control intend to carry out or have substantially obtained whereby the assets and businesses arising from such business or commercial opportunities may possibly form potential competition with those of Shenzhen Development Bank, the Company and the enterprises under its control shall not be engaged in the businesses identical or similar to those carried out by Shenzhen Development Bank, so as to avoid direct or indirect competition with the operations of Shenzhen Development Bank.
- (4) The Company undertakes that, after the completion of the major asset restructuring with Shenzhen Development Bank and in respect of the transactions between the Company and the enterprises under its control and Shenzhen Development Bank which constitute the connected transactions of Shenzhen Development Bank, the Company and the enterprises under its control shall enter into transaction with Shenzhen Development Bank following the principle of “openness, fairness and justness” at fair and reasonable market prices, and shall go through the decision-making process according to the requirements of the relevant laws and regulations and regulatory documents and perform their obligations of information disclosure as required by law. The Company undertakes that the Company and the enterprises under its control shall not procure any illegal interests or let Shenzhen Development Bank undertake any illicit obligations through the transactions with Shenzhen Development Bank.
- (5) The Company undertakes that, after the completion of the major asset restructuring and during the period when the Company remains as the controlling shareholder of Shenzhen Development Bank, the Company shall maintain the independence of Shenzhen Development Bank and ensure that Shenzhen Development Bank is independent from the Company and the enterprises under its control, in respect of personnel, assets, finance, organization and business.

As at June 30, 2014, the undertaking mentioned in item (2) had been fulfilled, the rest of the above undertakings were still in the process of performance and there was no violation of the above undertakings.

Undertaking in Respect of the Issuance of RMB26 Billion A Share Convertible Bonds

During the period of issuance of RMB26 billion A Share Convertible Bonds by the Company, in terms of certain subsidiaries which are engaged in construction of private properties and community for the elderly, the Company undertakes that, nowadays and in the future, it will strictly comply with relevant regulations in relation to the insurance funds used in real estate investment and the principle that the insurance funds should only be applied to specific property without property speculations or selling in an inappropriate form. It will not develop or sell commercial housing by means of investment in annuity and private real estate.

As at June 30, 2014, the above undertaking was still in the process of performance and there was no violation of the above undertaking.

Undertaking in Respect of the Subscription for 1,323,384,991 New Shares of Ping An Bank through Non-public Issuance

In relation to the subscription for 1,323,384,991 new shares of Ping An Bank through non-public issuance, the Company undertakes that it shall not transfer the shares within thirty-six months since the date of listing of the new shares (January 9, 2014), excluding the transfer between the Company and its connected organizations (i.e. any parties directly or indirectly controlling the Company or under the direct or indirect control of the Company or under the control of the same controller as that of the Company) to the extent permitted by the applicable laws. Upon expiry of the above-mentioned term, the Company will be free to dispose of such newly-issued shares pursuant to the requirements of CSRC and Shenzhen Stock Exchange.

As at June 30, 2014, the above undertaking was still in the process of performance and there was no violation of the above undertaking.

USE OF FUNDS RAISED

The funds raised from the Company's A Share Convertible Bonds issued in 2013 were fully used to replenish the capital of the Company, and applied in accordance with applicable regulations of the relevant regulatory authorities.

APPOINTMENT OF AUDITORS

At the 2013 annual general meeting, PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers were appointed as auditors of the Company's financial statements under CAS and IFRS, respectively for the year 2014. The auditors have reviewed the interim results, and the interim financial statements of the Company are unaudited.

PUNISHMENTS IMPOSED ON THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS AND DE FACTO CONTROLLERS AND RECTIFICATIONS

During the reporting period, the Company and its Directors, Supervisors, senior management, shareholders and de facto controllers were not subject to the inspection, administrative penalties, punishment notice by CSRC, and the public condemnation by the stock exchanges.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company, nor any of its subsidiaries, had purchased, sold or redeemed any of the Company's listed shares from January 1, 2014 to June 30, 2014.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Company has established the Audit and Risk Management Committee in compliance with the Corporate Governance Code.

The primary duties of the Audit and Risk Management Committee are to review and supervise the Company's financial reporting process and conduct risk management. The Audit and Risk Management Committee is also responsible for reviewing any matters relating to the appointment or removal, and remuneration of the external auditors. In addition, the Audit and Risk Management Committee also examines the effectiveness of the Company's internal control, which involves regular reviews of the internal control of various corporate structures and business processes, and takes into account their respective potential risk and urgency, to ensure the effectiveness of the Company's business operations and the realization of its corporate objectives and strategies. The scope of such examinations and reviews includes finance, operations, regulatory compliance and risk management. The Audit and Risk Management Committee also reviews the Company's internal audit plan, and submits relevant reports and recommendations to the Board of Directors on a regular basis.

As at the date of disclosure of this report, the Audit and Risk Management Committee comprised five Independent Non-Executive Directors and one Non-Executive Director and is chaired by Mr. Tang Yunwei, an Independent Non-Executive Director, who possesses the professional qualifications of accounting and related financial management expertise.

The Audit and Risk Management Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed the internal controls and financial reporting matters, including a review of the interim accounts of the Company.

The Company has also established the Strategy and Investment Committee, the Remuneration Committee and the Nomination Committee. Further details of the roles and functions, and summary of the work of these committees under the Board of Directors were set out under the paragraph headed "The Specialized Committees under the Board" in the Corporate Governance Report on pages 114 to 118 of the Company's 2013 annual report of H shares. The terms of reference and modus operandi of the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee have been published on the Company's website and the HKEx's website.

Significant Events

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE BY THE COMPANY

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company did not meet the applicable code provisions set out in the Corporate Governance Code for any part of the period from January 1, 2014 to June 30, 2014 save as disclosed below:

Code provision A.2.1 of the Corporate Governance Code provides that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Ma Mingzhe has occupied the positions of both the Chairman of the Board of Directors and the Chief Executive Officer of the Company. However, the Board of Directors is of the opinion that the Company has built up a structure of the Board of Directors of international standard and has developed a very structured and strict operation system and a set of procedural rules for meeting of the Board of Directors. The Chairman does not have any special power different from that of other Directors in relation to the decision making process. Also, in the day-to-day operation of the Company, the Company has in place an integrated management system and structure. Decisions on all material matters will be subject to complete and stringent deliberation and decision making procedures in order to ensure that the Chief Executive Officer can perform his duties diligently and effectively. Further, the current management model of the Company has been recognized in the industry and this model proves to be reliable, efficient and successful, therefore the continuous adoption of this model will be beneficial to the future development of the Company. There is also clear delineation in the responsibilities of the Board of Directors and the management set out in the Articles of Association.

Based on the above reasons, the Board of Directors is of the opinion that the Company's management structure is able to provide the Company with efficient management and at the same time, protect all shareholders' rights to the greatest extent. The Company therefore does not currently intend to separate the roles of the Chairman of the Board of Directors and the Chief Executive Officer of the Company.

Further details of the Company's arrangements and reasons for the Company's intention not to separate the roles of the Chairman of the Board of Directors and the Chief Executive Officer of the Company were set out under the paragraph headed "Our Compliance with the Corporate Governance Code" in the Corporate Governance Report on pages 129 to 130 of the Company's 2013 annual report of H shares.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS AND SUPERVISORS OF THE COMPANY

In May 2004, the Company adopted a code of conduct regarding securities transactions by Directors and Supervisors of the Company (the "Code of Conduct"), which was amended in April 2014, on terms no less exacting than the required standard set out in the Model Code. Specific enquiry has been made to all Directors and Supervisors of the Company who have confirmed that they had complied with the required standard set out in the Model Code and the Code of Conduct for the period from January 1, 2014 to June 30, 2014.

INCOME TAX WITHHOLDING

Enterprise Income Tax Withholding of Overseas Non-Resident Enterprises

Pursuant to the applicable provisions of the Enterprise Income Tax Law of the People's Republic of China which came into effect on January 1, 2008 and its implementing rules, the Company shall be obligated to withhold 10% enterprise income tax when it distributes 2014 interim dividend to non-resident enterprise holders of H shares, including Hong Kong Securities Clearing Company Nominees Limited, as listed on the Company's register of members of H shares on the Record Date; after the legal opinion is provided by the resident enterprise shareholders within the stipulated time frame and upon the Company's confirmation with the relevant tax authorities of such opinion, the Company will not withhold any enterprise income tax when it distributes 2014 interim dividend to resident enterprise holders of H shares listed on the Company's register of members of H shares on the Record Date.

If any resident enterprise (as defined in the Enterprise Income Tax Law of the People's Republic of China) listed on the Company's register of members of H shares which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, does not

want the Company to withhold the said 10% enterprise income tax, it shall submit to Computershare Hong Kong Investor Services Limited at or before 4:30 p.m. on Thursday, September 11, 2014 a legal opinion, issued by a PRC qualified lawyer (inscribed with the seal of the applicable law firm), that verifies its resident enterprise status.

Individual Income Tax Withholding of Overseas Individual Shareholders

The Circular on the Questions Concerning Tax on the Profits Earned by Enterprises with Foreign Investment, Foreign Enterprises and Individual Foreigners from the Transfer of Stocks (Stock Rights) and on Dividend Income (Guo Shui Fa [1993] No. 045) was repealed on January 4, 2011, therefore individual holders of H shares who hold the Company's H shares and whose names appear on the register of members of H shares of the Company can no longer be exempted from PRC individual income tax. Upon the confirmation of the Company after having made consultation with the relevant tax authorities, and pursuant to the applicable provisions of the Individual Income Tax Law of the People's Republic of China and its implementation regulations, the individual resident shareholders outside the PRC shall pay individual income tax upon their receipt of the distributed dividends and bonus in respect of the shares issued by domestic non-foreign investment enterprises in Hong Kong, which shall be withheld by obligors on behalf of such individual shareholders by law. Those individual resident shareholders outside the PRC may, however, enjoy relevant preferential treatments in accordance with the provisions of applicable tax agreements signed between the countries where they belong to by virtue of residential identification and the PRC as well as the tax arrangements made between the Mainland China and Hong Kong (Macau).

Pursuant to the aforesaid tax regulations and the Notice of the State Administration of Taxation on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348), the Company shall generally be obligated to withhold individual income tax at the tax rate of 10% when it distributes 2014 interim dividend to individual holders of H shares appeared on the Company's register of members of H shares on the Record Date. However, if stated in the tax regulations and relevant tax agreements otherwise, the Company will withhold individual income tax based on the amount of the dividend at the relevant tax rate and in accordance with the procedures as stipulated.

If individual holders appeared on the Company's register of members of H shares, and who are citizens from the countries applying a tax rate of less than 10% under tax agreements, are not applicable to be withheld individual tax at the rate of 10% by the Company, the Company may handle applications on their behalf for preferential treatments as stipulated in relevant agreements pursuant to the Notice of the State Administration of Taxation on Issues about the Administrative Measures for Non-residents to Enjoy the Treatments of Tax Treaties (for Trial Implementation) (Guo Shui Fa [2009] No. 124). Qualified shareholders are required to submit to Computershare Hong Kong Investor Services Limited at or before 4:30 p.m. on Thursday, September 11, 2014 a written authorization and relevant evidencing documents, which shall be handed on by the Company to the applicable tax authorities for approval, and the excess portion of the tax amounts withheld can be refunded.

The Company will withhold the enterprise income tax as well as the individual income tax for shareholders as required by law on the basis of the Company's register of members of H shares on the Record Date. The Company assumes no liability and will not deal with any dispute over income tax withholding triggered by failure to submit proof materials within the stipulated time frame, and holders of H shares of the Company shall either personally or appoint a representative to attend to the procedures in accordance with the applicable tax regulations and relevant provisions of the People's Republic of China.

All investors are requested to read this report carefully. Shareholders are recommended to consult their taxation advisors regarding their holding and disposing of H shares of the Company for the People's Republic of China, Hong Kong and other tax effects involved.

OTHER SIGNIFICANT EVENTS

No further significant events of the Company were required to be disclosed during the reporting period.

Report on Review of Interim Condensed Consolidated Financial Information

To the shareholders of

Ping An Insurance (Group) Company of China, Ltd.

(Incorporated in mainland China with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial information set out on pages 71 to 113, which comprises the interim consolidated statement of financial position of Ping An Insurance (Group) Company of China, Ltd. (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2014 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). The directors of the Company are responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong

19 August 2014

Interim Consolidated Statement of Income

For the six-month period ended 30 June 2014

For the six-month period ended 30 June (in RMB million)	Notes	2014 (Unaudited)	2013 (Unaudited)
Gross written premiums and policy fees	5	179,395	144,460
Less: Premiums ceded to reinsurers		(13,875)	(9,441)
Net written premiums and policy fees	5	165,520	135,019
Change in unearned premium reserves		(6,156)	(3,989)
Net earned premiums		159,364	131,030
Reinsurance commission income		4,367	2,560
Interest income from banking operations	6	57,191	43,354
Fees and commission income from non-insurance operations	7	11,194	6,678
Investment income	8	27,387	27,448
Share of profits and losses of associates and jointly controlled entities		(208)	(21)
Other income	9	7,050	4,808
Total income		266,345	215,857
Claims and policyholders' benefits	10	(124,009)	(107,872)
Commission expenses on insurance operations		(17,361)	(12,875)
Interest expenses on banking operations	6	(31,758)	(23,914)
Fees and commission expenses on non-insurance operations	7	(1,438)	(745)
Loan loss provisions, net of reversals	11, 20	(5,301)	(2,571)
Foreign exchange gains/(losses)		97	(105)
General and administrative expenses		(46,696)	(35,675)
Finance costs		(2,833)	(1,355)
Other expenses		(4,425)	(3,394)
Total expenses		(233,724)	(188,506)
Profit before tax	11	32,621	27,351
Income tax	12	(6,757)	(5,580)
Profit for the period		25,864	21,771
Attributable to:			
- Owners of the parent		21,362	17,910
- Non-controlling interests		4,502	3,861
		25,864	21,771
		RMB	RMB
Earnings per share attributable to ordinary equity holders of the parent:			
- Basic	15	2.70	2.26
- Diluted	15	2.55	2.26

Details of the interim dividends proposed and paid for the period are disclosed in Note 14 to the financial information.

Interim Consolidated Statement of Comprehensive Income

For the six-month period ended 30 June 2014

For the six-month period ended 30 June (in RMB million)	Note	2014 (Unaudited)	2013 (Unaudited)
Profit for the period		25,864	21,771
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets		7,901	(3,929)
Shadow accounting adjustments		289	576
Exchange differences on translation of foreign operations		15	8
Share of other comprehensive income of associates and jointly controlled entities		1	2
Income tax relating to components of other comprehensive income		(2,073)	854
Other comprehensive income for the period, net of tax	13	6,133	(2,489)
Total comprehensive income for the period		31,997	19,282
Attributable to:			
- Owners of the parent		27,323	15,490
- Non-controlling interests		4,674	3,792
		31,997	19,282

Interim Consolidated Statement of Financial Position

As at 30 June 2014

(in RMB million)	Notes	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Assets			
Cash and amounts due from banks and other financial institutions	16	406,955	353,331
Balances with the Central Bank and statutory deposits	17	266,707	237,154
Fixed maturity investments	18	1,608,369	1,454,637
Equity investments	19	178,303	157,068
Derivative financial assets		2,760	3,402
Loans and advances to customers	20	989,082	861,770
Premium receivables	21	25,910	24,205
Accounts receivable	22	13,170	8,033
Inventories		2,049	1,764
Reinsurers' share of insurance liabilities		16,369	13,839
Policyholder account assets in respect of insurance contracts	23	36,053	35,502
Policyholder account assets in respect of investment contracts	23	4,691	4,101
Investments in associates and jointly controlled entities	24	12,376	12,081
Investment properties		18,149	18,262
Property and equipment		18,605	18,873
Intangible assets		43,323	43,896
Deferred tax assets		15,160	15,253
Other assets	25	143,194	97,141
Total assets		3,801,225	3,360,312
Equity and liabilities			
Equity			
Share capital	26	7,916	7,916
Reserves	27	96,146	90,167
Retained profits	27	102,426	84,626
Equity attributable to owners of the parent		206,488	182,709
Non-controlling interests	27	60,650	56,996
Total equity		267,138	239,705
Liabilities			
Due to banks and other financial institutions	28	460,995	509,466
Assets sold under agreements to repurchase	29	141,567	121,642
Other financial liabilities held for trading		4,950	3,692
Derivative financial liabilities		3,267	2,918
Customer deposits and payables to brokerage customers	30	1,477,501	1,191,515
Accounts payable	31	3,144	2,618
Income tax payable		4,737	4,347
Insurance payables		45,895	54,359
Insurance contract liabilities	32	1,124,006	1,030,212
Investment contract liabilities for policyholders		40,330	38,353
Policyholder dividend payable		27,676	25,232
Bonds payable	33	81,163	56,756
Deferred tax liabilities		4,743	6,238
Other liabilities		114,113	73,259
Total liabilities		3,534,087	3,120,607
Total equity and liabilities		3,801,225	3,360,312

MA Mingzhe
Director

SUN Jianyi
Director

YAO Jason Bo
Director

Interim Consolidated Statement of Changes in Equity

For the six-month period ended 30 June 2014

For the six-month period ended 30 June 2014 (in RMB million)	Equity attributable to owners of the parent							Total equity (Unaudited)
	Share capital (Unaudited)	Capital reserves (Unaudited)	Surplus reserve funds (Unaudited)	General reserves (Unaudited)	Exchange differences on translation of foreign operations (Unaudited)	Retained profits (Unaudited)	Non-controlling interests (Unaudited)	
As at 1 January 2014	7,916	82,679	6,982	395	111	84,626	56,996	239,705
Profit for the period	-	-	-	-	-	21,362	4,502	25,864
Other comprehensive income for the period	-	5,946	-	-	15	-	172	6,133
Total comprehensive income for the period	-	5,946	-	-	15	21,362	4,674	31,997
Dividend declared (Note 14)	-	-	-	-	-	(3,562)	-	(3,562)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(942)	(942)
Equity transactions with non-controlling interests	-	21	-	-	-	-	(468)	(447)
Contribution by minority shareholders	-	(6)	-	-	-	-	298	292
Others	-	3	-	-	-	-	92	95
As at 30 June 2014	7,916	88,643	6,982	395	126	102,426	60,650	267,138

For the six-month period ended 30 June 2013 (in RMB million)	Equity attributable to owners of the parent							Total equity (Unaudited)
	Share capital (Unaudited)	Capital reserves (Unaudited)	Surplus reserve funds (Unaudited)	General reserves (Unaudited)	Exchange differences on translation of foreign operations (Unaudited)	Retained profits (Unaudited)	Non-controlling interests (Unaudited)	
As at 1 January 2013	7,916	83,794	6,982	395	100	60,430	50,032	209,649
Profit for the period	-	-	-	-	-	17,910	3,861	21,771
Other comprehensive income for the period	-	(2,428)	-	-	8	-	(69)	(2,489)
Total comprehensive income for the period	-	(2,428)	-	-	8	17,910	3,792	19,282
Dividend declared (Note 14)	-	-	-	-	-	(2,375)	-	(2,375)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(449)	(449)
Establishment of subsidiaries	-	-	-	-	-	-	1,080	1,080
Equity transactions with non-controlling interests	-	-	-	-	-	-	(125)	(125)
Contribution by minority shareholders	-	-	-	-	-	-	36	36
Others	-	24	-	-	-	-	(19)	5
As at 30 June 2013	7,916	81,390	6,982	395	108	75,965	54,347	227,103

Interim Consolidated Statement of Cash Flows

For the six-month period ended 30 June 2014

For the six-month period ended 30 June (in RMB million)	Note	2014 (Unaudited)	2013 (Unaudited)
Net cash flows from operating activities		125,062	105,856
Cash flows from investing activities			
Purchases of investment properties, property and equipment, and intangible assets		(6,613)	(2,379)
Proceeds from disposal of investment properties, property and equipment, and intangible assets		373	84
Proceeds from disposal of investments		508,058	789,095
Purchases of investments		(674,140)	(960,473)
Term deposits placed, net		(10,023)	(3,418)
Acquisition of non-controlling interests in subsidiaries		(447)	-
Acquisition of subsidiaries		(561)	-
Disposal of subsidiaries		5	-
Interest received		36,974	30,685
Dividends received		3,828	38
Rentals received		861	565
Others		(7,202)	(3,854)
Net cash flows used in investing activities		(148,887)	(149,657)
Cash flows from financing activities			
Capital injected by third parties		4,517	1,151
Proceeds from bonds issued		27,478	1,400
Increase/(Decrease) in assets sold under agreements to repurchase, net		31,724	(11,864)
Proceeds from borrowed funds		24,619	8,226
Repayment of borrowed funds		(15,189)	(10,914)
Interest paid		(9,948)	(3,921)
Dividends paid		(2,827)	(2,423)
Net cash flows from/(used in) financing activities		60,374	(18,345)
Net increase/(decrease) in cash and cash equivalents		36,549	(62,146)
Net foreign exchange differences		884	(508)
Cash and cash equivalents at beginning of the period		244,877	246,886
Cash and cash equivalents at end of the period	37	282,310	184,232

Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2014

1. CORPORATE INFORMATION

Ping An Insurance (Group) Company of China, Ltd. (the “Company”) was registered in Shenzhen, the People’s Republic of China (the “PRC”) on 21 March 1988. The business scope of the Company includes investing in financial and insurance enterprises, as well as supervising and managing various domestic and overseas businesses of subsidiaries, and deployment of fund. The Company and its subsidiaries are collectively referred to as the Group. The Group mainly provides integrated financial products and services and is engaged in life insurance, property and casualty insurance, trust, securities, banking and other businesses.

The registered office address of the Company is 15/F, 16/F, 17/F and 18/F, Galaxy Development Center, Fu Hua No.3 Road, Futian District, Shenzhen, Guangdong Province, China.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information has been prepared in accordance with IAS 34 “Interim Financial Reporting”. This interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 December 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

- (1) Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements.

Amendment to IAS 32 “Financial instruments: Presentation” on asset and liability offsetting - These amendments are to the application guidance in IAS 32 “Financial instruments: Presentation”, and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

Amendment to IAS 39 “Financial Instruments: Recognition and Measurement” - “Novation of derivatives” - This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets special criteria.

IFRIC 21 ‘Levies’ - IFRIC 21 addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37 ‘Provisions’. The interpretation addresses what the obligating event is that gives rise to pay a levy, and when should a liability be recognised. The Group is not currently subject to significant levies.

The adoption of the above amendments/interpretations has had no significant effect on the condensed interim financial statements for the period ended 30 June 2014.

(2) CHANGES IN ACCOUNTING ESTIMATES

Material judgment is required in determining insurance contract liabilities and in choosing discount rates/investment return, mortality, morbidity, lapse rates, policy dividend, and expenses assumptions relating to long term life insurance contracts. Such assumptions should be determined based on current information available at the end of the reporting period. The Group has changed the above assumptions based on current information available as at 30 June 2014 with the corresponding impact on insurance contract liabilities taken into the current period’s statement of income. As a result of such changes in assumptions, long term life insurance policyholders’ reserves were reduced by RMB4,130 million as at 30 June 2014 and the profit before tax for the six-month period ended 30 June 2014 was increased by RMB4,130 million.

4. SEGMENT REPORTING

The composition of the Group's operating segments for the six-month period ended 30 June 2014 is consistent with that for the year ended 31 December 2013.

The segment analysis for the six-month period ended 30 June 2014 is as follows:

(in RMB million)	Life insurance (Unaudited)	Property and casualty insurance (Unaudited)	Banking (Unaudited)	Securities (Unaudited)	Trust (Unaudited)	Corporate (Unaudited)	Others (Unaudited)	Eliminations (Unaudited)	Total (Unaudited)
Gross written premiums and policy fees	110,543	68,852	-	-	-	-	-	-	179,395
Less: Premiums ceded to reinsurers	(2,486)	(11,389)	-	-	-	-	-	-	(13,875)
Change in unearned premium reserves	(526)	(5,630)	-	-	-	-	-	-	(6,156)
Net earned premiums	107,531	51,833	-	-	-	-	-	-	159,364
Reinsurance commission income	497	3,870	-	-	-	-	-	-	4,367
Interest income from banking operations	-	-	57,194	-	-	-	-	(3)	57,191
Fees and commission income from non-insurance operations	-	-	8,941	857	1,654	-	1,134	(1,392)	11,194
Including: Inter-segment fees and commission income from non-insurance operations	-	-	75	-	625	-	692	(1,392)	-
Investment income	19,437	3,134	2,230	668	536	914	1,771	(1,303)	27,387
Including: Inter-segment investment income	975	25	-	10	20	2	271	(1,303)	-
Share of profits and losses of associates and jointly controlled entities	(16)	-	9	-	(69)	1	(133)	-	(208)
Other income	3,171	222	88	13	270	182	8,340	(5,236)	7,050
Including: Inter-segment other income	2,165	6	-	-	-	177	2,888	(5,236)	-
Total income	130,620	59,059	68,462	1,538	2,391	1,097	11,112	(7,934)	266,345
Claims and policyholders' benefits	(93,794)	(30,215)	-	-	-	-	-	-	(124,009)
Commission expenses on insurance operations	(11,471)	(7,336)	-	-	-	-	-	1,446	(17,361)
Interest expenses on banking operations	-	-	(32,604)	-	-	-	-	846	(31,758)
Fees and commission expenses on non-insurance operations	-	-	(1,170)	(60)	(492)	-	(53)	337	(1,438)
Loan loss provisions, net of reversals	-	-	(5,294)	-	-	-	(7)	-	(5,301)
Foreign exchange gains/(losses)	35	4	80	-	-	-	(22)	-	97
General and administrative expenses	(9,832)	(15,258)	(16,368)	(881)	(567)	(252)	(5,959)	2,421	(46,696)
Finance costs	(723)	(82)	-	-	(355)	(732)	(999)	58	(2,833)
Other expenses	(4,092)	(83)	(24)	(1)	(4)	(4)	(2,895)	2,678	(4,425)
Total expenses	(119,877)	(52,970)	(55,380)	(942)	(1,418)	(988)	(9,935)	7,786	(233,724)
Profit before tax	10,743	6,089	13,082	596	973	109	1,177	(148)	32,621
Income tax	(1,447)	(1,593)	(3,200)	(90)	(227)	-	(200)	-	(6,757)
Profit for the year	9,296	4,496	9,882	506	746	109	977	(148)	25,864

Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2014

4. SEGMENT REPORTING (CONTINUED)

The segment analysis for the six-month period ended 30 June 2013 is as follows:

(in RMB million)	Life insurance (Unaudited)	Property and casualty insurance (Unaudited)	Banking (Unaudited)	Securities (Unaudited)	Trust (Unaudited)	Corporate (Unaudited)	Others (Unaudited)	Eliminations (Unaudited)	Total (Unaudited)
Gross written premiums and policy fees	90,557	53,903	-	-	-	-	-	-	144,460
Less: Premiums ceded to reinsurers	(2,054)	(7,387)	-	-	-	-	-	-	(9,441)
Change in unearned premium reserves	(757)	(3,232)	-	-	-	-	-	-	(3,989)
Net earned premiums	87,746	43,284	-	-	-	-	-	-	131,030
Reinsurance commission income	129	2,431	-	-	-	-	-	-	2,560
Interest income from banking operations	-	-	43,354	-	-	-	-	-	43,354
Fees and commission income from non-insurance operations	-	-	4,892	839	1,112	-	229	(394)	6,678
Including: Inter-segment fees and commission income from non-insurance operations	-	-	67	-	327	-	-	(394)	-
Investment income	23,029	2,946	413	596	78	378	993	(985)	27,448
Including: Inter-segment investment income	839	36	-	14	-	46	50	(985)	-
Share of profits and losses of associates and jointly controlled entities	(10)	-	17	-	11	-	(39)	-	(21)
Other income	2,471	176	73	24	303	128	5,486	(3,853)	4,808
Including: Inter-segment other income	1,710	9	-	-	92	125	1,917	(3,853)	-
Total income	113,365	48,837	48,749	1,459	1,504	506	6,669	(5,232)	215,857
Claims and policyholders' benefits	(81,833)	(26,039)	-	-	-	-	-	-	(107,872)
Commission expenses on insurance operations	(8,458)	(5,117)	-	-	-	-	-	700	(12,875)
Interest expenses on banking operations	-	-	(24,690)	-	-	-	-	776	(23,914)
Fees and commission expenses on non-insurance operations	-	-	(515)	(79)	(294)	-	(7)	150	(745)
Loan loss provisions, net of reversals	-	-	(2,564)	-	(1)	-	(6)	-	(2,571)
Foreign exchange gains/(losses)	(87)	(17)	23	7	-	3	(34)	-	(105)
General and administrative expenses	(8,429)	(12,648)	(11,241)	(822)	(519)	(239)	(3,649)	1,872	(35,675)
Finance costs	(497)	(211)	-	-	(43)	(156)	(448)	-	(1,355)
Other expenses	(3,102)	(97)	(38)	(259)	(32)	(1)	(1,548)	1,683	(3,394)
Total expenses	(102,406)	(44,129)	(39,025)	(1,153)	(889)	(393)	(5,692)	5,181	(188,506)
Profit before tax	10,959	4,708	9,724	306	615	113	977	(51)	27,351
Income tax	(1,620)	(1,216)	(2,324)	(61)	(159)	-	(200)	-	(5,580)
Profit for the year	9,339	3,492	7,400	245	456	113	777	(51)	21,771

The segment assets as at 30 June 2014 and 31 December 2013 are as follows:

(in RMB million)	Life insurance	Property and casualty insurance	Banking	Securities	Trust	Corporate	Others	Eliminations	Total
At 30 June 2014 (Unaudited)	1,299,508	174,200	2,138,632	48,875	32,660	54,870	126,795	(74,315)	3,801,225
At 31 December 2013 (Audited)	1,171,448	159,659	1,895,602	37,638	29,775	44,273	85,754	(63,837)	3,360,312

5. GROSS AND NET WRITTEN PREMIUMS AND POLICY FEES

For the six-month period ended 30 June (in RMB million)	2014 (Unaudited)	2013 (Unaudited)
Gross written premiums, policy fees and premium deposits	217,162	180,711
Less: Premium deposits of policies without significant insurance risk transfer	(1,576)	(1,520)
Premium deposits separated out from universal life and investment-linked products	(36,191)	(34,731)
Gross written premiums and policy fees	179,395	144,460
Long term life business gross written premiums and policy fees	103,706	84,989
Short term life business gross written premiums	6,837	5,568
Property and casualty business gross written premiums	68,852	53,903
Gross written premiums and policy fees	179,395	144,460
Gross written premiums and policy fees		
Life insurance		
Individual life insurance	94,627	79,450
Bancassurance	10,406	6,707
Group life insurance	5,510	4,400
	110,543	90,557
Property and casualty insurance		
Automobile insurance	52,142	40,884
Non-automobile insurance	15,051	11,589
Accident and health insurance	1,659	1,430
	68,852	53,903
Gross written premiums and policy fees	179,395	144,460
Net of reinsurance premiums ceded		
Life insurance		
Individual life insurance	92,347	77,479
Bancassurance	10,386	6,686
Group life insurance	5,324	4,338
	108,057	88,503
Property and casualty insurance		
Automobile insurance	44,335	37,093
Non-automobile insurance	11,487	8,018
Accident and health insurance	1,641	1,405
	57,463	46,516
Net written premiums and policy fees	165,520	135,019

Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2014

6. NET INTEREST INCOME FROM BANKING OPERATIONS

For the six-month period ended 30 June (in RMB million)	2014 (Unaudited)	2013 (Unaudited)
Interest income from banking operations		
Due from the Central Bank	1,860	1,561
Due from financial institutions	11,086	10,144
Loans and advances to customers		
Corporate loans and advances to customers	17,604	14,638
Individual loans and advances to customers	15,497	9,459
Discounted bills	115	158
Bonds	10,856	7,266
Others	173	128
Subtotal	57,191	43,354
Interest expenses on banking operations		
Due to the Central Bank	18	15
Due to financial institutions	15,084	11,699
Customer deposits	16,116	11,821
Bonds payable	540	379
Subtotal	31,758	23,914
Net interest income from banking operations	25,433	19,440

7. NET FEES AND COMMISSION INCOME FROM NON-INSURANCE OPERATIONS

For the six-month period ended 30 June (in RMB million)	2014 (Unaudited)	2013 (Unaudited)
Fees and commission income from non-insurance operations		
Fees and commission income from banking business	8,866	4,824
Trust service fees income	1,402	889
Brokerage fees	426	450
Underwriting commission income	252	275
Others	248	240
Subtotal	11,194	6,678
Fees and commission expenses on non-insurance operations		
Fees and commission expenses on banking business	1,167	501
Brokerage fees paid	51	50
Others	220	194
Subtotal	1,438	745
Net fees and commission income from non-insurance operations	9,756	5,933

8. INVESTMENT INCOME

For the six-month period ended 30 June (in RMB million)	2014 (Unaudited)	2013 (Unaudited)
Net investment income	33,466	26,453
Realized gains	1,339	2,130
Unrealized gains/(losses)	222	(68)
Impairment losses	(7,640)	(1,067)
Total investment income	27,387	27,448

(1) NET INVESTMENT INCOME

For the six-month period ended 30 June (in RMB million)	2014 (Unaudited)	2013 (Unaudited)
Interest income from non-banking operations on fixed maturity investments		
Bonds and debt schemes		
- Held-to-maturity	13,465	11,390
- Available-for-sale	2,939	2,365
- Carried at fair value through profit or loss	116	92
- Loans and receivables	4,489	1,600
Term deposits		
- Loans and receivables	5,841	5,995
Current accounts		
- Loans and receivables	160	341
Others		
- Available-for-sale	638	-
- Carried at fair value through profit or loss	105	6
- Loans and receivables	1,806	1,159
Dividend income on equity investments		
Equity investment funds		
- Available-for-sale	1,521	580
- Carried at fair value through profit or loss	743	601
Equity securities		
- Available-for-sale	2,395	3,370
- Carried at fair value through profit or loss	15	13
Operating lease income from investment properties	817	565
Interest expenses on assets sold under agreements to repurchase and replacements from banks and other financial institutions	(1,584)	(1,624)
	33,466	26,453

Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2014

8. INVESTMENT INCOME (CONTINUED)

(2) REALIZED GAINS

For the six-month period ended 30 June (in RMB million)	2014 (Unaudited)	2013 (Unaudited)
Fixed maturity investments		
- Available-for-sale	(268)	(7)
- Carried at fair value through profit or loss	(3)	30
- Loans and receivables	2,082	468
Equity investments		
- Available-for-sale	(484)	1,757
- Carried at fair value through profit or loss	(244)	(417)
- Subsidiaries, associates and jointly controlled entities (i)	87	203
Derivative financial instruments		
- Carried at fair value through profit or loss	169	96
	1,339	2,130

(i) This refers to gains from disposals of subsidiaries, associates and jointly controlled entities.

(3) UNREALIZED GAINS/(LOSSES)

For the six-month period ended 30 June (in RMB million)	2014 (Unaudited)	2013 (Unaudited)
Fixed maturity investments		
- Carried at fair value through profit or loss	199	(55)
Equity investments		
- Carried at fair value through profit or loss	8	(19)
Derivative financial instruments		
- Carried at fair value through profit or loss	15	6
	222	(68)

(4) IMPAIRMENT LOSSES

For the six-month period ended 30 June (in RMB million)	2014 (Unaudited)	2013 (Unaudited)
Equity investments		
- Available-for-sale	(7,640)	(1,067)

9. OTHER INCOME

For the six-month period ended 30 June (in RMB million)	2014 (Unaudited)	2013 (Unaudited)
Sales of goods of Shanghai Jahwa (Group) Company Ltd. ("Shanghai Jahwa")	2,556	2,596
Management fee income from investment-linked products and income from investment contracts	314	311
Expressway toll fee income	529	300
Consulting income	360	368
Finance leasing income	837	155
Account management fees	548	394
Others	1,906	684
	7,050	4,808

10. CLAIMS AND POLICYHOLDERS' BENEFITS

(1)

For the six-month period ended 30 June (in RMB million)	2014		
	Gross (Unaudited)	Reinsurers' share (Unaudited)	Net (Unaudited)
Claims and claim adjustment expenses	41,832	(6,493)	35,339
Surrenders	5,053	-	5,053
Annuities	2,583	-	2,583
Maturities and survival benefits	10,737	-	10,737
Policyholder dividends	3,361	-	3,361
Increase in policyholders' reserves	60,740	(163)	60,577
Interest credited to policyholder contract deposits	6,359	-	6,359
	130,665	(6,656)	124,009

For the six-month period ended 30 June (in RMB million)	2013		
	Gross (Unaudited)	Reinsurers' share (Unaudited)	Net (Unaudited)
Claims and claim adjustment expenses	35,001	(4,565)	30,436
Surrenders	3,712	-	3,712
Annuities	2,475	-	2,475
Maturities and survival benefits	8,768	-	8,768
Policyholder dividends	3,482	-	3,482
Increase in policyholders' reserves	54,387	(665)	53,722
Interest credited to policyholder contract deposits	5,277	-	5,277
	113,102	(5,230)	107,872

(2)

For the six-month period ended 30 June (in RMB million)	2014		
	Gross (Unaudited)	Reinsurers' share (Unaudited)	Net (Unaudited)
Long term life insurance contract benefits	92,861	(1,666)	91,195
Short term life insurance claims	2,863	(262)	2,601
Property and casualty insurance claims	34,941	(4,728)	30,213
	130,665	(6,656)	124,009

For the six-month period ended 30 June (in RMB million)	2013		
	Gross (Unaudited)	Reinsurers' share (Unaudited)	Net (Unaudited)
Long term life insurance contract benefits	81,326	(1,648)	79,678
Short term life insurance claims	2,192	(37)	2,155
Property and casualty insurance claims	29,584	(3,545)	26,039
	113,102	(5,230)	107,872

Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2014

11. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting) the following items:

For the six-month period ended 30 June (in RMB million)	2014 (Unaudited)	2013 (Unaudited)
Employee costs	18,956	14,576
Interest expenses on policyholder contract deposits and investment contract reserves	7,033	5,894
Provision for insurance guarantee fund	823	658
Regulatory charges	195	181
Depreciation of investment properties	335	264
Depreciation of property and equipment	816	962
Amortization of intangible assets	936	814
Rental expenses	2,366	1,777
Advertising expenses	3,940	2,848
Travelling expenses	705	334
Office miscellaneous expenses	1,322	694
Other taxes	194	176
Postage and telecommunication expenses	807	681
Vehicle and vessel fuel expenses	498	357
(Gains)/losses on disposal of investment properties, property and equipment, and intangible assets	(38)	5
Provision for doubtful debts, net	335	58
Provision for loans, net	5,301	2,571
Cost of sales of Shanghai Jahwa	915	1,249

12. INCOME TAX

For the six-month period ended 30 June (in RMB million)	2014 (Unaudited)	2013 (Unaudited)
Current income tax	10,232	6,414
Deferred income tax	(3,475)	(834)
	6,757	5,580

13. OTHER COMPREHENSIVE INCOME

For the six-month period ended 30 June
(in RMB million)

	2014 (Unaudited)	2013 (Unaudited)
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets:		
Changes in fair value	(491)	(3,141)
Reclassification adjustments for losses/(gains) included in the income statement		
- Losses/(gains) on disposal	752	(1,840)
- Impairment losses	7,640	1,052
Income tax effect	(2,001)	996
	5,900	(2,933)
Shadow accounting adjustments	289	576
Income tax effect	(72)	(142)
	217	434
Exchange differences on translation of foreign operations	15	8
Share of other comprehensive income of associates and jointly controlled entities	1	2
	6,133	(2,489)

14. DIVIDENDS

For the six-month period ended 30 June
(in RMB million)

	2014 (Unaudited)	2013 (Audited)
In respect of previous year:		
2013 final dividend		
- RMB0.45 (2012: RMB0.30) per ordinary share (i)	3,562	2,375
In respect of current year:		
2014 interim dividend		
- RMB0.25 (2013: RMB0.20) per ordinary share (ii)	1,979	1,583

- (i) On 13 March 2014, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for 2013, agreeing to declare a final cash dividend of RMB0.45 per share for 2013. On 10 June 2014, the above profit appropriation plan was approved by the shareholders of the Company at the annual general meeting. The conversion option of the A-share convertible bonds issued by the Company on 22 November 2013 was exercisable starting from 23 May 2014. As at 27 June 2014, the ex-dividend date, conversion options relating to 6,371 shares were exercised which made the total shares to be 7,916,148,463, and the amount of final cash dividend for 2013 was RMB3,562 million. As at 30 June 2014, the total shares are 7,916,148,535.
- (ii) On 19 August 2014, the Board of Directors of the Company approved the Resolution of the Profit Appropriation Plan for Interim Dividend of 2014, agreeing to declare an interim cash dividend of RMB0.25 per share for 2014. Since the conversion option of the A-share convertible bonds issued by the Company on 22 November 2013 was exercisable starting from 23 May 2014, the Group was not able to determine the total shares outstanding at the declaration date and consequently the Group was not able to determine the exact total amount of the interim cash dividend. Using the total shares of 7,916 million outstanding as at 30 June 2014 as an estimate, the amount of interim cash dividend would be RMB1,979 million. It was not recognized as a liability as at 30 June 2014.

Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2014

15. EARNINGS PER SHARE

(1) BASIC

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the six-month period ended 30 June 2014 excluding ordinary shares purchased by the Company and held as treasury shares.

For the six-month period ended 30 June	2014 (Unaudited)	2013 (Unaudited)
Profit attributable to owners of the parent (in RMB million)	21,362	17,910
Weighted average number of ordinary shares in issue (million shares)	7,916	7,916
Basic earnings per share (in RMB)	2.70	2.26

(2) DILUTED

Diluted earnings per share is calculated by dividing the profit attributable to owners of the parent by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six-month period ended 30 June 2014, the Company had one category of dilutive potential ordinary shares: convertible bonds (Six-month period ended 30 June 2013: No dilutive potential ordinary shares). The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect.

For the six-month period ended 30 June	2014 (Unaudited)	2013 (Unaudited)
Earnings (in RMB million)		
Profit attributable to owners of the parent	21,362	17,910
Interest expense on convertible bonds (net of tax)	433	-
Profit used to determine diluted earnings per share	21,795	17,910
Weighted average number of ordinary shares (million shares)		
Weighted average number of ordinary shares in issue	7,916	7,916
Adjustments for:		
- Assumed conversion of convertible bonds	629	-
Weighted average number of ordinary shares for diluted earnings per share	8,545	7,916
Diluted earnings per share (in RMB)	2.55	2.26

16. CASH AND AMOUNTS DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Cash on hand	3,895	3,738
Term deposits	212,966	206,384
Due from banks and other financial institutions	145,512	115,968
Placements with banks and other financial institutions (i)	44,582	27,241
	406,955	353,331

(i) Details of placements with banks and other financial institutions are as follows:

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Placements with banks	43,038	26,830
Placements with other financial institutions	1,568	434
Gross	44,606	27,264
Less: Provision for placements with banks and other financial institutions	(24)	(23)
Net	44,582	27,241

As at 30 June 2014, cash and amounts due from banks and other financial institutions of RMB232 million (31 December 2013: RMB179 million) were restricted from use.

17. BALANCES WITH THE CENTRAL BANK AND STATUTORY DEPOSITS

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Statutory reserve deposits with the Central Bank for banking operations (i)	224,142	197,623
Unrestricted deposits with the Central Bank	30,497	26,652
Other deposits with the Central Bank	1,077	1,918
Statutory deposits for insurance operations (ii)	10,991	10,961
	266,707	237,154

(i) In accordance with relevant regulations, bank operations are required to place mandatory reserve deposits with the People's Bank of China for customer deposits in both RMB and foreign currencies. As at 30 June 2014, the mandatory deposits are calculated at 18% (31 December 2013: 18%) of customer deposits denominated in RMB and 5% (31 December 2013: 5%) of customer deposits denominated in foreign currencies. Mandatory reserve deposits are not available for use by the Group in its day to day operations.

(ii) Details of statutory deposits for insurance operations are as follows:

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Ping An Life Insurance Company of China, Ltd. ("Ping An Life")	6,760	6,760
Ping An Property & Casualty Insurance Company of China, Ltd. ("Ping An Property & Casualty")	3,400	3,400
Ping An Annuity Insurance Company of China, Ltd.	672	672
Ping An Health Insurance Company of China, Ltd.	156	126
Ping An Insurance Sales Services Co., Ltd.	3	3
	10,991	10,961

Statutory deposits for insurance operations are placed with PRC banks in accordance with the PRC Insurance Law and relevant regulations based on 20% of the registered capital for the insurance company subsidiaries and 5% of the registered capital for insurance sales agency subsidiaries within the Group, respectively.

Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2014

18. FIXED MATURITY INVESTMENTS

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Bonds	934,588	861,088
Debt schemes and trust schemes	290,433	216,706
Policy loans	33,359	26,107
Assets purchased under agreements to resell	305,445	298,080
Wealth management products	44,544	52,656
	1,608,369	1,454,637

(1) BONDS:

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Held-to-maturity, at amortized cost	774,696	744,070
Available-for-sale, at fair value	122,434	94,525
Held-for-trading	30,594	15,523
Loans and receivables	6,864	6,970
	934,588	861,088
Government bonds	167,971	152,665
Central Bank bills	65	759
Finance bonds	447,048	439,353
Corporate bonds	319,504	268,311
	934,588	861,088
Listed in Hong Kong	4,880	179
Listed in regions other than Hong Kong	105,934	99,641
Unlisted	823,774	761,268
	934,588	861,088

18. FIXED MATURITY INVESTMENTS (CONTINUED)

(2) ASSETS PURCHASED UNDER AGREEMENTS TO RESELL:

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Beneficial right of loans and receivables purchased under trust schemes	172,351	181,138
Bonds	78,603	58,288
Bills	49,388	55,938
Receivable under finance leases	421	566
Others	4,717	2,185
Gross	305,480	298,115
Less: Provision for impairment losses	(35)	(35)
Net	305,445	298,080

During 2013, the Group's subsidiary Ping An Bank Co., Ltd. ("Ping An Bank") reclassified bonds with a fair value of RMB91,675 million from available-for-sale financial investments to held-to-maturity financial assets reflecting its positive intention and ability to hold them until maturity. As at 30 June 2014, the carrying amount of these bonds was RMB92,415 million (31 December 2013: RMB94,795 million) while the corresponding fair value was RMB90,590 million (31 December 2013: RMB89,922 million). If these bonds were not reclassified, unrealized gains of RMB2,811 million would have been recognized in the available-for-sale financial assets reserves for the period ended 30 June 2014. During the period, other comprehensive income in the amount of RMB398 million recognized prior to the reclassification was reversed.

As at 30 June 2014, bills collected as collateral for assets purchased under agreements to resell with a carrying amount of RMB1,085 million (31 December 2013: RMB1,951 million) were re-pledged as collateral for amounts due to the Central Bank.

19. EQUITY INVESTMENTS

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Equity investment funds	56,304	46,726
Equity securities	87,818	88,497
Other equity investments	34,181	21,845
	178,303	157,068

(1) EQUITY INVESTMENT FUNDS

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Available-for-sale, at fair value	34,507	34,088
Held for trading	21,797	12,638
	56,304	46,726
Listed in Hong Kong	3,443	3,589
Listed in regions other than Hong Kong	6,671	3,555
Unlisted	46,190	39,582
	56,304	46,726

Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2014

19. EQUITY INVESTMENTS (CONTINUED)

(2) EQUITY SECURITIES

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Available-for-sale, at fair value	86,564	87,246
Held for trading	1,254	1,251
	87,818	88,497
Listed in Hong Kong	8,499	8,758
Listed in regions other than Hong Kong	79,171	79,670
Unlisted	148	69
	87,818	88,497

(3) OTHER EQUITY INVESTMENTS

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Available-for-sale, at fair value	20,403	14,947
Available-for-sale, at cost	11,759	6,057
Carried at fair value through profit or loss		
Held-for-trading	1,706	570
Designated at fair value through profit or loss	313	271
	34,181	21,845
Unlisted	34,181	21,845

20. LOANS AND ADVANCES TO CUSTOMERS

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Corporate customers		
Loans	626,991	538,733
Discounted bills	16,529	12,338
Individual customers		
Operating loans	105,517	89,432
Credit cards	98,684	86,834
Property mortgages	60,208	64,956
Vehicle loans	61,316	48,747
Others	37,272	36,139
Gross	1,006,517	877,179
Less: Loan loss provisions	(17,435)	(15,409)
Net	989,082	861,770

20. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Movement of loan loss provisions is as follows:

(in RMB million)	For the six-month period ended 30 June 2014			For the year ended 31 December 2013		
	Individually assessed (Unaudited)	Collectively assessed (Unaudited)	Total (Unaudited)	Individually assessed (Audited)	Collectively assessed (Audited)	Total (Audited)
As at 1 January	1,933	13,476	15,409	2,138	10,706	12,844
Acquisition of subsidiaries	-	-	-	-	179	179
Charge for the period/year	2,238	3,063	5,301	3,126	3,583	6,709
Write-off and transfer out during the period/year	(2,323)	(1,246)	(3,569)	(3,130)	(1,165)	(4,295)
Write-backs during the period/year						
Recovery of loans written off previously	206	238	444	204	188	392
Interest accrued on impaired loans and advances	(167)	-	(167)	(403)	-	(403)
Other changes for the period/year	4	13	17	(2)	(15)	(17)
As at 30 June/31 December	1,891	15,544	17,435	1,933	13,476	15,409

As at 30 June 2014, discounted bills with a carrying amount of RMB165 million (31 December 2013: RMB290 million) were pledged as collateral for amounts due to the Central Bank.

21. PREMIUM RECEIVABLES

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Premium receivables	26,350	24,537
Less: Provision for doubtful receivables	(440)	(332)
Premium receivables, net	25,910	24,205
Life insurance	4,771	7,630
Property and casualty insurance	21,139	16,575
Premium receivables, net	25,910	24,205

The credit terms of premium receivables granted are generally from one to six months, and non-interest bearing.

An aging analysis of premium receivables is as follows:

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Within 3 months	25,615	23,562
Over 3 months but within 1 year	534	799
Over 1 year	201	176
	26,350	24,537

Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2014

22. ACCOUNTS RECEIVABLE

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Receivables under factoring	11,742	6,968
Others	1,469	1,092
Total	13,211	8,060
Less: provision for accounts receivable	(41)	(27)
Net	13,170	8,033

23. POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INSURANCE/ INVESTMENT CONTRACTS

(1) POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INSURANCE CONTRACTS

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Cash and amounts due from banks and other financial institutions	4,698	4,860
Equity investments	21,937	22,984
Fixed maturity investments, at fair value	8,404	6,899
Fixed maturity investments, at amortized cost	614	252
Other assets	400	507
	36,053	35,502

(2) POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INVESTMENT CONTRACTS

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Cash and amounts due from banks and other financial institutions	903	912
Equity investments	1,578	1,316
Fixed maturity investments, at fair value	1,877	1,527
Fixed maturity investments, at amortized cost	248	240
Other assets	85	106
	4,691	4,101

24. INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

The Group's investments in major associates and jointly controlled entities as at 30 June 2014 are as follows:

(in RMB million) Name of the invested entity	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Associates		
Veolia Water (Kunming) Investment Co., Ltd.	219	208
Veolia Water (Yellow River) Investment Co., Ltd.	243	233
Veolia Water (Liuzhou) Investment Co., Ltd.	107	103
Shanxi Taichang Expressway Co., Ltd.	795	808
Hubei Shumyip Huayin Traffic Development Co., Ltd.	164	185
Beijing-Shanghai High-speed Railway Equity Investment	6,300	6,300
Shaoxing Pingan New Capital Co., Ltd.	28	22
Foshan Shunde Peace Hospital Investment Co., Ltd.	127	129
Chengdu Gongtou Assets Management Co., Ltd.	472	485
Newheight Holdings Ltd.	54	78
Jiangyin Tianjiang Pharmaceutical Co., Ltd.	548	458
Shanghai Takasago Union Fragrances & Flavors Co., Ltd.	90	79
Ping An Pay Intelligence Technology Co., Ltd.	591	386
Zhongan Online P&C insurance Co., Ltd.	150	149
Nanjing Shuotian Investment Management Company Limited	28	38
Others	493	586
Jointly controlled entities		
Ping An Russell Investment Management (Shanghai) Co., Ltd.	64	70
Guangzhou Shengan Chuangfu Investment & Management Limited	13	13
KunYu Highway Development Co., Ltd.	1,890	1,751
	12,376	12,081

Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2014

25. OTHER ASSETS

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Interest receivable	33,211	28,949
Other receivables (i)	25,469	16,744
Due from reinsurers	7,240	8,924
Foreclosed assets	1,173	800
Prepayments	6,473	3,074
Precious metals	40,898	21,286
Dividend receivable	214	70
Receivable under finance leases	22,681	12,985
Others	5,835	4,309
	143,194	97,141

- (i) Since 1 January 2009, the Group has implemented the "Interpretation No. 2 to China Accounting Standards" and the "Regulation on Accounting for Insurance Contracts" (Caikuai [2009] No.15) issued by the Ministry of Finance. As the relevant tax laws and regulations have not clearly clarified how the implementation of the above accounting regulations would affect the manner in which corporate income tax would be imposed, the Group accrued the corporate income tax based on its understanding and judgment of the current prevailing tax laws and regulations when preparing the financial statements. As there is a difference between the accrued corporate income tax amount and the actual payment of the corporate income tax, the Group recorded this difference of RMB3,520 million in other assets as at 31 December 2013 as prepaid income tax. On 28 May 2014, State Administration of Taxation issued the "Announcement & Interpretation No.29", and the Group was able to utilize the prepaid income tax to settle the tax payable. Such prepaid income tax amount of RMB3,520 million was fully utilized and recovered as at 30 June 2014.

26. SHARE CAPITAL

(million shares)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Number of shares registered, issued and fully paid, with a par value of RMB1 each	7,916	7,916

27. RESERVES AND RETAINED PROFITS

(in RMB million)	Share premium (Unaudited)	Available-for-sale investment reserve (Unaudited)	Shadow accounting adjustments (Unaudited)	Others (Unaudited)	Surplus reserve funds (Unaudited)	General reserves (Unaudited)	Exchange differences on translation of foreign operations (Unaudited)	Retained profits (Unaudited)	Non-controlling interests (Unaudited)	Total equity (Unaudited)
As at 1 January 2014	83,873	(5,517)	934	3,389	6,982	395	111	84,626	56,996	231,789
Profit for the period	-	-	-	-	-	-	-	21,362	4,502	25,864
Other comprehensive income for the period	-	5,709	216	21	-	-	15	-	172	6,133
Total comprehensive income for the period	-	5,709	216	21	-	-	15	21,362	4,674	31,997
Dividend declared (Note 14)	-	-	-	-	-	-	-	(3,562)	-	(3,562)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(942)	(942)
Equity transaction with non-controlling interests	19	-	-	2	-	-	-	-	(468)	(447)
Contribution by minority shareholders	-	-	-	(6)	-	-	-	-	298	292
Others	-	-	-	3	-	-	-	-	92	95
As at 30 June 2014	83,892	192	1,150	3,409	6,982	395	126	102,426	60,650	259,222
(in RMB million)	Share premium (Unaudited)	Available-for-sale investment reserve (Unaudited)	Shadow accounting adjustments (Unaudited)	Others (Unaudited)	Surplus reserve funds (Unaudited)	General reserves (Unaudited)	Exchange differences on translation of foreign operations (Unaudited)	Retained profits (Unaudited)	Non-controlling interests (Unaudited)	Total equity (Unaudited)
As at 1 January 2013	83,506	533	115	(360)	6,982	395	100	60,430	50,032	201,733
Profit for the period	-	-	-	-	-	-	-	17,910	3,861	21,771
Other comprehensive income for the period	-	(2,862)	432	2	-	-	8	-	(69)	(2,489)
Total comprehensive income for the period	-	(2,862)	432	2	-	-	8	17,910	3,792	19,282
Dividend declared (Note 14)	-	-	-	-	-	-	-	(2,375)	-	(2,375)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(449)	(449)
Establishment of subsidiaries	-	-	-	-	-	-	-	-	1,080	1,080
Equity transaction with non-controlling interests	-	-	-	-	-	-	-	-	(125)	(125)
Contribution by minority shareholders	-	-	-	-	-	-	-	-	36	36
Others	-	-	-	24	-	-	-	-	(19)	5
As at 30 June 2013	83,506	(2,329)	547	(334)	6,982	395	108	75,965	54,347	219,187

Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2014

27. RESERVES AND RETAINED PROFITS (CONTINUED)

Out of the Group's retained profits, RMB18,005 million as at 30 June 2014 (31 December 2013: RMB15,297 million) represents the Company's share of its subsidiaries' surplus reserve fund which cannot be used for profit distribution.

Out of the Group's retained profits, RMB14,559 million as at 30 June 2014 (31 December 2013: RMB14,285 million) represents the Company's share of its subsidiaries' general reserve which cannot be used for profit distribution.

28. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Deposits from other banks and financial institutions	411,987	473,155
Due to the Central Bank	1,299	2,264
Short term borrowings	14,217	10,391
Long term borrowings	33,492	23,656
	460,995	509,466

29. ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Bonds	136,423	113,666
Discounted bills	419	2,261
Beneficial right in equity	4,725	4,725
Shares	-	990
	141,567	121,642

As at 30 June 2014, beneficial right in equity of subsidiaries with a carrying amount of RMB4,726 million (31 December 2013: RMB4,726 million) were pledged as collateral for assets sold under agreements to repurchase.

As at 30 June 2014, bonds and bills with par value of RMB110,142 million (31 December 2013: RMB89,098 million) and RMB504 million (31 December 2013: RMB1,567 million) were pledged as collateral for financial assets sold under agreements to repurchase resulted from repurchase transactions entered into by the Group in the inter-bank market. The collateral is restricted from trading during the period of the repurchase transaction.

For debt repurchase transactions through stock exchange, the Group is required to deposit certain exchange traded bonds into a collateral pool and the fair value converted at a standard rate pursuant to stock exchange's regulation which should be no less than the balance of related repurchase transaction.

As at 30 June 2014, the amount of bonds deposited in the collateral pool was RMB94,558 million (31 December 2013: RMB99,521 million). The collateral is restricted from trading during the period of the repurchase transaction. The Group can withdraw the exchange-traded bonds from the collateral pool provided that the value of certain bonds is no less than the balance of related repurchase transactions.

30. CUSTOMER DEPOSITS AND PAYABLES TO BROKERAGE CUSTOMERS

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Customer deposits		
Current and savings accounts		
- Corporate customers	300,046	269,687
- Individual customers	128,738	104,500
Term deposits		
- Corporate customers	546,137	427,214
- Individual customers	124,567	98,965
Guarantee deposits	312,578	242,338
Term deposits from the Central Bank	11,690	-
Fiscal deposits	37,001	36,212
Remittance payables and outward remittance	3,876	2,556
	1,464,633	1,181,472
Payables to brokerage customers		
- Corporate customers	5,476	4,097
- Individual customers	7,392	5,946
	12,868	10,043
	1,477,501	1,191,515

As at 30 June 2014, bonds held-to-maturity with a carrying amount of RMB17,184 million (31 December 2013: Nil) were pledged as collateral for term deposits from the Central Bank.

31. ACCOUNTS PAYABLE

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Payable under factoring	2,166	2,024
Others	978	594
	3,144	2,618

32. INSURANCE CONTRACT LIABILITIES

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Policyholders' reserves	680,338	620,448
Policyholder contract deposits	297,206	276,044
Policyholder account liabilities in respect of insurance contracts	36,053	35,502
Unearned premium reserves	68,786	60,987
Claim reserves	41,623	37,231
	1,124,006	1,030,212

Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2014

33. BONDS PAYABLE

(in RMB million)		30 June 2014	31 December 2013
Issuer	Type	(Unaudited)	(Audited)
Value Success International Limited	Offshore RMB bonds	5,180	5,583
Value Success International Limited	Offshore Singapore Dollar bonds	1,851	-
Ping An Property & Casualty	Subordinated bonds	5,635	7,702
Ping An Life	Subordinated bonds	13,238	13,174
Ping An Life	Subordinated bonds	7,997	-
Ping An Bank	Subordinated bonds	-	2,996
Ping An Bank	Tier-2 capital bonds	15,000	-
Ping An Bank	Hybrid capital debt instrument	5,114	5,113
Ping An Bank	Interbank deposits	1,491	-
Ping An Securities Company, Ltd.	Subordinated bonds	2,995	-
The Company	A-share convertible bonds	22,662	22,188
		81,163	56,756

34. FIDUCIARY ACTIVITIES

(in RMB million)	30 June 2014	31 December 2013
	(Unaudited)	(Audited)
Assets under trust schemes	341,995	277,420
Assets under corporate annuity schemes	81,627	72,290
Assets under asset management schemes	110,471	84,455
Entrusted loans of banking operation	181,707	95,246
Entrusted investments of banking operation	170,157	123,140
	885,957	652,551

All of the above are off-balance sheet items.

35. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's financial instruments mainly consist of cash and amounts due from banks and other financial institutions, term deposits, bonds, equity investment funds, equity securities, loans, borrowings, deposits from other banks and financial institutions, customer deposits and payables to brokerage customers, etc. The Group holds various other financial assets and liabilities which directly arose from insurance operations, such as premium receivables, reinsurers' share of insurance liabilities, annuity and other insurance payables.

35. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(1) CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table sets out the carrying values and fair values of the Group's major financial instruments by classification:

(in RMB million)	Carrying values		Fair values	
	30 June 2014 (Unaudited)	31 December 2013 (Audited)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Financial assets				
Available-for-sale				
Bonds	122,434	94,525	122,434	94,525
Equity investment funds	34,507	34,088	34,507	34,088
Equity securities	86,564	87,246	86,564	87,246
Others	32,162	21,004	32,162	21,004
Carried at fair value through profit or loss				
Bonds	30,594	15,523	30,594	15,523
Equity investment funds	21,797	12,638	21,797	12,638
Equity securities	1,254	1,251	1,254	1,251
Others	2,019	841	2,019	841
Derivative financial assets	2,760	3,402	2,760	3,402
Held-to-maturity				
Bonds	774,696	744,070	751,777	688,797
Loans and receivables				
Cash and amounts due from banks and other financial institutions	406,955	353,331	406,955	353,331
Balances with the Central Bank and statutory deposits	266,707	237,154	266,707	237,154
Loans and advances to customers	989,082	861,770	989,082	862,129
Bonds	6,864	6,970	6,864	6,970
Debt schemes and trust schemes	290,433	216,706	290,433	216,706
Policy loans	33,359	26,107	33,359	26,107
Assets purchased under agreements to resell	305,445	298,080	305,445	298,080
Wealth management products	44,544	52,656	44,544	52,656
Premium receivables	25,910	24,205	25,910	24,205
Accounts receivable	13,170	8,033	13,170	8,033
Other assets	88,914	67,679	88,914	67,679
Total financial assets	3,580,170	3,167,279	3,557,251	3,112,365

Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2014

35. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(1) CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

(in RMB million)	Carrying values		Fair values	
	30 June 2014 (Unaudited)	31 December 2013 (Audited)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Financial liabilities				
Derivative financial liabilities	3,267	2,918	3,267	2,918
Other financial liabilities				
Due to banks and other financial institutions	460,995	509,466	460,995	509,466
Assets sold under agreements to repurchase	141,567	121,642	141,567	121,642
Other financial liabilities held for trading	4,950	3,692	4,950	3,692
Customer deposits and payables to brokerage customers	1,477,501	1,191,515	1,477,501	1,191,515
Accounts payable	3,144	2,618	3,144	2,618
Insurance payables	40,418	38,301	40,418	38,301
Investment contract liabilities for policyholders	35,639	34,252	35,639	34,252
Policyholder dividend payable	27,676	25,232	27,676	25,232
Bonds payable	81,163	56,756	87,416	56,024
Other liabilities	74,719	36,995	74,719	36,995
Total financial liabilities	2,351,039	2,023,387	2,357,292	2,022,655

The assets and liabilities of the investment-linked business are not included in the above financial assets and liabilities.

(2) DETERMINATION OF FAIR VALUE AND THE FAIR VALUE HIERARCHY

The methods used to determine fair values of financial assets and liabilities and the breakdown of fair value hierarchy are disclosed in the 2013 annual report of the Group. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The primary quoted market price used for financial assets held by the groups is the current bid price. Financial instruments included in Level 1 comprise primarily equity investments, fund investments and bond investments traded on stock exchanges and open-ended mutual funds;

Level 2: other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates;

Level 3: valuation techniques which use any inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The level of fair value calculation is determined by the lowest level input with material significance in the overall calculation. As such, the significance of the input should be considered from an overall perspective in the calculation of fair value.

35. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) DETERMINATION OF FAIR VALUE AND THE FAIR VALUE HIERARCHY (CONTINUED)

Valuation methods for Level 2 and Level 3 financial instruments:

For Level 2 financial instruments, valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyze and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities. Debt securities are classified as Level 2 when they are valued at recent quoted price from Chinese interbank market or from valuation service providers.

For Level 3 financial instruments, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determinations to classify fair value measures within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable factors to the overall fair value measurement, and valuation methodologies such as discounted cash flow models and other similar techniques.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

(in RMB million)	30 June 2014			Total fair value (Unaudited)
	Level 1 (Unaudited)	Level 2 (Unaudited)	Level 3 (Unaudited)	
Financial assets				
Carried at fair value through profit or loss				
Bonds	692	29,902	-	30,594
Equity investment funds	20,416	1,381	-	21,797
Equity securities	1,106	148	-	1,254
Others	-	1,800	219	2,019
	22,214	33,231	219	55,664
Derivative financial assets				
Interest rate swaps	-	535	-	535
Currency forwards and swaps	-	1,952	-	1,952
Others	-	273	-	273
	-	2,760	-	2,760
Available-for-sale financial assets				
Bonds	21,965	100,469	-	122,434
Equity investment funds	29,702	4,805	-	34,507
Equity securities	82,214	4,291	59	86,564
Others	-	17,281	3,122	20,403
	133,881	126,846	3,181	263,908
Total financial assets	156,095	162,837	3,400	322,332
Financial liabilities				
Derivative financial liabilities				
Interest rate swaps	-	579	-	579
Currency forwards and swaps	-	1,838	-	1,838
Others	-	850	-	850
	-	3,267	-	3,267
Other financial liabilities held for trading	4,950	-	-	4,950
Total financial liabilities	4,950	3,267	-	8,217

Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2014

35. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(2) DETERMINATION OF FAIR VALUE AND THE FAIR VALUE HIERARCHY (CONTINUED)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy (continued):

(in RMB million)	31 December 2013			Total fair value (Audited)
	Level 1 (Audited)	Level 2 (Audited)	Level 3 (Audited)	
Financial assets				
Carried at fair value through profit or loss				
Bonds	737	14,786	-	15,523
Equity investment funds	10,617	2,021	-	12,638
Equity securities	1,251	-	-	1,251
Others	-	690	151	841
	12,605	17,497	151	30,253
Derivative financial assets				
Interest rate swaps	-	420	-	420
Currency forwards and swaps	-	2,118	-	2,118
Others	-	864	-	864
	-	3,402	-	3,402
Available-for-sale financial assets				
Bonds	19,578	74,936	11	94,525
Equity investment funds	32,817	1,271	-	34,088
Equity securities	84,252	2,972	22	87,246
Others	21	11,676	3,250	14,947
	136,668	90,855	3,283	230,806
Total financial assets	149,273	111,754	3,434	264,461
Financial liabilities				
Derivative financial liabilities				
Interest rate swaps	-	474	-	474
Currency forwards and swaps	-	2,374	-	2,374
Others	-	70	-	70
	-	2,918	-	2,918
Other financial liabilities held for trading	3,692	-	-	3,692
Total financial liabilities	3,692	2,918	-	6,610

The assets and liabilities of investment-linked business are not included in the above disclosure of the fair value hierarchy.

During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

36. RISK AND CAPITAL MANAGEMENT

The following depicts the risk and capital management of the Group. There were no significant changes in these regards for the six-month period ended 30 June 2014.

(1) INSURANCE RISK

Insurance risk refers to the risk that actual indemnity might exceed expected indemnity due to the frequency and severity of insurance accidents, as well as the possibility that insurance surrender rates are being underestimated. The principal risk the Group faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This could occur due to any of the following factors:

- ▶ Occurrence risk - the possibility that the number of insured events will differ from those expected.
- ▶ Severity risk - the possibility that the cost of the events will differ from those expected.
- ▶ Development risk - the possibility that changes may occur in the amount of an insurer's obligation at the end of the contract period.

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio. The variability of risks is also improved by careful selection and implementation of underwriting strategies and guidelines.

The business of the Group mainly comprises long term life insurance contracts, property and casualty and short term life insurance contracts. For contracts where death is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyles and natural disasters, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continuing improvement in medical science and social conditions that would increase longevity. For property and casualty insurance contracts, claims are often affected by natural disasters, calamities, terrorist attacks, etc.

These risks currently do not vary significantly in relation to the location of the risk insured by the Group whilst undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

There would be no significant mitigating terms and conditions that reduce the insured risk accepted for contracts with fixed and guaranteed benefits and fixed future premiums. However, for contracts with discretionary participation features, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

Insurance risk is also affected by the policyholders' rights to terminate the contract, pay reduced premiums, refuse to pay premiums or exercise annuity conversion option, etc. Thus, the resultant insurance risk is subject to policyholders' behaviours and decisions.

Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2014

36. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(1) INSURANCE RISK (CONTINUED)

Concentration of insurance risks

The Group runs its insurance business primarily within the PRC. Hence the geographical insurance risk is concentrated primarily within the PRC.

The Group's concentration of insurance risk is reflected by its major lines of business as analyzed by insurance contract liabilities in Note 32.

Assumptions

(a) Long term life insurance contracts

Material judgment is required in determining insurance contract reserves and in choosing discount rates/ investment return, mortality, morbidity, lapse rates, policy dividend and expenses assumptions relating to long term life insurance contracts.

(b) Property and casualty and short term life insurance contracts

The principal assumptions underlying the estimates includes assumptions in respect of average claim costs, claims handling costs, claims inflation factors and claim numbers for each accident year which are determined based on the Group's past claim experiences. Judgment is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key assumptions include delays in settlement, etc.

(c) Reinsurance

The Group limits its exposure to losses from insurance operations mainly through participation in reinsurance arrangements. The majority of the business ceded is placed on the quota share basis and the surplus basis with retention limits varying by product lines. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented in the statement of financial position as reinsurers' share of insurance liabilities and due from reinsurers.

Even though the Group may have reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

36. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(2) MARKET RISK

Market risk is the risk of changes in fair value of financial instruments and future cash flows from fluctuations of market prices, which includes three types of risks from volatility of foreign exchange rates (foreign currency risk), market interest rates (interest rate risk) and market prices (price risk).

(a) Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which the Group conducts business may affect its financial position and results of operations. The foreign currency risk facing the Group mainly comes from movements in the USD/RMB, HKD/RMB and EUR/RMB exchange rates. The Group seeks to limit its exposure to foreign currency risk by minimizing its net foreign currency position.

(b) Price risk

The Group's price risk exposure relates to financial assets and liabilities whose values will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), which mainly include listed equity securities and equity investment funds classified as available-for-sale financial assets and financial assets at fair value through profit or loss.

The above investments are exposed to price risk because of changes in market prices, where changes are caused by factors specific to the individual financial instruments or their issuers, or factors affecting all similar financial instruments traded in the market.

The Group managed price risks by diversification of investments, setting limits for investments in different securities, etc.

(c) Interest rate risk

Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest rate risk, whereas fixed rate instruments expose the Group to fair value interest risk.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. Interest on floating rate instruments is repriced at intervals of less than one year. Interest on fixed interest rate instruments is priced at inception of the financial instruments and is fixed until maturity.

Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2014

36. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK

Credit risks refer to the risk of losses incurred by the inability of debtors or counterparties to fulfill their contractual obligations or by the adverse changes in their credit conditions. The Group is exposed to credit risks primarily associated with its deposit arrangements with commercial banks, loans and advances to customers, investments in bonds, reinsurance arrangements with reinsurers, policy loans, securities financing and direct loans, financial guarantees, loan commitments, etc. The Group uses a variety of controls to identify, measure, monitor and report credit risk.

Credit risk of banking business

The bank segment of the Group has formulated a complete set of credit management processes and internal control mechanisms, so as to carry out whole process management of credit business. Credit management procedures for its corporate and retail loans comprise the processes of credit origination, credit review, credit approval, disbursement, post-disbursement monitoring and collection.

Risks arising from financial guarantees and loan commitments are similar to those associated with loans and advances. Transactions of financial guarantees and loan commitments are, therefore, subject to the same requirements on application, post lending monitoring and collateral as loans and advances to customers.

The bank segment of the Group sub-divides credit asset risks into 10 categories based on the five-tier loan classification system promulgated by the China Banking Regulatory Commission, and applies different management policies to the loans in accordance with their respective loan categories. With the introduction of New Capital Accord programs in banking business, the banking business will gradually establish a more scientific rating system that in accordance with the requirements of internal controls.

Credit risk of investment business

As to debt investments, the Group grades the existing investments according to internal credit rating policies and processes, chooses high credit quality counterparties and establishes strict access standards.

Credit risk of insurance business

The Group evaluates the credit rating of the reinsurance companies before signing the reinsurance contracts, and chooses the reinsurance companies with higher credit rating to reduce the credit risk.

The limit of policy loans is based on the cash value of valid insurance policy, with an appropriate discount, and the validity period of policy loan is in the validity period of insurance policy. The credit risk associated with policy loans will not cause a material impact on the Group's consolidated financial statements as at 30 June 2014 and 31 December 2013.

Credit exposure

The carrying amounts of the financial assets, which are not recorded at fair value, represent the maximum credit risk exposure. The carrying amounts of the financial assets, which are recorded at fair value, represent the current risk exposure but not the maximum risk exposure that could arise in the future as a result of the change in fair values. The Group also assumes credit risk due to credit commitments. The details are disclosed in Note 39 (3).

36. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK (CONTINUED)

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and the valuation parameters.

The main types of collateral obtained are as follows:

- ▶ for policy loans, cash value of policies;
- ▶ for assets purchased under agreements to resell transactions, bills, loans and negotiable securities;
- ▶ for commercial lending, charges over real estate properties, inventories, equity investments and trade receivables, etc.;
- ▶ for retail lending, residential properties over mortgages.

Management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable.

It's the Group's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding balance. In general, the Group does not occupy repossessed properties for business use.

(4) LIQUIDITY RISK

Liquidity risk is the risk of not having access to sufficient funds or being unable to liquidate a position in a timely manner at a reasonable price to meet the Group's obligations as they become due.

The Group is exposed to liquidity risk on insurance policies that permit surrender, withdrawal or other forms of early termination. The Group seeks to manage its liquidity risk by matching to the extent possible the duration of its investment assets with the duration of its insurance policies and to ensure that the Group is able to meet its payment obligations and fund its lending and investment operations on a timely basis.

The banking business of the Group is exposed to potential liquidity risk. The Group monitors the sourcing and usage of funds, deposit to loan ratio, and quick ratio on a daily basis. Moreover, when adopting various liquidity risk management measurement benchmarks, the Group will compare the expected results against the ones derived from stress tests, critically assess the potential impact to the future liquidity risk, and formulate remedial actions according to specific situations. The Group seeks to mitigate the liquidity risk of the banking business by optimizing the assets and liabilities structure, maintaining stable deposits, etc.

Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2014

36. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

The table below summarizes the remaining contractual maturity profile of the financial assets and liabilities of the Group (excluding balances of investment-linked contracts) based on undiscounted contractual cash flows/expected cash flows and remaining contractual maturity profile of derivative cash flows and credit commitment.

(in RMB million)	30 June 2014						Total (Unaudited)
	Repayable on demand (Unaudited)	Less than 3 months (Unaudited)	3 to 12 months (Unaudited)	1 to 5 years (Unaudited)	Over 5 years (Unaudited)	Undated (Unaudited)	
Cash and amounts due from banks and other financial institutions	91,579	57,858	70,255	235,524	3,224	129	458,569
Balances with the Central Bank and statutory deposits	21,037	135	484	12,236	-	234,683	268,575
Fixed maturity investments	14,151	311,879	262,968	638,891	1,008,128	-	2,236,017
Equity investments	289	7,576	17,201	13,670	-	157,466	196,202
Loans and advances to customers	15,697	280,159	367,999	314,190	166,610	-	1,144,655
Premium receivables	2,754	8,115	7,324	7,683	34	-	25,910
Accounts receivable	6	2,698	6,851	4,161	-	-	13,716
Other assets	3,820	20,976	11,629	19,060	550	-	56,035
	149,333	689,396	744,711	1,245,415	1,178,546	392,278	4,399,679
Due to banks and other financial institutions	24,913	215,429	193,299	42,283	4,031	-	479,955
Assets sold under agreements to repurchase	-	137,002	4,594	418	-	-	142,014
Other financial liabilities held for trading	-	4,556	394	-	-	-	4,950
Customer deposits and payables to brokerage customers	608,819	354,013	367,936	197,452	2,294	-	1,530,514
Accounts payable	2	1,056	558	1,652	-	-	3,268
Insurance payables	31,839	5,816	2,759	4	-	-	40,418
Investment contract liabilities for policyholders	-	780	3,567	12,638	26,211	-	43,196
Policyholder dividend payable	27,676	-	-	-	-	-	27,676
Bonds payable	-	1,787	2,687	59,525	38,574	-	102,573
Other liabilities	11,647	23,145	12,692	5,264	233	-	52,981
	704,896	743,584	588,486	319,236	71,343	-	2,427,545
Derivative cash flows							
Derivative financial instruments settled on a net basis	-	(14)	26	22	1	-	35
Derivative financial instruments settled on a gross basis							
- Cash inflow	-	134,874	177,245	2,683	1,833	-	316,635
- Cash outflow	-	(131,538)	(152,513)	(1,803)	(1,810)	-	(287,664)
	-	3,336	24,732	880	23	-	28,971
Credit Commitments	13,178	269,185	229,441	59,760	6,605	-	578,169

36. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(4) LIQUIDITY RISK (CONTINUED)

(in RMB million)	31 December 2013						Total (Audited)
	Repayable on demand (Audited)	Less than 3 months (Audited)	3 to 12 months (Audited)	1 to 5 years (Audited)	Over 5 years (Audited)	Undated (Audited)	
Cash and amounts due from banks and other financial institutions	70,551	70,625	27,079	210,426	12,181	5,238	396,100
Balances with the Central Bank and statutory deposits	19,488	138	490	12,415	-	206,713	239,244
Fixed maturity investments	7,914	259,166	233,377	556,006	926,393	-	1,982,856
Equity investments	3,720	5,191	1,024	3,954	-	145,214	159,103
Loans and advances to customers	9,968	228,770	335,597	267,306	154,179	-	995,820
Premium receivables	1,812	9,851	5,966	6,535	41	-	24,205
Accounts receivable	277	3,404	2,267	3,195	23	-	9,166
Other assets	8,852	7,029	13,060	11,987	268	-	41,196
	122,582	584,174	618,860	1,071,824	1,093,085	357,165	3,847,690
Due to banks and other financial institutions	30,426	253,640	204,831	36,200	6,027	-	531,124
Assets sold under agreements to repurchase	-	117,154	5,067	418	-	-	122,639
Other financial liabilities held for trading	-	3,692	-	-	-	-	3,692
Customer deposits and payables to brokerage customers	529,759	273,621	276,412	156,794	75	-	1,236,661
Accounts payable	15	761	227	1,924	-	-	2,927
Insurance payables	30,241	6,020	2,033	7	-	-	38,301
Investment contract liabilities for policyholders	-	1,121	3,190	11,030	22,742	-	38,083
Policyholder dividend payable	25,232	-	-	-	-	-	25,232
Bonds payable	-	50	7,572	31,496	31,207	-	70,325
Other liabilities	5,920	3,196	7,458	3,061	254	-	19,889
	621,593	659,255	506,790	240,930	60,305	-	2,088,873
Derivative cash flows							
Derivative financial instruments settled on a net basis	-	87	237	472	-	-	796
Derivative financial instruments settled on a gross basis							
- Cash inflow	-	187,851	279,358	2,800	-	-	470,009
- Cash outflow	-	(187,634)	(268,505)	(2,287)	-	-	(458,426)
	-	217	10,853	513	-	-	11,583
Credit commitments	32,441	230,380	179,616	54,901	3,844	-	501,182

Management expects the credit commitments will not be entirely used during the commitment period.

The assets and liabilities related to investment-linked contracts which are regarded as insurance contracts are presented as policyholder account assets and liabilities in respect of insurance contracts. The assets and liabilities related to investment-linked contracts which are regarded as investment contracts are presented as policyholder account assets and liabilities in respect of investment contracts. The assets and liabilities of each investment-linked fund are segregated from each other and from the rest of the Group's invested assets for record keeping purposes. As the investment risks of investment-linked contracts were fully borne by policyholders, the assets and liabilities related to investment-linked contracts were not included in the analysis of risk management. Investment-linked contracts are repayable on demand. The Group manages liquidity risk related to the investment-linked contracts by investing mainly in assets with high liquidity, as disclosed in Note 23.

Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2014

36. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(5) MISMATCHING RISK OF ASSETS AND LIABILITIES

The objective of the Group's asset and liability management is to match assets with liabilities on the basis of both the duration and interest rate. In the current regulatory and market environment, however, the Group is unable to invest in sufficient assets with long enough duration to match that of its life insurance and investment contract liabilities. When the current regulatory and market environment permits, the Group will lengthen the duration of its assets by matching the new liabilities of lower guarantee rates, while narrowing the gap of existing liabilities of higher guarantee rates.

(6) OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failure of proper internal controls on business processes, employees and systems or from uncontrollable external events. The Group is exposed to many types of operational risks in the conduct of its business from inadequate or failure to obtain proper authorizations, supporting documentation and ensuring operational and informational security procedures as well as from fraud or errors by employees. The Group attempts to manage operational risk by establishing clear policies and requiring well documented business processes to ensure that transactions are properly authorized, supported and recorded.

(7) CAPITAL MANAGEMENT

The Group's capital requirements are primarily dependent on the scale and the type of business that it undertakes, as well as the industry and geographic location in which it operates. The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and to maintain healthy capital ratios in order to support its business and to maximize shareholders' value.

The Group manages its capital requirements by assessing shortfalls, if any, between the reported and the required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Group's activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, return capital to ordinary shareholders or issue capital securities.

The Group complied with the externally imposed capital requirements as at 30 June 2014 and no changes were made to its capital base, objectives, policies and processes from the previous year.

37. CASH AND CASH EQUIVALENTS

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Cash and amounts due from banks and other financial institutions		
Cash on hand	3,895	3,738
Term deposits	2,559	6,005
Due from banks and other financial institutions	84,986	83,104
Placements with banks and other financial institutions	28,510	22,287
Balances with the Central Bank	30,497	26,652
Assets purchased under agreements to resell and others	131,863	103,091
	282,310	244,877

The carrying amounts disclosed above approximate their fair values at period end.

38. SIGNIFICANT RELATED PARTY TRANSACTIONS

(1) THE COMPANY'S RELATED PARTIES WHERE SIGNIFICANT INFLUENCE EXISTS INCLUDE CERTAIN SHAREHOLDERS SET OUT BELOW:

Name of related parties	Relationship with the Company
Charoen Pokphand Group Co., Ltd.	Parent of shareholders from 6 February 2013
Shenzhen Investment Holdings Co., Ltd.	Shareholder
The Hongkong and Shanghai Banking Corporation Limited (the "HSBC")	Shareholder up to 6 February 2013
HSBC Insurance Holdings Limited	Shareholder up to 6 February 2013

On 5 December 2012, HSBC Insurance Holdings Limited and HSBC (together "HSBC Group") entered into an agreement with the subsidiaries of Charoen Pokphand Group Co., Ltd. (together "CP Group") to transfer all of HSBC Group's ownership of 15.57% equity interests in the Company. The transaction was completed on 6 February 2013. Starting from 6 February 2013, HSBC Group discontinued being a related party of the Group.

As at 30 June 2014, CP Group held 12.36% (31 December 2013, 13.51%) equity interests in the Company and was the largest shareholder of the Company.

Accordingly, the following transactions and balances with HSBC Group and CP Group are disclosed up to and from the date of the completion of transfer described above respectively.

(2) OTHER RELATED PARTY

Name of related party	Relationship with the Company
Newheight Information Technology (Shanghai) Co., Ltd. (the "Newheight Shanghai")	Subsidiary of an associate

Notes to the Interim Condensed Consolidated Financial Information

For the six-month period ended 30 June 2014

38. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(3) THE SUMMARY OF SIGNIFICANT RELATED PARTY TRANSACTIONS IS AS FOLLOWS:

For the six-month period ended 30 June (in RMB million)	2014 (Unaudited)	2013 (Unaudited)
Interest expense paid to		
HSBC	-	1
Goods purchased from		
Newheight Shanghai	288	259
Premiums income from		
CP Group	2	4
Claims expenses to		
CP Group	1	1
Rental income from		
CP Group	15	2

(4) THE SUMMARY OF BALANCES OF THE GROUP WITH RELATED PARTIES IS AS FOLLOWS:

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
CP Group		
Customer deposits and payables to brokerage customers	210	427
Newheight Shanghai		
Other liabilities	112	83

39. COMMITMENTS

(1) CAPITAL COMMITMENTS

The Group had the following capital commitments relating to property development projects and investments:

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Contracted, but not provided for	14,788	6,900
Authorized, but not contracted for	3,316	3,975
	18,104	10,875

(2) OPERATING LEASE COMMITMENTS

The Group leases office premises and staff quarters under various rental agreements. Future minimum lease payments under non-cancellable operating leases are as follows:

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Within 1 year	3,838	3,557
1-5 years	8,303	8,090
More than 5 years	2,157	2,157
	14,298	13,804

39. COMMITMENTS (CONTINUED)

(3) CREDIT COMMITMENTS

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Financial guarantee contracts		
Bank acceptances	404,462	359,583
Guarantees issued	54,739	39,472
Letters of credit issued	64,182	49,288
Subtotal	523,383	448,343
Unused limit of credit cards and irrevocable loan commitments	54,786	52,839
Total	578,169	501,182
Credit risk weighted amounts of credit commitments	205,034	181,995

As at 30 June 2014, apart from the above irrevocable credit commitments, revocable loan commitments granted by the Group amounted to RMB1,931.6 billion (31 December 2013: RMB1,855.4 billion). Since these commitments are revocable under certain conditions or would be automatically revoked when the creditability of the borrower deteriorates, the total commitment amounts do not necessarily represent future cash requirements.

(4) OPERATING LEASE RENTAL RECEIVABLES

The Group leases its investment properties under various rental agreements. Future minimum lease receivables under non-cancellable operating leases are as follows:

(in RMB million)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Within 1 year	1,185	1,163
1-5 years	2,929	2,552
More than 5 years	3,326	3,862
	7,440	7,577

40. CONTINGENT LIABILITIES

Owing to the nature of the insurance and financial services business, the Group is involved in assessing estimates for contingencies and legal proceedings in the ordinary course of business, including, but not limited to, being the plaintiff or the defendant in litigation and arbitration. Legal proceedings mostly involve claims on the Group's insurance policies and other claims. Provision has been made for probable losses to the Group, including those claims where management can reasonably estimate the outcome of the lawsuits taking into account applicable legal advice.

No provision has been made for pending assessments, lawsuits or possible violations of contracts when the outcome cannot be reasonably estimated or management believes the probability of a loss is low or remote. For pending lawsuits, management also believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group or any of its subsidiaries.

41. EVENTS AFTER THE REPORTING PERIOD

On 19 August 2014, the Board of Directors of the Company proposed to distribute an interim dividend of RMB0.25 per share for 2014 as stated in Note 14.

42. APPROVAL OF THE FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorized for issue by the Board of Directors of the Company on 19 August 2014.

Definition

In this report, unless the context otherwise indicated, the following expressions shall have the following meanings:

Ping An, Company, the Company, Group, the Group, Ping An Group	Ping An Insurance (Group) Company of China, Ltd.
Ping An Life	Ping An Life Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Property & Casualty	Ping An Property & Casualty Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Health	Ping An Health Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Annuity	Ping An Annuity Insurance Company of China, Ltd., a subsidiary of the Company
Ping An Trust	China Ping An Trust Co., Ltd., a subsidiary of the Company
Ping An Securities	Ping An Securities Company, Ltd., a subsidiary of Ping An Trust
Ping An Asset Management	Ping An Asset Management Co., Ltd., a subsidiary of the Company
Ping An Bank	Ping An Bank Co., Ltd., a subsidiary of the Company
SDB, Original SDB, Shenzhen Development Bank	Original Shenzhen Development Bank Co., Ltd., an associate of the Company since May 2010, became a subsidiary of the Company in July 2011. On July 27, 2012, its name was changed to “Ping An Bank Co., Ltd.”
Original Ping An Bank	The original Ping An Bank Co., Ltd., became a subsidiary of SDB in July 2011, before that, it was a subsidiary of the Company. It was deregistered on June 12, 2012 due to absorption merger by SDB
Ping An Overseas Holdings	China Ping An Insurance Overseas (Holdings) Limited, a subsidiary of the Company
Ping An Hong Kong	China Ping An Insurance (Hong Kong) Company Limited, a subsidiary of Ping An Overseas Holdings
Ping An Asset Management (Hong Kong)	Ping An of China Asset Management (Hong Kong) Company Limited, a subsidiary of Ping An Overseas Holdings
Ping An Futures	Ping An Futures Co., Ltd., a subsidiary of Ping An Securities

Ping An Caizhi	Ping An Caizhi Investment Management Company Limited, a subsidiary of Ping An Securities
Ping An Pioneer Capital	Ping An Pioneer Capital Co., Ltd., a subsidiary of Ping An Securities
Ping An Securities (Hong Kong)	Ping An of China Securities (Hong Kong) Company Limited, a subsidiary of Ping An Securities
Ping An New Capital	Shenzhen Ping An New Capital Investment Co., Ltd., a subsidiary of Ping An Trust
Ping An Technology	Ping An Technology (Shenzhen) Co., Ltd., a subsidiary of Ping An Overseas Holdings
Ping An Processing & Technology	Ping An Processing & Technology (Shenzhen) Co., Ltd., a subsidiary of Ping An Overseas Holdings
Ping An Financial Technology	Shenzhen Ping An Financial Technology Consulting Co., Ltd., a subsidiary of Ping An New Capital
Ping An Direct	Ping An Direct Consulting Co., Ltd., original Ping An Channel Development Consultation Service Company of Shenzhen, Ltd., a subsidiary of Ping An New Capital
Lufax	Shanghai Lujiazui International Financial Assets Commodity Exchange Co., Ltd., a subsidiary of Ping An New Capital
Ping An-UOB Fund	Ping An-UOB Fund Management Company Limited, a subsidiary of Ping An Trust
PAhaoche	Shanghai Ping An Automobile E-commerce Co., Ltd., a subsidiary of Ping An Financial Technology
MIT	Mobile Integrated Terminal
CAS	The Accounting Standards for Business Enterprises and the other relevant regulations issued by the Ministry of Finance
No. 2 Interpretation	The “No. 2 Interpretation of Accounting Standards for Business Enterprises” (Cai Kuai [2008] No. 11) issued by the Ministry of Finance
IFRS	International Financial Reporting Standards issued by International Accounting Standards Board
Written Premiums	All premiums received from the policies underwritten by the Company, which are prior to the significant insurance risk testing and separating of hybrid risk contracts

Definition

CSRC	China Securities Regulatory Commission
CIRC	China Insurance Regulatory Commission
CBRC	China Banking Regulatory Commission
Ministry of Finance	Ministry of Finance of the People's Republic of China
PBOC	The People's Bank of China
HKEx	The Stock Exchange of Hong Kong Limited
SSE	the Shanghai Stock Exchange
CP Group	Charoen Pokphand Group
CP Group Ltd.	Charoen Pokphand Group Company Limited, the flagship company of CP Group, through which CP Group controlled its diversified business
HKEx Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Corporate Governance Code	the Corporate Governance Code as contained in Appendix 14 to the HKEx Listing Rules
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Model Code	the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the HKEx Listing Rules
Articles of Association	the Articles of Association of Ping An Insurance (Group) Company of China, Ltd.
A Share Convertible Bonds	the RMB26 billion A Share convertible corporate bonds (including subordinated terms) issued by the Company on November 22, 2013