PING AN

Insurance · Banking · Investment

Interim Report 2013

Contents

ABOUT US

OUR PERFORMANCE

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

OTHER INFORMATION

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 China's leading integrated financial services group. Our seamless structure allows us to serve the insurance, banking and investment needs of more than 80 million customers. We do this by combining local knowledge with high international standards of corporate governance.

HIGHLIGHTS

- Net profit attributable to shareholders of the parent company reached RMB17,910 million in the first half of 2013, up 28.3% over the same period last year.
- Total assets of the Group exceeded RMB3.17 trillion on strengthening overall competitiveness.
- Ping An Life continued to record stable and healthy growth. Ping An Property & Casualty kept its sound business quality. Ping An Annuity maintained its leading position in the industry. Net investment yield of the insurance funds achieved a record high in three years.
- Ping An Bank expanded its business scale stably by actively transforming its growth model, with profit contribution of RMB3,877 million to the Group.
- Ping An Trust continued to focus on high quality business. Ping An Securities' credit bond underwriting business ranked third in the industry in terms of the number of credit bonds issued.
- Integrated finance progress accelerated, with technological innovation spurring the business development.

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 STOCK AND LISTING PLACE

A share	Shanghai Stock Exchange
H share	The Stock Exchange of Hong Kong Limited

STOCK NAME AND STOCK CODE

A share	Ping An of China	601318
H share	Ping An of China	2318

AUTHORIZED REPRESENTATIVES

SUN Jianyi
YAO Jun

SECRETARY OF THE BOARD OF DIRECTORS

JIN Shaoliang

COMPANY SECRETARY

YAO Jun

REPRESENTATIVE OF SECURITIES AFFAIRS

LIU Cheng

TELEPHONE

+86 400 8866 338

FAX

+86 755 8243 1029

E-MAIL

IR@pingan.com.cn
PR@pingan.com.cn

REGISTERED ADDRESS/PLACE OF BUSINESS

Offices at 15, 16, 17, 18 Floors,
Galaxy Development Center,
Fu Hua No. 3 Road,
Futian District,
Shenzhen, Guangdong Province, PRC

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

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

International auditor
PricewaterhouseCoopers
22/F Prince's Building,
Central, Hong Kong

LEGAL ADVISOR

DLA Piper Hong Kong
17th Floor, Edinburgh Tower, The Landmark,
No. 15 Queen's Road,
Central, Hong Kong

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
100000000012314

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, 2013/ As at June 30, 2013	For the six months ended June 30, 2012/ As at December 31, 2012
GROUP		
Total income	**215,857**	179,003
Net profit	**21,771**	17,527
Net profit attributable to shareholders of the parent company	**17,910**	13,959
Basic earnings per share (in RMB)	**2.26**	1.76
Total assets	**3,172,572**	2,844,266
Total liabilities	**2,945,469**	2,634,617
Equity attributable to shareholders of the parent company	**172,756**	159,617
Investment portfolio of insurance funds	**1,150,442**	1,074,188
Net investment yield of insurance funds (%)	**4.8**	4.5
Total investment yield of insurance funds (%)	**4.9**	3.7
Embedded value	**311,851**	285,874
Group solvency margin ratio (%)	**162.7**	185.6
INSURANCE BUSINESS		
Life Insurance Business		
Written premiums	**126,808**	114,837
Premium income	**90,557**	78,898
Net profit	**9,339**	7,031
Net investment yield (%)	**4.9**	4.6
Total investment yield (%)	**4.9**	3.7
Embedded value	**192,037**	177,460
Solvency margin ratio – Ping An Life (%)	**176.1**	190.6
Property and Casualty Insurance Business		
Premium income	**53,903**	48,914
Net profit	**3,492**	2,746
Net investment yield (%)	**5.0**	4.7
Total investment yield (%)	**5.3**	3.9
Combined ratio (%)	**95.5**	93.1
Solvency margin ratio – Ping An Property & Casualty (%)	**179.5**	178.4
BANKING BUSINESS		
Net interest income	**18,664**	16,286
Net profit	**7,400**	6,731
Net interest spread (%)	**2.03**	2.22
Net interest margin (%)	**2.19**	2.42
Cost/income ratio (%)	**39.93**	39.29
Total deposits	**1,175,361**	1,021,108
Total loans	**786,484**	720,780
Capital adequacy ratio (%)(1)	**8.78**	11.37
Non-performing loan ratio (%)	**0.97**	0.95
Provision coverage ratio (%)	**183.54**	182.32
INVESTMENT BUSINESS		
Securities Business		
Total income	**1,380**	1,724
Net profit	**245**	663
Trust Business		
Total income	**947**	982
Net profit	**358**	409
Assets held in trust	**228,322**	212,025

(1) The capital adequacy ratio as at June 30, 2013 was calculated under the "Capital Rules for Commercial Banks (Provisional)" enforced by the CBRC, while the capital adequacy ratio as at December 31, 2012 was calculated under the "Rules for Regulating the Capital Adequacy Requirement of Commercial Banks" and relevant regulations enforced by the CBRC.

Chairman's Statement

1. At the end of 2012, Ping An Annuity's "Ying Guan Jia" (Earnings Butler) service grandly introduced the "Five-star Service Proposal". Customers were divided into five tiers according to the size of their entrusted funds, and various personalized services were provided accordingly. Ping An Annuity has given its customers true peace-of-mind by providing professional entrustment reports, thoughtful house call services, high-end forums, transparent annuity operations and sound return on investments.

2. On January 9, 2013, Ping An held a media conference in Beijing with the theme of "Leading Services, Tech-driven Finance" to announce service upgrades for the fourth consecutive year. Ping An Life introduced three service upgrade measures, including multi-channel services, enhanced timeliness of claims and claims house call services to offer consumers a easier and faster service experience.

3. To adhere to the core values of "Integrity, accountability, service and compliance" of the insurance industry, Ping An Life made 20 service pledges in 2013, covering the eight areas of sales, underwriting, visits, claims, policy administration, payment, complaints and multi-channel services. These pledges covered the entire process from sales, services to claims, aiming to offer customers an "easy and convenient, friendly and assuring" experience.

The past half year has seen a constant stream of new technological innovations, and intensifying conflicts between traditional and new business models. This has hastened the passage of time while underscoring a sense of urgency and preciousness of time. Facing the complex domestic and global economic trends, and the opportunities and challenges arising from technological developments, Ping An has embraced a mindset characterized by a strong sense of urgency, enthusiasm and diligence, to offer customers an integrated financial experience based on the philosophy of "Expertise Makes Life Simple". While maintaining stability in our operations and healthy growth in our business, Ping An stepped up its innovation and development efforts for the integrated financial model, to make itself the leading personal financial services group in China offering the best customer experience.

In sum, the global economy turned around against a complex backdrop in the first half of the year. The economy of China progressed overall in a steady manner, as growth slowed and reforms made headway with structural adjustments proceeding. Under these circumstances, Ping An was able to achieve sound operational results with steady business growth in the first half of the year, and achieved outstanding performance in the following areas:

- **The overall performance of the Company maintained stable and healthy growth.** The Company's net profit attributable to shareholders of the parent company for the first half of 2013 amounted to RMB17,910 million, up 28.3% compared with the same period last year. As at June 30, 2013, equity attributable to shareholders of the parent company was RMB172,756 million, 8.2% higher over the beginning of 2013. Total assets of the Company reached RMB3,172,572 million, representing an increase of 11.5% compared with the beginning of 2013.

- **Our life insurance business recorded stable and healthy growth, while the quality of our property and casualty insurance business remained sound, and our annuity business maintained its leading position in the industry.** **The net investment yield of our insurance funds reached a three-year high.** In the first half of 2013, life insurance business recorded RMB126,808 million in written premiums, up 10.4% over the same period last year. Written premiums for individual life insurance business amounted to RMB114,772 million, an increase of 12.1% compared with the same period in 2012, among which the new business written premiums were RMB26,312 million, an increase of 13.0% compared with the same period in 2012. The value of new business for the first half of 2013 grew 14.2%, contributing to the continuous optimization of the business structure. As at June 30, 2013, the number of life insurance agents was about 549 thousand, growing 7.0% over the beginning of 2013. Ping An Property & Casualty continued to focus on the quality of its business and recorded a premium income of RMB53,744 million, representing an increase of 10.2% as compared with the same period last year. Its market share was 16.4%, maintaining its second-largest position in the market. Meanwhile, the profitability of its business remained sound with a combined ratio that stood at 95.5%. Ping An Annuity's business grew rapidly with a steady improvement in its profitability. Assets under investment management and assets entrusted reached RMB75,547 million and RMB67,984 million respectively, enabling the business to maintain its leading position in the market.

The Company continued to optimize the investment structure of the insurance funds, raising the proportion of fixed income assets as well as allocation in quality debt schemes investments, which resulted in net investment yield hitting a three-year high. As at June 30, 2013, the investment scale of insurance funds stood at RMB1,150,442 million. In the first half of 2013, the annualized net investment yield and total investment yield were 4.8% and 4.9%, up by 0.3 and 1.2 percentage points respectively over the same period last year.

- **Our banking business actively changed its growth model and steadily grew its business scale.** Ping An Bank actively changed its growth model and proactively adjusted its business structure, to emphasize the development of specialty businesses in personal finance such as microfinance, credit cards and automobile finance. Ping An Bank continued to leverage the Company's advantage in integrated finance and allocated more resources on business innovation and product development, leading to breakthroughs in the investment banking and trust businesses. Meanwhile, to keep pace with the bank's strategy and the needs of rapid development in the future, Ping An Bank further strengthened its management capability and set up business divisions, establishing the strategic target of "A Different Ping An Bank".

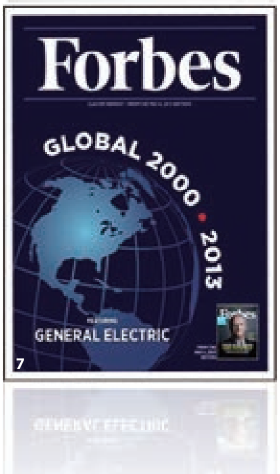
  In the first half of 2013, the banking business contributed a profit of RMB3,877 million to the Group, an increase of 11.8% over the same period last year. As at June 30, 2013, total assets of the bank amounted to RMB1.83 trillion, representing an increase of 13.7% compared with the beginning of 2013, and total deposits amounted to RMB1,175,361 million, up by 15.1% compared with the beginning of the year, while total loans were RMB786,484 million, representing an increase of 9.1% compared with the beginning of the year. Trade finance facilities balance was RMB305,028 million, up by 6.2% compared with the beginning of the year. Micro-loans balance exceeded RMB70 billion. The number of credit cards in force (CIF) was 12.3 million; and the automobile finance balance reached RMB33 billion. Non-performing loan ratio was 0.97% as the quality of credit assets remained stable and risk was under control.

- **Ping An Trust continued to focus on exploring high quality business, while the credit bonds underwriting business of Ping An Securities took a leading position in the industry.** In the first half of 2013, Ping An Trust's private wealth management business maintained stable and healthy growth as the number of high net-worth customers exceeded 20,000, growing about 9% over the beginning of the year. Assets held in trust reached RMB228.3 billion, of which the paid-in capital of collective trust products, mainly to individual customers, exceeded RMB120 billion, placing Ping An Trust at the forefront of the industry with a business structure superior to those of its peers. The Company actively managed assets held in trust with strict risk control measures, and saw the successful redemption of products reaching maturity. Ping An Securities successfully sponsored 26 bond projects, ranking the third in the industry in terms of the number of credit bonds issued. Entrusted assets of the securities asset management business reached about RMB39.7 billion, up 237.1% over the beginning of 2013.

4. In 2013, Ping An Bank unveiled the brand motto of "Ping An Bank, a Different Bank" through the four drivers of corporate banking, retail banking, inter-banking and investment banking. In the future, Ping An Bank will continue to leverage the advantages of the Group' s integrated finance as well as its e-commerce platform to consolidate corporate and retail banking resources, with a focus on differentiation to build a unique "Ping An model" , transforming Ping An Bank into a full-function, modernized commercial bank which conducts specialized and centralized operations.

5. On April 15, 2013, Ping An held the "Attentive & Efficient Service Experience" press conference in Beijing to announce the service upgrade of "Fast Payment, Easy Claim and Free Road-side Service Formula" . Ping An Property & Casualty announced four innovative services which are new to the industry, including immediate claim payment, zero inspection claims, real-time claims progress inquiry on WeChat and self-service free aid for APP users. This is the fifth consecutive year in which Ping An Property & Casualty has led the industry in service upgrade commitments.

Chairman's Statement



6. In 2013, Ping An was included in *Fortune 500* again, ranked 181st, 61 places higher than last year and maintaining the top ranking among mainland Chinese enterprises among the non-SOEs.

7. Ping An was included in the *Forbes Global 2000* for the ninth time, ranking 83rd, 17 places higher than last year and ranking 8th among mainland Chinese enterprises. Also, Ping An was the only Chinese enterprise to be nominated in the global diversified insurance companies, ranking 6th.

- **Integrated finance progress accelerated, with technology spurring the business development.** In terms of personal integrated finance, the Company adhered to its "customer-oriented" philosophy and carried out multifaceted analysis and research on existing customers in order to deeply explore customer value, meanwhile further strengthened integrated financial services and promoted the migration of customers. With the maturing of the cross-selling and long-distance sales management platform, there was greater synergy. 43.3% premium income of Ping An Property & Casualty was generated by cross-selling and telemarketing. Cross-selling also contributed 40.0% of newly issued credit cards and 15.8% of new retail deposits to Ping An Bank.

  The Company actively promoted the use of innovation and technology to improve the quality of service and enhance the customer experience. We also expedited the setting up of the comprehensive stores and continued to enhance the automation of the operational platform through technology. Continuous improvements were made to the E-sales platform and mobile insurance survey tool. In the first half of the year, over 2.5 million life insurance customers were served through the Mobile Integrated Terminal.

In the first half of 2013, the Ping An brand continued to maintain its leading position and won widespread recognition for its overall strength, corporate governance, investor relations and corporate social responsibility from domestic and overseas rating agencies and media. The Group received the following honors and awards:

- Included in the *Fortune 500* again, ranking 181st, 61 places higher than last year and maintained top ranking among mainland Chinese enterprises in the non-SOE category.
- Included in the *Forbes Global 2000* list for the ninth time, ranking 83rd, 17 places higher than last year and ranking 8th among mainland Chinese enterprises. Also, Ping An was the only Chinese enterprise to be nominated in the global diversified insurance companies, ranking 6th.
- Winner of "Corporate Governance Asia Award" for seventh consecutive time given by *Corporate Governance Asia*.
- Ranked 84th in the Top 100 Most Valuable Global Brands 2013 by Millward Brown of WPP, a global high-end brand communications group.
- Named the "Most Respected Company" by the *Economic Observer*, becoming one of the only two companies to have received this prestigious award 12 years in a row since it was launched and was also the only integrated financial and insurance group to win this award.
- Nominated "The Most Potential Chinese Enterprise in 2012" by *The Asset*.
- Winner of the "Most Responsible Enterprise" award for the seventh consecutive time given by China News Service and *China News Weekly*. Ping An has been the most frequent winner in the history of the award.
- Won the "Best Insurance Brand in 2012 Award" given by *Shanghai Security News* and cnstock.com.

Ping An marked its 25th year in business in 2013, a milestone which the Company celebrated in a simple and subtle way. The above honors and awards represented the best compliment and motivation for Ping An on its 25th anniversary.

Looking ahead, the global economic recovery will continue at a slow pace, albeit with many uncertainties. China's economy will maintain a steady and healthy growth trajectory. With rising urbanization, informatization and economic structural transformation, reforms will be more thoroughly implemented and there remains a huge potential for economic growth. Also, we recognize that technological advance has introduced a new form of competition in the financial industry, as it spurs the gradual improvement of the traditional financial operating model and industry competition focused on the customer experience.

In the second half of the year, the Group will continue to exemplify the brand philosophy of "Expertise Makes Life Simple" and implement the operational strategy of "reasonable growth, structural optimization and planning for the future". We are confident in our ability to continuously enhance our customer experience, strengthen the professionalism on management of various businesses, and enhance our core competitiveness, to achieve value-driven and sustainable growth.

Finally, on behalf of the Board of Directors and Executive Committees of Ping An Group, I would like to express my most sincere gratitude to the customers, investors, partners and society members who have given their trust, concern and support to Ping An Group, as well as our colleagues who have contributed to the Company's long-term and healthy development.

Chairman and Chief Executive Officer

Shenzhen, PRC
August 29, 2013

Management Discussion and Analysis
Overview

- Net profit attributable to shareholders of the parent company reached RMB17,910 million in the first half of 2013, up 28.3% over the same period last year.
- Life insurance business continued to record stable and healthy growth. Property and casualty insurance business kept its sound business quality. Ping An Annuity maintained its leading position in the industry.
- Ping An Bank expanded its business scale stably by actively transforming its growth model.

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 2013, 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 individual life insurance business scale and number of insurance agents grew at a steady pace, while our property and casualty insurance business maintained sound quality. Ping An Annuity maintained its leading position in the industry. Ping An Bank steadily expanded its business scale by actively transforming its growth model, proactively strengthening its business structure, and continuously leveraging its advantage in integrated financial services. Ping An Trust continued to focus on high quality business, steadily growing its private wealth management business. Ping An Securities maintained its leading position in the industry for its credit bonds underwriting business. We made full use of opportunities arising from the new policy introduced by the regulators, making continuous improvements to the asset allocation of our investment assets portfolio of insurance funds.

In the first half of 2013, net profit attributable to shareholders of the parent company reached RMB17,910 million, up 28.3% as compared with the same period last year.

CONSOLIDATED RESULTS

For the six months ended June 30 (in RMB million)	2013	2012
Total income	**215,857**	179,003
Total expenses	**(188,506)**	(158,482)
Profit before tax	**27,351**	20,521
Net profit	**21,771**	17,527
Net profit attributable to shareholders of the parent company	**17,910**	13,959

NET PROFIT BY BUSINESS SEGMENT

For the six months ended June 30 (in RMB million)	2013	2012
Life insurance	**9,339**	7,031
Property and casualty insurance	**3,492**	2,746
Banking	**7,400**	6,731
Securities	**245**	663
Other businesses and elimination[(1)]	**1,295**	356
Net profit	**21,771**	17,527

(1) Other businesses mainly include corporate, trust business and asset management business, etc.

For a detailed analysis of the operational results of each business line, please refer to the respective 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 2013, the global economy turned around against a complex backdrop. The economy of China progressed overall in a steady manner, as growth slowed and reforms made headway with structural adjustments proceeding. Uncertainties continued to plague the capital market. The A-share stock market improved slightly at the beginning of 2013, but subsequently declined in June due to slowing economic growth and lower expectations of corporate profits. The Hong Kong stock market saw a significant adjustment as well. The bond market remained stable, but short-term interest rates showed greater volatility in June.

The Company has closely monitored the changes in macroeconomic conditions in order to expand the channels for the deployment of its insurance funds and actively manage the market risks. Meanwhile, the Company optimized the asset allocation by steadily increasing high-interest fixed income investments in its portfolio, seizing the opportunities in equity investment and strengthening dynamic management of the debt schemes in their duration, so as to enhance the investment returns.

Investment Income

For the six months ended June 30 (in RMB million)	2013	2012
Net investment income[(1)]	**25,965**	20,944
Net realized and unrealized gains[(2)]	**1,524**	(3,130)
Impairment losses	**(1,052)**	(3,912)
Total investment income	**26,437**	13,902
Net investment yield (%)[(3)]	**4.8**	4.5
Total investment yield (%)[(3)]	**4.9**	3.7

(1) Net investment income includes interest income from bonds and deposits, 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 24.0% to RMB25,965 million in the first half of 2013 from RMB20,944 million in the same period in 2012. This was primarily due to the increase of interest income from fixed maturity investments as a result of the increase in scale of investment assets. Net investment yield increased to 4.8% in the first half of 2013 from 4.5% in the same period in 2012, mainly due to that the Company increased the proportion of fixed maturity investments and the newly-added fixed maturity investments had higher interest rates.

In the first half of 2013, the Company seized the investment opportunities arising from volatile capital markets and optimized its asset structure, as a result, recording a substantial increase in net realized and unrealized gains, from a loss of RMB3,130 million in the first half of 2012 to a gain of RMB1,524 million for the same period in 2013. Impairment losses of available-for-sale financial assets were reduced from RMB3,912 million in the first half of 2012 to RMB1,052 million for the same period in 2013.

As a result, total investment income largely increased by 90.2% to RMB26,437 million in the first half of 2013 from RMB13,902 million in the same period in 2012, and total investment yield increased to 4.9% from 3.7%.

Investment Portfolio

We have proactively optimized the asset allocation of the investment portfolio. The percentage of fixed maturity investments increased from 81.4% of total investments as at December 31, 2012 to 83.6% as at June 30, 2013, and that of equity investments decreased from 9.5% to 9.4%.

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

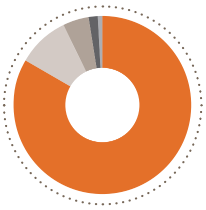
(in RMB million)	June 30, 2013 Carrying value	%	December 31, 2012 Carrying value	%
By category				
Fixed maturity investments				
Term deposits[1]	**237,822**	**20.7**	241,600	22.5
Bond investments[1]	**613,832**	**53.3**	560,042	52.1
Debt schemes investment	**69,841**	**6.1**	37,429	3.5
Other fixed maturity investments[1]	**39,704**	**3.5**	35,165	3.3
Equity investments				
Equity investment funds[1]	**28,778**	**2.5**	25,099	2.4
Equity securities	**79,014**	**6.9**	76,371	7.1
Infrastructure investments	**8,764**	**0.8**	8,802	0.8
Investment properties	**18,035**	**1.5**	16,385	1.5
Cash, cash equivalents and others	**54,652**	**4.7**	73,295	6.8
Total investments	**1,150,442**	**100.0**	1,074,188	100.0
By purpose				
Carried at fair value through profit or loss	**13,222**	**1.2**	17,082	1.6
Available-for-sale	**196,040**	**17.0**	186,745	17.4
Held-to-maturity	**515,436**	**44.8**	463,237	43.1
Loans and receivables	**398,945**	**34.7**	381,937	35.6
Others	**26,799**	**2.3**	25,187	2.3
Total investments	**1,150,442**	**100.0**	1,074,188	100.0

(1) These figures exclude items that are classified as cash and cash equivalents.

Investment portfolio

(%)

June 30, 2013 (December 31, 2012)



FOREIGN CURRENCY GAINS OR LOSSES

In the first half of 2013, Renminbi appreciated slightly against other major currencies, especially the US dollar and HK dollar. The Company incurred a net exchange loss of RMB105 million compared to a gain of RMB236 million for the same period in 2012.

GENERAL AND ADMINISTRATIVE EXPENSES

In the first half of 2013, general and administrative expenses were RMB35,675 million, representing an increase of 17.2% compared with the same period last year. We continued to implement cost control measures and undertook more efficient input and production management by introducing a strategic cost management concept and setting up input and production models, which helped slow down the growth of expenses.

INCOME TAX

For the six months ended June 30 (in RMB million)	2013	2012
Current income tax	**6,414**	4,177
Deferred income tax	**(834)**	(1,183)
Total	**5,580**	2,994

Affected by increased income tax expenses in the insurance and banking businesses, the consolidated income tax expenses increased compared with the same period last year.

Management Discussion and Analysis
Insurance Business

- The business scale of individual life insurance and the number of individual sales agents grew steadily.
- Premium income of Ping An Property & Casualty increased by 10.2% as compared with the same period last year with sound quality of business.
- Ping An Annuity maintained rapid growth overall, while assets entrusted and assets under investment management maintained their leading positions in the industry.

In the first half of 2013, our life insurance business maintained stable growth, achieving written premiums of RMB126,808 million. The individual life insurance business has maintained its sustainable growth, achieving written premiums of RMB114,772 million, among which written premium of new business amounted to RMB26,312 million, increasing by 13.0% compared with the same period in 2012. Agency size further expanded and the number of individual life insurance sales agents reached nearly 549 thousand, representing an increase of 7.0% as compared to the end of 2012, despite the adverse condition. Ping An Property & Casualty continued to implement its business strategy of "professional operations and leading services", which led to a stable growth with an increase of 10.2% in premium income to RMB53,744 million; its market share was 16.4%, continuously ranked second in the industry. Of this, premium income from cross-selling and telemarketing was RMB23,298 million, increased by 14.0%, with contribution of these channels to business increasing to 43.3%. Meanwhile, the quality of its business remained sound with a combined ratio that stood at 95.5%. Our corporate annuity business also achieved rapid growth, with three major performance indicators, namely annuity payments received, assets entrusted, and assets under investment management, all maintaining leading positions in the annuity industry. Ping An Health continuously expanded the market influence of Vitality products and established its competitive advantage in the mid to high-end medical insurance market through "Health Insurance + Healthy Management" innovative products.

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)	2013	2012
Written premiums[1]		
Ping An Life	**122,388**	110,945
Ping An Annuity	**4,196**	3,624
Ping An Health	**224**	268
Total written premiums	**126,808**	114,837
Premium income[2]		
Ping An Life	**86,441**	75,372
Ping An Annuity	**3,966**	3,406
Ping An Health	**150**	120
Total premium income	**90,557**	78,898

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

In the first half of 2013, we saw a slowdown in the nation's economic growth. Overall economy maintained its pace of development concurrent with the implementation of economic structural reforms. The life insurance market enjoyed stable growth while the industry's premium income rose at a steady pace. Based on its principles of risk prevention and compliance, the Company steadily developed its 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

With a national service network comprising 35 branches and over 2,700 business outlets, Ping An Life offers life insurance products to individual customers and corporate clients.

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

For the six months ended June 30	2013	2012
Premium income (in RMB million)	**86,441**	75,372
Market share (%)	**13.8**	13.2

Of the total premium income generated by all life insurance companies in China in the first half of 2013, Ping An Life captured a market share of 13.8%, 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, 2013	December 31, 2012
Number of customers (in thousands)		
Individual	**55,631**	53,666
Corporate	**945**	896
Total	**56,576**	54,562
Distribution network		
Number of individual life sales agents	**548,814**	512,937
Number of group sales representatives	**3,318**	3,310
Bancassurance outlets	**64,240**	63,929

For the six months ended June 30	2013	2012
Agent productivity		
First-year written premiums (per agent per month in RMB)	**7,631**	7,316
New individual life insurance policies (per agent per month)	**1.1**	1.1
Persistency ratio (%)		
13-month	**92.8**	93.7
25-month	**89.7**	91.6

Our life insurance products are primarily distributed through a network that includes a sales force of approximately 549 thousand individual sales agents, over 3,300 group insurance sales representatives, and over 64 thousand commercial bank outlets that have made bancassurance arrangements with Ping An Life.

In the first half of 2013, Ping An Life continued to uphold the strategies of "Reaching New Heights" and "Two-Tier Market Development" to maintain healthy development of its business. The bancassurance business stayed committed to its innovation and value transformation despite a backdrop of unfavorable market conditions. Emphasis was placed on regular premiums business and business structure was continuously optimized, contributing to the growth of the regular premiums business against the industry trend. Meanwhile, Ping An Life continued to invest 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 achieved a written premium of RMB2,982 million in the first half of 2013 from telemarketing sales, up by 71.3 % compared with the same period last year. Rapid growth was maintained, which enabled Ping An Life to maintain its leading position in the telemarketing sales market.

Ping An Life continued to innovate and improve its customer service channels. Apart from traditional service channels, innovative services were launched sequentially, including WeChat service, remote counter services through mobile visual counters and life insurance services at bank ATMs. Ping An Life improved callback services for customers' incoming and outgoing calls, offering them a comprehensive service which is simple, convenient, friendly and reliable, which helped maintain customer satisfaction at a relatively high level. As at June 30, 2013, we had approximately 55.63 million individual customers and 945 thousand corporate clients. For our individual life insurance customers, we managed to maintain the 13-month and 25-month persistency ratio with a satisfactory rate of 92.8% and 89.7% 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 margin of embedded value of new businesses was 28.9% in the first half of 2013, up by 2.5 percentage points compared with the same period in 2012.

Ping An Life has established a risk management system which provides complete support coverage for the entire workflow of its businesses. Pre-emptive warning, ongoing monitoring and post-event auditing reduced the incidence of risks in its business segments. By improving its structure of business channels, promoting its E-service channels, automating its business processes, improving its operational workflow and outsourcing non-core businesses, Ping An Life was able to continue lowering its operating expense ratio while keeping risk at a manageable level.

Ping An Annuity

Since its establishment on December 13, 2004, Ping An Annuity provides corporate annuity, supplementary pension and group short-term accident and health insurance services. In the first half of 2013, Ping An Annuity obtained the license in the areas of long-term health insurance.

The first half of 2013 witnessed the smooth development of Ping An Annuity with cumulative annuity payments received recorded at RMB10,922 million. As at June 30, 2013, assets entrusted amounted to RMB67,984 million, and assets under investment management amounted to RMB75,547 million. These figures firmly cemented Ping An Annuity's leading position amongst domestic professional annuity companies.

Ping An Health

In the first half of 2013, Ping An Health maintained sustainable development in its business. Premium income increased by 25% as compared to that of the same period last year. Ping An Health focused on the mid to high-end medical insurance market and constantly introduced innovative products and services, enhancing the market influence of Vitality products. It launched the core service called "Top Service", and led the high-end medical insurance market. It adopted a global leading medical claims system and risk management system to strengthen risk control and operational quality. All of these helped Ping An Health continue to establish operational advantage in the mid to high-end medical insurance market.

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)	2013	2012
Written premiums	**126,808**	114,837
Less: Written premiums on products not passing significant insurance risk testing	**(1,520)**	(1,625)
Less: Premium deposits for universal life products and investment linked products	**(34,731)**	(34,314)
Premium income	**90,557**	78,898
Net earned premiums	**87,746**	77,857
Investment income	**23,019**	12,345
Other income	**2,600**	2,305
Total income	**113,365**	92,507
Claims and policyholders' benefits	**(81,833)**	(68,399)
Commission expenses of insurance operations	**(8,458)**	(7,233)
Foreign currency gains or losses	**(87)**	19
General and administrative expenses	**(8,429)**	(7,747)
Finance cost	**(497)**	(270)
Other expenses	**(3,102)**	(2,611)
Total expenses	**(102,406)**	(86,241)
Income tax	**(1,620)**	765
Net profit	**9,339**	7,031

In the first half of 2013, life insurance business recorded a net profit of RMB9,339 million, representing an increase of 32.8% from RMB7,031 million over the same period last year, due to a combination of factors such as the volatilities in capital market, changes in assumptions of the benchmark yield curve for the measurement of insurance contract liabilities, and changes in income tax.

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	
	2013	2012	2013	2012
Individual life				
New business				
First-year regular premiums	**24,950**	21,822	**20,769**	17,477
First-year single premiums	**273**	429	**10**	15
Short-term accident and health premiums	**1,089**	1,040	**1,464**	1,334
Total new business	**26,312**	23,291	**22,243**	18,826
Renewal business	**88,460**	79,076	**57,207**	48,709
Total individual life	**114,772**	102,367	**79,450**	67,535
Bancassurance				
New business				
First-year regular premiums	**1,404**	1,327	**1,402**	1,313
First-year single premiums	**2,958**	4,716	**3,019**	4,732
Short-term accident and health premiums	**1**	1	**1**	1
Total new business	**4,363**	6,044	**4,422**	6,046
Renewal business	**2,325**	1,554	**2,285**	1,520
Total bancassurance	**6,688**	7,598	**6,707**	7,566
Group insurance				
New business				
First-year regular premiums	**32**	123	**-**	-
First-year single premiums	**1,162**	1,155	**288**	277
Short-term accident and health premiums	**4,120**	3,514	**4,102**	3,496
Total new business	**5,314**	4,792	**4,390**	3,773
Renewal business	**34**	80	**10**	24
Total group insurance	**5,348**	4,872	**4,400**	3,797
Total	**126,808**	114,837	**90,557**	78,898

Individual life insurance. Written premiums for our individual life insurance business increased by 12.1% to RMB114,772 million in the first half of 2013 from RMB102,367 million in the same period in 2012. Among this, there was a 13.0% increase in written premiums of new business for individual life insurance to RMB26,312 million in the first half of 2013 from RMB23,291 million in the same period in 2012, mainly due to the increase in the number of individual life insurance sales agents and rise in productivity per capita. Meanwhile, the persistency ratios kept with high levels. As a result, the renewal written premiums for our individual life insurance business increased by 11.9% to RMB88,460 million in the first half of 2013 from RMB79,076 million in the same period in 2012.

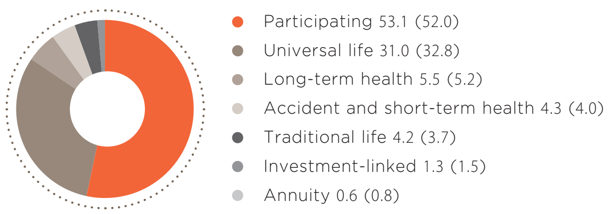
Bancassurance. Written premiums for our bancassurance business decreased by12.0% to RMB6,688 million in the first half of 2013 from RMB7,598 million in the same period in 2012. Due to a relatively unfavourable macroeconomic environment in the first half of 2013, Ping An Life adhered to innovate and underwent a strategic transformation to enhance the business structure of its bancassurance business. As a result, first-year single written premiums fell while regular written premiums rose steadily.

Group insurance. Written premiums for our group insurance business increased by 9.8% to RMB5,348 million in the first half of 2013 from RMB4,872 million in the same period in 2012. This increase was primarily because the Company strengthened the development of multiple distribution channels and promoted the sales of employee benefits scheme. In particular, written premiums for our new business of short-term group accident and health insurance increased by 17.2% to RMB4,120 million in the first half of 2013 from RMB3,514 million in the same period in 2012.

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)	2013	2012
Participating	**67,335**	59,667
Universal life	**39,345**	37,702
Long-term health	**6,990**	5,972
Accident and short-term health	**5,509**	4,643
Traditional life	**5,310**	4,232
Investment-linked	**1,610**	1,761
Annuity	**709**	860
Total written premiums	**126,808**	114,837

Written premiums by product type
(%)
2013 (2012)



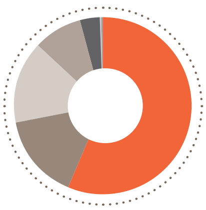
The Company continued to reinforce the sales of products with insurance protection function and high coverage features as well as to optimize product structure. The portion of sales contribution from products with insurance protection function continued to increase.

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

For the six months ended June 30 (in RMB million)	2013	2012
Participating	**20,315**	20,085
Universal life	**5,672**	5,844
Accident and short-term health	**5,428**	4,607
Long-term health	**3,169**	2,414
Traditional life	**1,322**	1,047
Annuity	**59**	71
Investment-linked	**24**	59
Total of the first-year written premiums	**35,989**	34,127

First-year written premiums by product type

(%)
2013 (2012)



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)	2013	2012
Guangdong	**19,727**	17,080
Beijing	**9,680**	8,749
Jiangsu	**8,127**	7,571
Shandong	**7,907**	7,499
Shanghai	**7,892**	8,225
Subtotal	**53,333**	49,124
Total written premiums	**126,808**	114,837

Written premiums by region

(%)
2013 (2012)

Total investment income

For the six months ended June 30 (in RMB million)	2013	2012
Net investment income(1)	**22,963**	18,635
Net realized and unrealized gains(2)	**1,181**	(2,556)
Impairment losses	**(1,052)**	(3,686)
Total investment income	**23,092**	12,393
Net investment yield (%)(3)	**4.9**	4.6
Total investment yield (%)(3)	**4.9**	3.7

(1) Net investment income includes interest income from bonds and deposits, 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 23.2% to RMB22,963 million in the first half of 2013 from RMB18,635 million in the same period in 2012. This was primarily due to the increase of interest income from fixed maturity investments as a result of the growth in scale of investment assets. Net investment yield rose to 4.9% in the first half of 2013 from 4.6% in the same period in 2012, mainly due to that the Company increased the proportion of fixed maturity investments and the newly added fixed maturity investments had a higher interest rate.

In the first half of 2013, the Company seized the investment opportunities arising from volatile capital markets and optimized its asset structure. Net realized and unrealized gains went from a loss of RMB2,556 million in the first half of 2012 to a gain of RMB1,181 million for the same period in 2013. Impairment losses of available-for-sale financial assets were reduced from RMB3,686 million in the first half of 2012 to RMB1,052 million for the same period in 2013.

As a result, total investment income for life insurance business increased by 86.3% to RMB23,092 million in the first half of 2013 from RMB12,393 million in the same period in 2012, and total investment yield increased to 4.9% from 3.7%.

Claims and policyholders' benefits

For the six months ended June 30 (in RMB million)	2013	2012
Surrenders	**3,712**	2,576
Claims	**4,397**	4,351
Annuities	**2,475**	2,702
Maturities and survival benefits	**8,768**	9,817
Policyholder dividends	**3,482**	3,784
Interest credited to policyholder contract deposits	**5,277**	3,967
Net increase in policyholders' reserves	**53,722**	41,202
Total claims and policyholders' benefits	**81,833**	68,399

Payments for surrenders were up 44.1% to RMB3,712 million in the first half of 2013 from RMB2,576 million in the same period in 2012. This was primarily due to the rise in payments for surrenders of certain participating products, in view of the market environment and our larger business scale.

Payments for claims rose by 1.1% to RMB4,397 million in the first half of 2013 from RMB4,351 million in the same period in 2012. This was primarily due to the continuous growth in our accident and health insurance business.

Payments for annuities decreased by 8.4% to RMB2,475 million in the first half of 2013 from RMB2,702 million in the same period in 2012. This was primarily due to the fact that the annuity payments of certain products reached their peak in 2012.

In the first half of 2013, maturities and survival benefits expenses decreased by 10.7% to RMB8,768 million from RMB9,817 million for the same period in 2012. This was mainly because the maturity of certain life insurance products reached their peak in 2012.

Payments for policyholder dividends decreased by 8.0% to RMB3,482 million in the first half of 2013 from RMB3,784 million in the same period in 2012. This was primarily due to the lower dividend yield of participating insurance policies.

Payments for interest credited to policyholder contract deposits increased by 33.0% to RMB5,277 million in the first half of 2013 from RMB3,967 million in the same period in 2012. This was primarily due to the increase in interest payments resulting from the growth in our universal life products.

Net increase in policyholders' reserves increased by 30.4% to RMB53,722 million in the first half of 2013 from RMB41,202 million in the same period in 2012. 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)	2013	2012
Health insurance	**1,281**	930
Accident insurance	**519**	332
Life insurance and others	**6,658**	5,971
Total commission expenses of insurance operations	**8,458**	7,233

Commission expenses of insurance operations which are mainly paid to our sales agents increased by 16.9% to RMB8,458 million in the first half of 2013 from RMB7,233 million in the same period in 2012. This was primarily due to the growth of premiums and the product restructuring.

General and administrative expenses

General and administrative expenses increased by 8.8 % to RMB8,429 million in the first half of 2013 from RMB7,747 million in the same period in 2012. This increase was primarily due to the growth of the business and the increase in non-elastic operating costs such as labour costs and office expenses.

Income tax

Income tax soared, primarily due to an increase in taxable profit in the first half of 2013, as well as the significant effect of income tax reduction in 2012 arising from the policy of pre-tax deduction of financing costs from policyholder deposits and investment business.

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. As at June 30, 2013, Ping An Property & Casualty had a registered capital of RMB17 billion, while its capital and solvency were both adequate. Ping An Property & Casualty continued to implement its business strategy of "professional operations and leading services", enhancing its overall operating management and service standards, laying a strong foundation for sustainable and healthy business growth.

Market share

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

For the six months ended June 30	2013	2012
Premium income (in RMB million)	**53,744**	48,750
Market share (%)(1)	**16.4**	17.4

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

In the first half of 2013, the overall macro economy remained stable. The recovery of automobile sales growth has driven the steady increase in premiums of the industry.

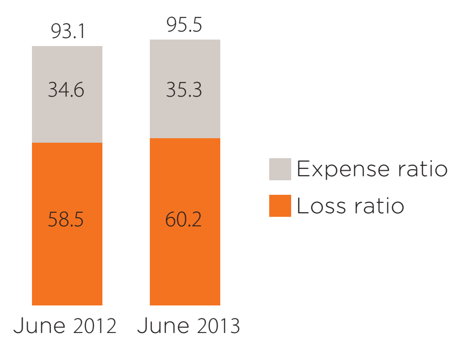
Ping An Property & Casualty continued to focus on business quality and implemented a customer-oriented sales and service system. It continued to upgrade its service pledge and improve its customer service experience. In the first half of 2013, the premium income of Ping An Property & Casualty increased by 10.2% compared to the same period in 2012 to RMB53,744 million. Of this amount, premium income from cross-selling and telemarketing increased by 14.0% to RMB23,298 million, accounting for 43.3% of the total premium income. Ping An Property & Casualty accounted for approximately 16.4% 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 2013, 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 95.5%.

Combined ratio

(%)



Summary of operating data

	June 30, 2013	December 31, 2012
Number of customers (in thousands)		
Individual	**25,226**	23,024
Corporate	**1,489**	1,646
Total	**26,715**	24,670
Distribution network		
Number of direct sales representatives	**7,429**	7,315
Number of insurance agents	**31,084**	30,240

Ping An Property & Casualty distributes its products mainly through its network of 40 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 2013, Ping An Property & Casualty's outward reinsurance premiums amounted to RMB7,343 million in total, of which, RMB3,772 million and RMB3,549 million were from the automobile and non-automobile insurance businesses, respectively, while RMB22 million came from the accident and health insurance division. Ping An Property & Casualty's gross inward reinsurance premiums amounted to RMB25 million, 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 and Asia and so on. Currently, it has established extensive and close partnerships with nearly 100 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)	2013	2012
Premium income	**53,903**	48,914
Net earned premiums	**43,284**	37,714
Reinsurance commission income	**2,431**	2,404
Investment income	**2,946**	1,311
Other income	**176**	127
Total income	**48,837**	41,556
Claim expenses	**(26,039)**	(22,053)
Commission expenses of insurance operations	**(5,117)**	(4,297)
Foreign currency gains or losses	**(17)**	5
General and administrative expenses	**(12,648)**	(11,178)
Including: investment-related general and administrative expenses	**(38)**	(25)
Finance costs	**(211)**	(125)
Other expenses	**(97)**	(56)
Total expenses	**(44,129)**	(37,704)
Income tax	**(1,216)**	(1,106)
Net profit	**3,492**	2,746

Our property and casualty insurance business kept its good profitability with net profit increased by 27.2% from RMB2,746 million in the first half of 2012 to RMB3,492 million in the same period in 2013.

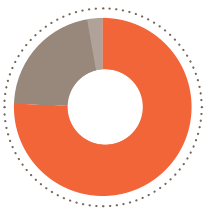
Premium income

In the first half of 2013, all three principal lines of our property and casualty insurance business recorded steady growth.

For the six months ended June 30 (in RMB million)	2013	2012
Automobile insurance	**40,884**	36,660
Non-automobile insurance	**11,589**	10,993
Accident and health insurance	**1,430**	1,261
Total premium income	**53,903**	48,914

Premium income by product type

(%)
2013 (2012)



- Automobile insurance 75.8 (74.9)
- Non-automobile insurance 21.5 (22.5)
- Accident and health insurance 2.7 (2.6)

Automobile insurance. Premium income was RMB40,884 million in the first half of 2013, representing an increase of 11.5% from RMB36,660 million in the same period in 2012. Amidst a backdrop of automobile sales recovery, the Company enhanced marketing efforts on its specialized distribution channel, achieving rapid growth in premium income from the cross-selling and telemarketing channels.

Non-automobile insurance. Premium income was RMB11,589 million in the first half of 2013, representing an increase of 5.4% from RMB10,993 million in the same period in 2012. Of this amount, premium income of guarantee insurance and liability insurance were up 8.0% and 13.1% respectively to RMB3,887 million and RMB1,374 million from RMB3,598 million and RMB1,215 million in the same period in 2012, while premium income of hull insurance and cargo insurance were down 25.1% and 6.3% respectively to RMB365 million and RMB700 million from RMB487 million and RMB747 million in the same period in 2012.

Accident and health insurance. The business of accident and health insurance achieved stable growth. Its premium income was RMB1,430 million in the first half of 2013, representing an increase of 13.4% from RMB1,261 million in the same period in 2012.

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)	2013	2012
Guangdong	**8,243**	7,801
Jiangsu	**4,117**	3,790
Sichuan	**3,314**	2,951
Shanghai	**3,312**	3,336
Zhejiang	**3,224**	2,860
Subtotal	**22,210**	20,738
Total premium income	**53,903**	48,914

Premium income by region

(%)
2013 (2012)

- Guangdong 15.3 (16.0)
- Jiangsu 7.6 (7.8)
- Sichuan 6.1 (6.0)
- Shanghai 6.1 (6.8)
- Zhejiang 6.0 (5.8)
- Others 58.9 (57.6)

Total investment income

For the six months ended June 30 (in RMB million)	2013	2012
Net investment income[1]	**2,608**	2,046
Net realized and unrealized gains[2]	**338**	(509)
Impairment losses	**-**	(226)
Total investment income	**2,946**	1,311
Net investment yield (%)[3]	**5.0**	4.7
Total investment yield (%)[3]	**5.3**	3.9

(1) Net investment income includes interest income from bonds and deposits, 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 a rise of 27.5% to RMB2,608 million in the first half of 2013 from RMB2,046 million in the same period in 2012, mainly due to the increase in investment assets corresponding to the growth in the premium income, interest income from fixed maturity investments increased accordingly. Net investment yield increased to 5.0% in the first half of 2013 from 4.7% in the same period in 2012, mainly due to that the Company increased the proportion of fixed maturity investments and the newly-added fixed maturity investments had a higher interest rate.

In the first half of 2013, the Company seized the investment opportunities arising from volatile capital markets and optimized its asset structure. Net realized and unrealized gains went from a loss of RMB509 million in the first half of 2012 to a gain of RMB338 million for the same period in 2013. Available-for-sale equity investments did not incur any impairment loss in this period.

As a whole, total investment income attributable to our property and casualty insurance business greatly increased to RMB2,946 million in the first half of 2013 from RMB1,311 million in the same period in 2012. Total investment yield increased to 5.3 % from 3.9%.

Claims expenses

For the six months ended June 30 (in RMB million)	2013	2012
Automobile insurance	**22,610**	19,301
Non-automobile insurance	**2,937**	2,293
Accident and health insurance	**492**	459
Total claims expenses	**26,039**	22,053

Claims attributable to automobile insurance business increased by 17.1% to RMB22,610 million in the first half of 2013 from RMB19,301 million in the same period in 2012. This was primarily due to the growth in premium income during the past twelve months and the rise in claims cost.

Claims attributable to non-automobile insurance business increased by 28.1% to RMB2,937 million in the first half of 2013 from RMB2,293 million in the same period in 2012. This was primarily due to the growth in premium income during the past twelve months, besides, claims for grave accidents such as fire accidents increased in the first half of the year.

Claims attributable to accident and health insurance business increased by 7.2% to RMB492 million in the first half of 2013 from RMB459 million in the same period in 2012. This was primarily due to the growth in premium income during the past twelve months.

Commission expenses of insurance operations

For the six months ended June 30 (in RMB million)	2013	2012
Automobile insurance	**3,451**	2,980
Non-automobile insurance	**1,378**	1,077
Accident and health insurance	**288**	240
Total commission expenses	**5,117**	4,297
Commission expenses as a percentage of premium income (%)	**9.5**	8.8

Commission expenses of our property and casualty insurance business increased by 19.1% to RMB5,117 million in the first half of 2013 from RMB4,297 million in the same period in 2012. Commission expenses as a percentage of premium income was 9.5% in the first half of 2013, higher than the 8.8% in the same period in 2012. This was primarily due to the increase in premium income and the increase in commission rate in the industry.

General and administrative expenses

General and administrative expenses increased by 13.2 % to RMB12,648 million in the first half of 2013 from RMB11,178 million in the same period in 2012. This increase was primarily due to the growth in our insurance business, and the increasing inputs in customer services.

Income tax

Income tax was RMB1,216 million in the first half of 2013, 9.9% higher than the amount of RMB1,106 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 June 30, 2013	Ping An Life December 31, 2012	Ping An Property & Casualty June 30, 2013	Ping An Property & Casualty December 31, 2012
Actual capital	**69,406**	67,678	**24,472**	23,166
Minimum capital	**39,415**	35,502	**13,637**	12,983
Solvency margin ratio (regulatory requirement >=100%)	**176.1%**	190.6%	**179.5%**	178.4%

Ping An Life's solvency margin ratio fell compared to the end of 2012, which was mainly due to dividend distribution. The solvency margin ratio of Ping An Property & Casualty remained stable.

According to the "Measure of Management of Solvency on Insurance Companies" enforced 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, 2013, the solvency margin ratios of Ping An Life and Ping An Property & Casualty were well above the regulatory requirements.

Management Discussion and Analysis
Banking Business

- Core businesses delivered healthy performance with an improving business structure, and profit contribution to the Group increased steadily.
- The strategic transformation showed the first sign of success, with outstanding performance by the microfinance, automobile finance, investment banking and the credit card businesses.
- Network expansion made rapid progress, with the number of outlets rising by 42 compared with 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, 2013, Ping An Bank had total assets of RMB1.83 trillion, net assets of RMB91,542 million and share capital of RMB8,197 million. It provides a broad range of financial services to corporate, retail, and government customers, through a network of 492 branches and sub-branches in 34 major cities across the country.

In the first half of 2013, the global economy recovered amidst a complex backdrop. China expedited the industrial restructuring while economic growth slowed. The PBOC continued to pursue active fiscal policies and prudent monetary policies. However, the overall liquidity was tightened as a result of the domestic and global environments. Meanwhile, with the implementation of interest rate liberalization and new capital management measures, the interest rate margin has narrowed, putting more pressure on deposit growth and capital requirement.

Despite the complex and ever-changing macroeconomic situation and an increasingly competitive operating environment, the banking business made steady progress towards implementing the business development strategy. As a result, there was stable growth momentum across our business with improved performance. In the first half of 2013, our banking business achieved a profit of RMB7,400 million. Profit contribution to the Group reached RMB3,877 million, up 11.8% compared with the same period in 2012. Total deposits and total loans amounted to RMB1,175,361 million and RMB786,484 million, representing an increase of 15.1% and 9.1% respectively compared with the end of 2012.

The strategic transformation has begun to show its effects as business structure is continuously optimized. In the first half of 2013, the micro-loans balance surpassed RMB70 billion, growing 31.1% compared with the beginning of the year. While the auto finance market was gradually growing its concentration, Ping An Bank maintained its leading position in China with its market share at the end of June 2013. The investment banking business developed well with substantial progress in brand establishment and investment banking channels. The aggregate intermediary business income from investment banking for the first half of the year grew dramatically compared with the same period last year to RMB551 million. The credit card business maintained healthy and rapid development as the number of newly issued cards in the first half of 2013 reached 2.66 million, growing by 44.0% compared with the same period last year. The cross-selling channels of the Group continued to make important contributions as it accounted for 40.0% of cards issued. The income structure continued to improve as net non-interest income reached RMB4,898 million, growing 41.2% compared with the same period last year and rising to 20.9% as a proportion of total income.

Ping An Bank accelerated its peripheral development by raising the speed of its network expansion. It made significant progress in developing its network. As at June 30, 2013, the total number of outlets reached 492, with one more branch and 41 more sub-branches compared with the beginning of the year, reaching a record high in Ping An Bank's history. With that, the network expansion reached a new level. Further, Ping An Bank was granted approval to open one first-tier branch and four second-tier branches in the first half of this year. The continuous improvement in strategic banking network will better serve the Group's integrated financial strategy in addition to market and customer demands, promoting the rapid growth of the banking business.

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 and indicators of operating results of the Group's banking business and those of the results of operations of Ping An Bank as disclosed in its interim report.

For the six months ended June 30 (in RMB million)	2013	2012
Net interest income	**18,664**	16,286
Net fees and commission income	**4,377**	2,780
Investment income	**407**	500
Income from other businesses(1)	**119**	322
Total operating income	**23,567**	19,888
Asset impairment losses	**(2,602)**	(1,569)
Net operating income	**20,965**	18,319
General, administrative and other expenses(2)	**(11,241)**	(9,594)
Profit before tax	**9,724**	8,725
Income tax	**(2,324)**	(1,994)
Net profit	**7,400**	6,731

(1) Income from other businesses includes foreign exchange gains or losses, other operating income and non-operating income.
(2) General, administrative and other expenses include operating expense, business tax and surcharges, other expenses and non-operating expenses.

The Group's banking business maintained its steady profit growth. In the first half of 2013, the banking business realized a net profit of RMB7,400 million. Profit contribution to the Group reached RMB3,877 million, up by 11.8% compared with the same period last year.

NET INTEREST INCOME

For the six months ended June 30 (in RMB million)	2013	2012
Interest income		
Due from the PBOC	**1,561**	1,320
Due from financial institutions	**10,144**	4,084
Loans and advances to customers	**24,255**	22,111
Interest income on investment securities	**7,266**	4,853
Others	**128**	5,003
Total interest income	**43,354**	37,371
Interest expenses		
Due to the PBOC	**(15)**	(12)
Due to financial institutions	**(11,721)**	(7,439)
Customer deposits	**(12,575)**	(11,434)
Bonds payable	**(379)**	(515)
Others	**-**	(1,685)
Total interest expenses	**(24,690)**	(21,085)
Net interest income	**18,664**	16,286
Net interest spread (%)(1)	**2.03**	2.22
Net interest margin (%)(2)	**2.19**	2.42
Average balance of interest-earning assets	**1,705,080**	1,345,326
Average balance of interest-bearing liabilities	**1,614,696**	1,268,665

(1) Net interest spread (NIS) refers to the difference between the average interest-earning assets yield 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 14.6% to RMB18,664 million for the six months ended June 30, 2013 from RMB16,286 million for the same period in 2012, mainly due to the expanded scale of interest-bearing assets, improved loan structure and enhanced pricing capability.

Net interest spread and net interest margin decreased slightly due to the expansion of scale of inter-banking businesses.

NET FEES AND COMMISSION INCOME

For the six months ended June 30 (in RMB million)	2013	2012
Fees and commission income		
Settlement fees income	**582**	450
Agency commissions	**213**	500
Bank card fees income	**2,086**	1,037
Wealth management fees income	**622**	326
Consultancy fees income	**647**	177
Account management fees income	**101**	227
Others	**641**	383
Total fees and commission income	**4,892**	3,100
Fees and commission expenses		
Agency expense	**(98)**	(56)
Bank card fees expenses	**(377)**	(216)
Others	**(40)**	(48)
Total fees and commission expenses	**(515)**	(320)
Net fees and commission income	**4,377**	2,780

Benefitting from the dramatic increased intermediary income arising from the rapid growth of investment banking and credit card business, as well as the excellent performance of the wealth management business in scale and gain, net fees and commission income rose 57.4% to RMB4,377 million in the first half of 2013, from RMB2,780 million in the same period in 2012.

GENERAL, ADMINISTRATIVE AND OTHER EXPENSES

For the six months ended June 30 (in RMB million)	2013	2012
General and administrative expenses	**9,379**	7,766
Business tax and surcharges	**1,824**	1,736
Other expenses and non-operating expenses	**38**	92
Total general, administrative and other expenses	**11,241**	9,594
Cost/income ratio[1]	**39.93%**	39.29%

(1) Cost/income ratio refers to the total of general and administrative expenses and other expenses/operating income (excluding non-operating income).

General, administrative and other expenses rose to RMB11,241 million for the six months ended June 30, 2013 from RMB9,594 million for the same period in 2012, which was mainly due to the increase in branches and staff, expansion of business scale, as well as continued investment in the optimization of management workflow and the IT system.

Cost/income ratio increased 0.64 percentage point to 39.93% in the first half of 2013 from 39.29% in the same period last year.

ASSET IMPAIRMENT LOSSES

Asset impairment losses rose 65.8% from RMB1,569 million for the six months ended June 30, 2012 to RMB2,602 million for the same period in 2013, mainly due to the increase in provision coverage.

INCOME TAX

For the six months ended June 30	2013	2012
Effective tax rate (%)[1]	**23.90**	22.85

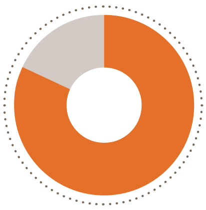
(1) Effective tax rate refers to income tax/profit before tax.

The effective tax rate increased from 22.85% for the six months ended June 30, 2012 to 23.90% for the same period in 2013.

DEPOSIT MIX

(in RMB million)	June 30, 2013	December 31, 2012
Corporate deposits	**966,472**	839,949
Retail deposits	**208,889**	181,159
Total deposits	**1,175,361**	1,021,108

Deposit mix
(%)
June 30, 2013 (December 31, 2012)



- Corporate deposits 82.2 (82.3)
- Retail deposits 17.8 (17.7)

The total deposits increased by 15.1% to RMB1,175,361 million as at June 30, 2013 from RMB1,021,108 million as at December 31, 2012. Both types of deposits maintained stable growth.

LOAN MIX

(in RMB million)	June 30, 2013	December 31, 2012
Corporate loans	**499,490**	494,945
Retail loans	**210,035**	176,110
Accounts receivable on credit cards	**76,959**	49,725
Total loans	**786,484**	720,780

Loan mix
(%)
June 30, 2013 (December 31, 2012)

- Corporate loans 63.5 (68.7)
- Retail loans 26.7 (24.4)
- Accounts receivable on credit cards 9.8 (6.9)

Ping An Bank actively modified its growth model and business structure, and focused its growth strategy on personal financial services, including microfinance, credit card, automobile finance, etc. Total loans increased by 9.1% to RMB786,484 million as at June 30, 2013 from RMB720,780 million as at December 31, 2012. Corporate loans increased by 0.9% to RMB499,490 million, contributing 63.5% to total loans as at June 30, 2013 (as at December 31, 2012: 68.7%). Retail loans increased by 19.3% to RMB210,035 million, contributing 26.7% to total loans as at June 30, 2013 (as at December 31, 2012: 24.4%). Accounts receivable on credit cards increased by 54.8% to RMB76,959 million, contributing 9.8% to total loans as at June 30, 2013 (as at December 31, 2012: 6.9%).

LOAN QUALITY

(in RMB million)	June 30, 2013	December 31, 2012
Pass	**764,511**	706,738
Special mention	**14,336**	7,176
Sub-standard	**4,970**	5,030
Doubtful	**1,433**	962
Loss	**1,234**	874
Total loans	**786,484**	720,780
Total non-performing loans	**7,637**	6,866
Non-performing loan ratio	**0.97%**	0.95%
Impairment provision balance	**14,017**	12,518
Provision coverage ratio	**183.54%**	182.32%

As at the end of June 2013, the carrying amount of non-performing loans was RMB7,637 million, up by RMB771 million; the non-performing loan ratio was 0.97%, up by 0.02 percentage point; the provision coverage ratio was 183.54%, up by 1.22 percentage points from the end of 2012.

Loan quality by region

(in RMB million)	June 30, 2013 Balances	June 30, 2013 Non-performing loan ratio	December 31, 2012 Balances	December 31, 2012 Non-performing loan ratio
East	**250,500**	**1.20%**	248,688	1.06%
South	**226,758**	**0.42%**	216,672	0.47%
West	**73,120**	**0.27%**	60,122	0.35%
North	**139,734**	**0.43%**	137,167	0.53%
Headquarter	**96,372**	**3.01%**	58,131	3.89%
Total	**786,484**	**0.97%**	720,780	0.95%

In the first half of 2013, domestic economy slowed its growth and some SMEs in the Yangtze River delta region experienced operational difficulties that undermined their debt-servicing capability, which led to a higher non-performing loan ratio for Ping An Bank in the eastern region. However, the asset quality of Ping An Bank's loans remained stable in other regions. 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)" enforced by the CBRC:

(in RMB million)	June 30, 2013
Net core tier 1 capital	**78,099**
Net tier 1 capital	**78,099**
Net capital	**94,072**
Total risk weighted assets	**1,071,981**
Core tier 1 capital adequacy ratio (regulatory requirement>=5.5%)	**7.29%**
Tier 1 capital adequacy ratio (regulatory requirement>=6.5%)	**7.29%**
Capital adequacy ratio (regulatory requirement>=8.5%)	**8.78%**

Note: Capital requirement in regard to credit risk, market risk and operation risk was measured in weighted method, standard method and basic index method respectively.

Calculated under the "Rules for Regulating the Capital Adequacy Requirement of Commercial Banks" and relevant regulations enforced by the CBRC:

	June 30, 2013	December 31, 2012
Capital adequacy ratio (regulatory requirement>=8%)	**9.90%**	11.37%
Core capital adequacy ratio (regulatory requirement>=4%)	**8.05%**	8.59%

On June 7, 2012, the CBRC announced 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, 2013, calculated under the Rules enforced by the CBRC, capital adequacy ratio was 8.78%, with both tier 1 capital adequacy ratio and core tier 1 capital adequacy ratio of 7.29%, while calculated under the "Rules for Regulating the Capital Adequacy Requirement of Commercial Banks" and relevant regulations enforced by the CBRC, capital adequacy ratio was 9.90%, with core capital adequacy ratio of 8.05%, all of which met the regulatory requirements.

Management Discussion and Analysis
Investment Business

- Ping An Trust's private wealth management business recorded stable growth, with the number of high net worth customers exceeding 20,000.
- Ping An Securities successfully sponsored 26 bond issuance projects as lead underwriter, ranking third in terms of the number of credit bonds issued.
- The investment management business continued to optimize the asset structure of insurance funds, achieving the highest net investment yield in 3 years.

TRUST BUSINESS

We provide asset management services to our high net worth customers through Ping An Trust. In addition, Ping An Trust provides non-capital market investment services, such as infrastructure, properties and private equity (PE), to other subsidiaries of Ping An.

In the first half of 2013, the Chinese economy remained stable on the whole, with a more moderate pace of growth. There was tightening of regulatory policies on trusts, while loosening of the same for securities and funds. This resulted in more intense market competition and spurred the transformation of trust industry. Meanwhile, as the rising trend of finance disintermediation, the outlook for the trust industry remained bright.

Leveraging the advantage of the Group's integrated financial platform and propelled by its three main engines of products, channels and services, Ping An Trust enhanced its capabilities in active assets management and stably carried out the strategies in its private wealth management business. As at June 30, 2013, the number of high net worth customers exceeded 20,000, representing an increase about 9% compared with the end of 2012. The paid-in capital of collective trust products mainly for individual customers exceeded RMB120 billion, accounting for 60.0% of paid-in capital of all the trust products, maintaining its leading position in the industry.

In terms of product, in order to satisfy the all-inclusive asset allocation requirement of the customer, Ping An Trust continuously focused on product innovation, launching new products such as pledged account receivable, reinforcing its open product platform and offering a full range of asset allocation products. In terms of channels, Ping An Trust steadily expanded its sales channel and raised the professionalism of its wealth management managers, while offering differentiated value-added services to deepen its business relationship with existing customers. In terms of customer service, Ping An Trust stepped up its upgrading of customer service and established a system to provide tailored services to different customer segments. Ping An Trust continued to optimize its customer service system and workflow to enhance efficiency, striving to establish an industry-leading system support platform for providing an excellent customer service experience. Meanwhile, the non-capital market investment business of Ping An Trust maintained its growth trajectory. The property investment segment continued to offer customers high-yield real estates trust products, while actively exploring various innovative businesses. The infrastructure investment segment seized the opportunities arising from the loosened regulatory policies for insurance funds, expanding channels for the Group's insurance funds investment on trust schemes. The PE investment segment focused on the strategy of emerging industries as well as opportunities in mezzanine financing and merger on the market.

Management Discussion and Analysis
Investment Business

Effective risk management is crucial for the survival and development of Ping An Trust. It has established an industry-leading risk management system based on the spirit of the New Capital Accord to identify, measure, monitor and manage various risks. Ping An Trust determines its risk tolerance on the basis of its capital adequacy ratio, analyzing, measuring, and tracking market, credit and equity risk under a unified risk capital allowance and capital adequacy ratio measurement system. Ultimately, it manages the different risks of its various businesses under a centralized framework. In the first half of 2013, the cumulative payment of the real estates trust under Ping An Trust exceeded RMB10 billion without incurring default risk. The annual scale reached about RMB14.7 billion in real estates trust on maturity. The real estates projects are progressing smoothly and Ping An Trust is expected to fulfil its payment obligations.

In the first half of 2013, leveraging its stellar financial performance and outstanding service standards, Ping An Trust won the "Annual Outstanding Trust Company Award" jointly awarded by *Shanghai Securities News* and cnstock.com for the fourth time running, as well as the "Best Legal Risk Governance of the Year" award and the "Comprehensive Strength Award" at the 3rd Deloitte China Risk Intelligence Recognition Awards, achieving the distinction of being the only trust company to win the award.

Assets Held in Trust

(in RMB million)	**June 30, 2013**	December 31, 2012
Real estates	**63,025**	53,609
Commercial and industry	**56,392**	57,726
Infrastructure	**50,874**	47,642
Securities market	**26,838**	16,046
Financial institutions	**20,760**	25,039
Others	**10,433**	11,963
Total assets held in trust	**228,322**	212,025

Assets held in trust

(%)
June 30, 2013 (December 31, 2012)

Results of Operation

For the six months ended June 30 (in RMB million)	**2013**	2012
Net fees and commission income	**818**	684
Investment income	**120**	297
Other income	**9**	1
Total operating income	**947**	982
Asset impairment losses	**(1)**	6
General, administrative and other expenses	**(473)**	(479)
Total operating expenses	**(474)**	(473)
Income tax	**(115)**	(100)
Net profit	**358**	409

(1) The above figures are presented at company level, where interests in subsidiaries are measured at cost.

In the first half of 2013, our trust business realized a net profit of RMB358 million, down 12.5% from RMB409 million in the same period last year, mainly due to the decrease in realized gains from the sales of equity investments.

Net Fees and Commission Income

For the six months ended June 30 (in RMB million)	**2013**	2012
Fees and commission income		
Management fees income of trust products	**1,033**	843
Others	**79**	84
Total fees and commission income	**1,112**	927
Fees and commission expenses		
Handling charges of trust products	**(294)**	(242)
Others	**-**	(1)
Total fees and commission expenses	**(294)**	(243)
Net fees and commission income	**818**	684

Management fees income of trust products for the first half of 2013 was RMB1,033 million, representing an increase of 22.5% from RMB843 million over the same period in 2012. 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 21.5% to RMB294 million in the first half of 2013 from RMB242 million in the same period in 2012. This was primarily due to the enlarged scale of trust products.

Total Investment Income

For the six months ended June 30 (in RMB million)	2013	2012
Net investment income(1)	**25**	47
Net realized and unrealized gains(2)	**95**	250
Total investment income	**120**	297

(1) Net investment income includes interest income from loans, deposits 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 decreased to RMB120 million in the first half of 2013, as the realized gains from sales of equity investments were lower in the first half of 2013 than in the same period in 2012.

SECURITIES BUSINESS

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

In the first half of 2013, IPOs in the primary stock market were suspended with only refinancing projects in the market. There were 105 securities issued which raised RMB150,268 million, down by 30.0% and 15.3% respectively over the same period last year. There were 368 credit bonds issued in the industry underwritten for a total of RMB477,825 million, up by 13.2% and 7.8% respectively compared with the same period last year. Transaction volume of stocks, funds and warrants in the secondary market was RMB21.78 trillion, representing an increase of 22.0% compared with the same period last year. The CSI 300 Index fell by 12.8% compared with the end of last year. The suspension of IPOs and the poor performance of the CSI Index curtailed the industry's growth.

Proceeding with its strategic positioning of "Winning Customers, Building assets, Creating Products and Transactions, and Striving to Become an Institutional Boutique Securities Firm, as well as a Key Product Platform of Ping An Group", Ping An Securities seized every market opportunity, met challenges head on, strengthened its traditional business advantages, explored and developed innovative businesses, and continued to reinforce the middle and back offices. In the first half of 2013, its fixed income business led the industry and completed 26 bond issuance projects as the lead underwriter, representing an increase of 18.2% compared with the same period in 2012, ranking third in the market in terms of the number of credit bonds issued. It reigned over securities brokers by bond transaction volume in both the interbank and stock exchange markets. The brokerage business actively developed the intermediary businesses and continued to optimize its income structure. Net income from the securities brokerage business was RMB398 million, up by 44.7% compared with the same period last year. As at June 30, 2013, the closing balance of our margin trading and securities lending reached RMB2,186 million, up by 129.5% compared with the beginning of the year. Ping An Securities handled the "Wanfu Biotechnology incident" proactively and efficiently, and the investment banking business advanced in its reform and transformation by thoroughly adjusting its business model, company culture, standards of conduct and risk control systems. The investment business devoted more resources on the enhancement of its quantitative transaction system, research platform and the development of robust quantitative investment transaction strategies, achieving healthy investment returns. We have also vigorously developed the liquidity provider business and gained a leading position among market makers of Huatai Pinebridge CSI300 ETF and Harvest CSI300 ETF. As at June 30, 2013, assets under management of the asset management business was RMB39,686 million, up by 237.1% compared with the beginning of the year.

Leveraging its outstanding performance in product and service offerings, Ping An Securities received multiple awards. At the "Best Investment Bank in China 2013" Awards by Securities Times, Ping An Securities was recognized as the "Bond Underwriter with the Greatest Growth in 2012" and "Best Bond Underwriting Team". At the "Best Wealth Management Institution in China" Awards 2013, we won in the "Asset Management Securities Broker with the Greatest Growth in China" category, while our investment consulting service "An-E Wealth Management" received the "Best Investment Consulting Award in China". At New Fortune's "Best Investment Bank" awards, "12 Tsingtao City Debentures" was named "Best Corporate Debenture Project". At the "Best Analyst Awards" by China Business News, the electronics, automobile and commerce teams from our research division ranked second, third and fifth place respectively.

The Chinese securities market has tremendous growth potential in the future. Leveraging the advantage of the Group's integrated financial platform, Ping An Securities will continue to explore and implement new business models, as well as execute a series of transformation based on its business model, customer groups, profit model and organizational culture. Ping An Securities will also establish its differentiated core competencies in various areas, including asset acquisition, trading technologies, application of credit and leverage. We will strive to become the most professional securities service provider in China while abiding to the principle of fulfilling our customers' various financial needs.

Results of Operation

For the six months ended June 30 (in RMB million)	2013	2012
Net fees and commission income	**760**	868
Investment income	**596**	840
Other income	**24**	16
Total operating income	**1,380**	1,724
General, administrative and other expenses	**(1,074)**	(881)
Total operating expenses	**(1,074)**	(881)
Income tax	**(61)**	(180)
Net profit	**245**	663

During the first half of 2013, net profit from our securities business decreased by 63.0% to RMB245 million from the same period last year, which was mainly due to the suspension of IPOs, reduced gains from sales of the equity investments and the Wanfu Biotechnology incident.

Net Fees and Commission Income

For the six months ended June 30 (in RMB million)	2013	2012
Fees and commission income		
Brokerage fees income	**451**	338
Underwriting commission income	**275**	646
Others	**113**	5
Total fees and commission income	**839**	989
Fees and commission expenses		
Brokerage fees expenses	**(53)**	(63)
Others	**(26)**	(58)
Total fees and commission expenses	**(79)**	(121)
Net fees and commission income	**760**	868

In the first half of 2013, our brokerage fees income increased by 33.4% to RMB451 million, mainly due to the increasing transaction volume in the secondary market and the rapid development of margin trading and securities lending business.

As a result of the suspension of IPO projects, underwriting commission income decreased by 57.4% to RMB275 million in the first half of 2013 from RMB646 million in the same period in 2012. Most of the underwriting income was generated from the bond issuance business.

Total Investment Income

For the six months ended June 30 (in RMB million)	2013	2012
Net investment income(1)	**748**	491
Net realized and unrealized gains(2)	**(139)**	371
Impairment losses	**(13)**	(22)
Total investment income	**596**	840

(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 and profit or loss through fair value change, etc.

In the first half of 2013, Ping An Securities stepped up its investment in bonds and funds, achieving better net investment income. However, due to the decrease of the realized gains from the sales of equity investments, total investment income fell by 29.0% to RMB596 million in the first half of 2013 from RMB840 million in the same period in 2012.

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, 2013, assets under management of Ping An Asset Management amounted to RMB1,096,827 million, representing an increase of 11.7% compared to the end of 2012. This was mainly attributed to an increase in investable assets generated from the steady growth in our insurance business.

In the first half of 2013, China's macroeconomic policies persisted with the combination of proactive fiscal policies and prudent monetary policy, emphasizing on economic transformation but lightening the rate of GDP growth. 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 12.8% in the first half year. The bond market kept stable but short-term interest rates showed greater volatility in June.

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, seizing the investment opportunities of certain securities and increasing investments in fixed income assets with high interest rates, enhancing the investment returns. We also expanded our third-party business with improved service quality and enhanced marketing support. This not only enlarged our scales but also increased our income. 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 expand its business both in China and overseas.

Ping An Asset Management (Hong Kong) operates the overseas investment management business of the Group, as well as 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. In March 2013, Ping An Asset Management (Hong Kong) issued the USD and HKD share classes of the RMB Bond Fund. As at June 30, 2013, the assets denominated in foreign currency under management of Ping An Asset Management (Hong Kong) amounted to HK$29,227 million.

Looking to the future, we will continue to strengthen our research of 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

The funds under Ping An-UOB Fund achieved excellent performance overall. According to statistics from Wind Info, as at June 30, 2013, the Ping An-UOB Industries Pioneer Equity Fund gained a net asset value increase of 14.1%, ranked among the top 25%; the Ping An-UOB SSE 300 Index Fund gained -3.4% which gave it a top ranking in its category; the Ping An-UOB Strategic Pioneer Fund gained 11.0% and declared dividends twice; the Ping An-UOB Capital Guaranteed Hybrid Fund gained 3.0%; while the Ping An-UOB Value-added Bond Securities Fund has delivered positive returns since its inception.

In the first half of 2013, the Ping An-UOB Fund focused on developing the business of asset management service for specific clients by issuing 53 such products with the total amount surpassing RMB30 billion. These products had a wide scope of investment and flexible forms that diversified the wealth management product lines of the Group. It was also customer-oriented that effectively met the investment and financing needs of high-end customers.

Management Discussion and Analysis
Integrated Finance

- Integrated finance progress accelerated, with technological innovation spurring the business development.
- Continued to extend and deepen the scope of cross-selling activities.
- Further optimised the highly efficient, stable and cost-effective operating platform.

In the first half of 2013, the Company accelerated the progress in integrated finance by proactively promoting technological innovations to spur the business development. In terms of personal integrated finance, the Company adhered to the "customer oriented" philosophy, carrying out multifaceted analysis and research on existing customers in order to deeply explore customer value. With further strengthening integrated financial services and promoting the migration of customers, cross-selling was optimized. Meanwhile, the Company actively promotes innovation and the use of technology as the MIT and E-integrated financial platform becomes more mature, greater synergy was generated.

CROSS-SELLING

Through years of hard work, we have greatly enhanced the depth and scope of our cross-selling activities. Cross-selling 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 2013:

New Business Acquired through Cross-selling

For the six months ended June 30 (in RMB million)	2013 Amount	2013 Business contribution percentage (%)	2012 Amount	2012 Business contribution percentage (%)
Property and casualty insurance business				
Premium income	**8,265**	**15.4**	7,264	14.9
Group short-term insurance business of Ping An Annuity				
Sales volume	**1,563**	**39.5**	1,457	41.6
Trust business				
Trust schemes	**50,813**	**25.6**	28,473	17.9
Banking business				
Retail deposits (increase of daily average size)	**2,897**	**15.8**	3,652	13.5
Credit cards (in ten thousands)	**106**	**40.0**	77	41.5

BACK OFFICE CENTRALIZATION

In 2013, by virtue of the solid business system and platform provided by Ping An Technology, Ping An Processing & Technology and Ping An Channel Development, the Company made progress in the centralization of its back office and operating platform in the following areas:

Specialized Operations:

Our business network currently covers the entire country and we continue to improve our service network by centralizing underwriting, claims and policyholder operations. With the centralization of our business, Ping An Processing & Technology will establish a centralized back office and operation platform for end-to-end workflow management, while continuing to create new service models to enhance the customer service experience.

- For the individual life insurance business, 68.3% of the policyholder services operation was centralized, following the full centralization of its underwriting and claims operations.

- Centralization of claims processing of automobile insurance and property and casualty insurance, manual underwriting of automobile insurance through telemarketing channel and underwriting of accident and health insurance were fully completed. Centralization of over-the-counter collection and issuance for Ping An Property & Casualty was 63.0% completed. Full completion of centralization of life insurance investigation was achieved among Ping An Property & Casualty, Ping An Life and Ping An Annuity.

- Centralized resource sharing was achieved smoothly in the banking business, which saw steady growth in scale. Higher fulfillment rates in service pledge were achieved after centralization; the extent of cost optimization was higher than the Company's average.

Shared Operations:

The Company stepped up efforts to promote operations sharing, with participating businesses attaining industry-leading levels. Through raising our scale of operations and cross-operations sharing, we have improved our service quality while substantially lowering costs. The Company will continue to consolidate its operations sharing to improve services received by customer as well as enhance service efficiency.

- 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 50.0% completed.

- 100% of accounting processes 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 Channel Development was done on a shared-service basis.

- 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 70.6% of all calls taken centrally.

Technology-Driven Finance

In the first half of 2013, the Company stepped up the centralization of its back-office for integrated financial services, which greatly increased the synergy and raised service levels. The Company stepped up its efforts to promote the use of counters for comprehensive services and increasing inputs in service terminals, providing customers with a one-step service. Through the use of new technology, the Company promoted innovative service models and made breakthroughs, including research on intelligent voice recognition technology, establishment of a company platform on Baidu Knowledge, and development of a Mobile Loss Assessment System for iPad.

E-integrated financial business platform has realized full-coverage in services in our insurance business. It also enables the Company to open multiple accounts for customers such as banking and securities accounts, therefore providing an integrated financial services platform covering insurance, banking and investment for our customers.

In 2011, Ping An promoted the Mobile Integrated Terminal ("MIT"), pioneering e-business in the industry by introducing a paperless approach to insurance sales. Following the enhancement of MIT, the development of the electronic infrastructure for integrated finance proceeded at a rapid pace. Product lines under the property and casualty, annuity and health insurance were uploaded to the platform, turning it into a four-in-one MIT sales platform, supporting life, property & casualty, annuity and health insurance businesses. This enabled customers from each product line to share information and centralized payment of bills conveniently. The specialized building of "Easy Access" and "E-specialist comprehensive platform" fully supported the Group's integrated financial service strategy. With its convenience and speed, MIT has been welcomed by customers and sales agents. Since its launch, it has provided financial services such as insurance service for nearly 9 million customers, contributing over RMB70 billion to premiums. The MIT utilization rate of life insurance business has stabilized at 98%, automobile insurance business exceeded 50%, and health insurance business exceeded 70%. 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 what items are not covered by insurance. As at the end of June 2013, 60% of agents have utilized the E-Sales Access platform.

In the first half of 2013, through the enhancement of shared operation, an increase in automation and other optimizing measures, Ping An Processing & Technology continued to upgrade claims services for Ping An Life and Ping An Property & Casualty. As a result, Ping An Property & Casualty became the first in the industry to commit "settlement within 72 hours from reporting to receiving benefit payment for claims below RMB10,000" and has achieved a 94.9% fulfillment rate with an average processing time of 1.34 days. Ping An Life has achieved a 97.1% fulfillment rate with an average processing time of 1.97 days committing to "settlement within 48 hours for standard cases with full documentation".

In the future, the Company will continue to enhance the customer service experience, endeavour to surpass customer expectations, optimize the business structure and support new business development. In addition, the Company will promote innovative technology and establish a leading management platform, to support and drive each business's cross-development and integrated financial strategies.

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, 2013.

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 2013 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, 2013	December 31, 2012
Risk discount rate	**Earned rate/ 11.0%**	Earned rate/ 11.0%
Adjusted net asset value	**180,015**	165,386
Including: Adjusted net asset value of life insurance business	**60,200**	56,973
Value of in-force insurance business written prior to June 1999	**(7,634)**	(8,036)
Value of in-force insurance business written since June 1999	**166,821**	153,665
Cost of holding the required solvency margin	**(27,350)**	(25,142)
Embedded value	**311,851**	285,874
Including: Embedded value of life insurance business	**192,037**	177,460

(in RMB million)	June 30, 2013	December 31, 2012
Risk discount rate	**11.0%**	11.0%
Value of one year's new business	**19,830**	18,312
Cost of holding the required solvency margin	**(2,662)**	(2,397)
Value of one year's new business after cost of solvency	**17,169**	15,915
Value of first half year's new business after cost of solvency	**10,110**	8,856

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 2012 are the same with current assumptions and method used to calculate the new business value. If the 2012 mid-year valuation's assumptions and method were used, the value of first half year's new business in 2012 would be RMB9,160 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, 2013 have been the same as those used in 2012 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, 2013 to calculate the value of one year's new business was RMB58,561 million in terms of first year premium, while that was RMB57,051 million during 2012.

The volume of new business sold and modelled used to calculate the value of first half year's new business were RMB35,013 million and RMB33,502 million in term of first year premium for first half year 2013 and 2012. 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 2013	2012	Growth	Value of new business 2013	2012	Growth
Individual	**23,596**	21,038	12.2%	**9,409**	8,183	15.0%
Group	**7,043**	6,404	10.0%	**433**	393	10.2%
Bancassurance	**4,374**	6,060	-27.8%	**267**	280	-4.6%
Total	**35,013**	33,502	4.5%	**10,110**	8,856	14.2%

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 2012 are the same with current assumptions and method used to calculate the new business value. If the 2012 mid-year valuation's assumptions and method were used, the value of first half year's new business in 2012 would be RMB9,160 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	137,572	131,837	126,415	132,351
	10.5%	11.0%	11.5%	Earned Rate/11.0%
Value of one year's new business	18,167	17,169	16,238	17,543

Assumptions (in RMB million)	Value of in-force business	Value of one year's new business
Central case	131,837	17,169
Investment return increased by 50bp every year	147,857	18,298
Investment return decreased by 50bp every year	115,107	16,042
10% reduction in mortality and morbidity rates	134,429	17,556
10% reduction in policy discontinuance rates	134,907	17,814
10% reduction in maintenance expense	133,416	17,456
5% increase in the policyholders' dividend payout ratio	126,986	16,595
Solvency margin at 150% of the regulatory level	117,917	15,859

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, 2013, the solvency of the Group was adequate.

GENERAL PRINCIPLES

The Company is a holding company and, with the exception of investment activities, does not conduct any substantive business at an operational level. As a result, the Company's operating cash inflows mainly come from dividends of its subsidiaries and investment returns generated from investment activities.

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 2013, the capital injection into its subsidiaries by the Company is as follows:

- RMB375 million to Ping An International Financial Leasing Co., Ltd.

CAPITAL STRUCTURE

As at June 30, 2013, the Group's equity attributable to shareholders of the parent company was RMB172,756 million, representing an increase of 8.2% as compared to the end of 2012.

As at June 30, 2013, capital structure of the Company mainly comprised capital injection from shareholders as well as proceeds from the H share and A share listing. The Company did not issue any debt securities. On May 17, 2012, the Company received the approval from the CIRC regarding the issuance of A share subordinated convertible corporate bonds with size of not more than RMB26 billion. On March 27, 2013, the Public Offering Review Committee of the CSRC reviewed and approved the application of this A Share convertible corporate bonds. As at the date of this interim report, the issuance of A share subordinated convertible corporate bonds is subject to the approval of the relevant security regulatory authorities.

GEARING RATIO

	June 30, 2013	December 31, 2012
Gearing ratio (%)	**94.6**	94.4

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

CASH FLOW ANALYSIS

For the six months ended June 30 (in RMB million)	**2013**	2012
Net cash flows from operating activities	**105,856**	204,563
Net cash flows from investing activities	**(149,657)**	(94,207)
Net cash flows from financing activities	**(18,345)**	30,223

Net cash inflows from operating activities fell 48.3% to RMB105,856 million in the first half of 2013 from RMB204,563 million in the same period in 2012. This was mainly affected by the structure adjustment on inter-banking business of Ping An Bank.

Net cash outflows from investing activities increased by 58.9% to RMB149,657 million in the first half of 2013 from RMB94,207 million in the same period in 2012, mainly due to the larger investment scale arising from business development.

For the financing activities, there were net cash outflows of RMB18,345 million in the first half of 2013, while net cash inflows of RMB30,223 million in the same period last year. This was mainly due to the decrease in cash inflows from repurchase transactions of insurance business, and the increase in cash outflows for subordinated debts redemption of Ping An Bank.

CASH AND CASH EQUIVALENTS

(in RMB million)	June 30, 2013	December 31, 2012
Cash	**136,169**	194,628
Money market funds	**3,927**	8,957
Bond investments with an original maturity of less than 3 months	**10,916**	304
Assets purchased under agreements to resell with an original maturity of less than 3 months	**33,220**	42,997
Total cash and cash equivalents	**184,232**	246,886

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" enforced 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, 2013, the Group's solvency margin ratio was 162.7%, 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, 2013	December 31, 2012
Actual capital	**229,118**	226,512
Minimum capital	**140,809**	122,027
Solvency margin ratio (%, regulatory requirement >=100%)	**162.7**	185.6

The Group's solvency ratio decreased compared with the end of 2012, mainly due to the Group's business development, dividend allocation, the maturing of RMB6,500 million subordinated bonds in Ping An Bank and Ping An Bank's implementation of the "Capital Rules for Commercial Banks (Provisional)".

On June 7, 2012, the CBRC announced 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, 2013, the capital adequacy ratio of Ping An Bank, calculated under the Rules, was 8.78%, while the capital adequacy ratio was 9.90% as calculated under the original "Rules for Regulating the Capital Adequacy Requirement of Commercial Banks". As a result of the methodology used to calculate the Group's solvency ratio, Ping An Bank's compliance with the Rules resulted in the Group's solvency margin ratio falling by 9.5 percentage points.

If taking the Ping An Bank's capital adequacy ratio calculated under the original "Rules for Regulating the Capital Adequacy Requirement of Commercial Banks" into account, the Group's solvency margin ratio would be as follows:

(in RMB million)	June 30, 2013	December 31, 2012
Actual capital	**237,842**	226,512
Minimum capital	**138,159**	122,027
Solvency margin ratio (%, regulatory requirement >=100%)	**172.2**	185.6

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, 2013 Number of shares	January 1, 2013 Percentage(%)	Change during the Reporting Period Issue of new shares	Bonus issue	Transfer from reserve	Others	Sub-total	June 30, 2013 Number of shares	June 30, 2013 Percentage(%)
I.	Selling-restricted shares	-	-	-	-	-	-	-	-	-
II.	Selling-unrestricted shares									
	1. RMB ordinary shares	4,786,409,636	60.46	-	-	-	-	-	4,786,409,636	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	-	-	-	-	-	7,916,142,092	100.00
III.	Total number of shares	7,916,142,092	100.00	-	-	-	-	-	7,916,142,092	100.00

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, total number of shares of the Company was 7,916,142,092 and there was no change in the total number of 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

286,229 shareholders (of which there were 280,741 domestic shareholders)

Shareholdings of top ten shareholders

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	+312,358,846	-	-
Easy Boom Developments Limited	Overseas legal person	4.67	369,844,684	H shares	+369,844,684	-	-
Yuan Trust Investment Co., Ltd.	Domestic non-state-owned legal person	3.34	264,228,000	A shares	-115,772,000	-	-
Business Fortune Holdings Limited	Overseas legal person	3.11	246,563,123	H shares	+246,563,123	-	-
Bloom Fortune Group Limited	Overseas legal person	2.80	221,906,810	H shares	+221,906,810	-	-
Linzhi New Horse Investment Development Co., Ltd.	Domestic non-state-owned legal person	2.55	202,233,499	A shares	-116,860,688	-	-
Shum Yip Group Limited	State-owned legal person	2.11	166,665,065	A shares	-13,010,005	-	-
Shenzhen Wuxin Yufu Industrial Co., Ltd.	Domestic non-state-owned legal person	2.04	161,549,006	A shares	-14,106,728	-	-
Gongbujiangda Jiangnan Industrial Development Co., Ltd.	Domestic non-state-owned legal person	1.76	139,112,886	A shares	-	-	-

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

All Gain Trading Limited, Easy Boom Developments Limited, Business Fortune Holdings Limited, Bloom Fortune Group Limited are the indirect wholly-owned subsidiaries of CP Group, which also holds 63.34% 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, Easy Boom Developments 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.

Of the top ten shareholders, all Gain Trading Limited, Easy Boom Developments Limited, Business Fortune Holdings Limited and Bloom Fortune Group Limited are the indirect wholly-owned subsidiaries of CP Group. As at June 30, 2013, the total number of the Company's H shares held by these four companies amounted to 1,232,815,613, accounting for approximately 15.57% of the total existing share capital of 7,916,142,092 of the Company. Meanwhile, 139,112,886 A shares of the Company, accounting for 1.76 % of the Company's existing share capital, were held by Gongbujiangda Jiangnan Industrial Development Co., Ltd., whose 63.34% shares are held by CP Group through its wholly-owned subsidiary Linzhi Zhengda Global Investment Co,. Ltd.. Therefore, CP Group in total held 17.33% of the total existing share capital of the Company indirectly as at June 30, 2013.

Other legal person holding more than 10% shares

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

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, 2013, 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 Division 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	H	Interest of controlled corporations	(1), (2)	1,232,815,613	Long position	39.39	15.57
Dhanin Chearavanont	H	Interest of controlled corporations	(3)	1,182,815,613	Long position	37.79	14.94
Worthy Goal Investments Limited	H	Interest of controlled corporation	(3)	1,182,815,613	Long position	37.79	14.94
Diamond Epoch Limited	H	Beneficial owner	(3)	1,182,815,613	Long position	37.79	14.94

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)	369,844,684	Long position	11.82	4.67
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)	221,906,810	Long position	7.09	2.80
JPMorgan Chase & Co.	H	Beneficial owner		44,986,438	Long position	1.44	0.57
		Investment Manager		152,988,568	Long position	4.89	1.93
		Custodian		96,274,288	Long position	3.07	1.22
		Total:	(4)	294,249,294		9.40	3.72
		Beneficial owner	(4)	31,868,126	Short position	1.02	0.40
UBS AG	H	Beneficial owner		313,929,558	Long position	10.03	3.97
		Person having a security interest in shares		2,624,443	Long position	0.08	0.03
		Interest of controlled corporations	(5)	68,435,542	Long position	2.19	0.86
		Total:		384,989,543		12.30	4.86
		Beneficial owner		601,048,013	Short position	19.20	7.59
		Interest of controlled corporations	(5)	19,888,208	Short position	0.64	0.25
		Total:		620,936,221		19.84	7.84
Deutsche Bank Aktiengesellschaft	H	Beneficial owner		155,360,229	Long position	4.96	1.96
		Person having a security interest in shares		2,364,529	Long position	0.08	0.03
		Interest of controlled corporations	(6)	4,352,009	Long position	0.14	0.06
		Custodian		3,913,500	Long position	0.12	0.05
		Other		181,500	Long position	0.01	0.00
		Total:		166,171,767		5.31	2.10
		Beneficial owner		125,187,112	Short position	4.00	1.58
Shenzhen Investment Holdings Co., Ltd.	A	Beneficial owner		481,359,551	Long position	10.06	6.08
Yuan Trust Investment Company Ltd.	A	Beneficial owner		264,228,000	Long position	5.52	3.34

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. Their respective interests in 394,500,996 H shares (Long position), 369,844,684 H shares (Long position), 246,563,123 H shares (Long position) and 221,906,810 H shares (Long position) of the Company were deemed to be the interest of CP Group.

(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 Worldwide (HK) Investment Company Limited. Chia Tai Worldwide (HK) Investment Company Limited was wholly owned by Chia Tai Worldwide (BVI) Investment Company Limited, a wholly-owned subsidiary of Chia Tai Resources Holdings Limited (BVI). Chia Tai Resources Holdings Limited (BVI) was wholly owned by Charoen Pokphand Group (BVI) Holdings Limited, being a corporation wholly owned by CPG Overseas Company Limited (Hong Kong), which was in turn wholly owned by CP Group.

(3) Diamond Epoch Limited held 1,182,815,613 H shares (Long position) in the Company and was a wholly-owned subsidiary of Worthy Goal Investments Limited, which was wholly owned by Dhanin Chearavanont.

(4) JPMorgan Chase & Co. was deemed to be interested in a total of 294,249,294 H shares (Long position) and 31,868,126 H shares (Short position) in the Company by virtue of its control over the following corporations:

(i) JPMorgan Chase Bank, N.A, which was a wholly-owned subsidiary of JPMorgan Chase & Co., held 110,040,788 H shares (Long position) in the Company.

(ii) J.P. Morgan Whitefriars Inc. held 28,650,755 H shares (Long position) and 22,297,962 H shares (Short position) in the Company. J.P. Morgan Whitefriars Inc. was a wholly-owned subsidiary of J.P. Morgan Overseas Capital Corporation, which in turn was a wholly-owned subsidiary of J.P. Morgan International Finance Limited. J.P. Morgan International Finance Limited was wholly owned by Bank One International Holdings Corporation, being a corporation wholly owned by J.P. Morgan International Inc., and J.P. Morgan International Inc. was wholly owned by JPMorgan Chase Bank, N.A. which in turn was held by JPMorgan Chase & Co. as to 100%.

(iii) J.P. Morgan Securities plc held 16,335,683 H shares (Long position) and 8,619,791 H shares (Short position) in the Company. J.P. Morgan Securities plc was a 98.95% owned subsidiary of J.P. Morgan Chase International Holdings Limited which was in turn a wholly-owned subsidiary of J.P. Morgan Chase (UK) Holdings Limited. J.P. Morgan Chase (UK) Holdings Limited was a wholly-owned subsidiary of J.P. Morgan Capital Holdings Limited, which in turn was wholly owned by J.P. Morgan International Finance Limited as mentioned in (ii) above.

(iv) J.P. Morgan Investment Management Inc. held 34,593,268 H shares (Long position) in the Company and was a wholly-owned subsidiary of JPMorgan Asset Management Holdings Inc. which was in turn wholly owned by JPMorgan Chase & Co..

(v) JF Asset Management Limited held 48,850,500 H shares (Long position) in the Company. JF Asset Management Limited was wholly owned by JPMorgan Asset Management (Asia) Inc. which in turn was wholly owned by JPMorgan Asset Management Holdings Inc. as referred to in (iv) above.

(vi) JPMorgan Asset Management (UK) Limited held 46,070,300 H shares (Long position) in the Company. JPMorgan Asset Management (UK) Limited was wholly owned by JPMorgan Asset Management Holdings (UK) Limited. JPMorgan Asset Management Holdings (UK) Limited was wholly owned by JPMorgan Asset Management International Limited which was in turn wholly owned by JPMorgan Asset Management Holdings Inc. as referred to in (iv) above.

(vii) JPMorgan Asset Management (Taiwan) Limited held 3,748,500 H shares (Long position) in the Company and was wholly owned by JPMorgan Asset Management (Asia) Inc. as referred to in (v) above.

(viii) JPMorgan Asset Management (Japan) Limited held 2,023,000 H shares (Long position) in the Company and was wholly owned by JPMorgan Asset Management (Asia) Inc. as referred to in (v) above.

(ix) JF International Management Inc. held 966,000 H shares (Long position) in the Company and was wholly owned by JPMorgan Asset Management (Asia) Inc. as referred to in (v) above.

(x) China International Fund Management Co., Ltd. held 2,970,500 H shares (Long position) in the Company and was 49% owned by JPMorgan Asset Management (UK) Limited which in turn was a wholly-owned subsidiary of JPMorgan Asset Management Holdings (UK) Limited as referred to in (vi) above.

(xi) J.P. Morgan Whitefriars (UK) held 950,373 H shares (Short position) in the Company. J.P. Morgan Whitefriars (UK) was a 99.99% owned subsidiary of J.P. Morgan Whitefriars Inc., which in turn was a wholly-owned subsidiary of J.P. Morgan Overseas Capital Corporation as referred to in (ii) above.

The entire interests and short positions of JPMorgan Chase & Co. in the Company included a lending pool of 96,274,288 H shares (Long position). Besides, 20,383,857 H shares (Long position) and 31,868,126 H shares (Short position) were held through derivatives as follows:

8,273,000 H shares (Long position) and 4,590,000 H shares (Short position)	–	through physically settled listed securities
9,134,650 H shares (Short position)	–	through cash settled listed securities
8,654,357 H shares (Long position) and 11,043,664 H shares (Short position)	–	through physically settled unlisted securities
3,456,500 H shares (Long position) and 7,099,812 H shares (Short position)	–	through cash settled unlisted securities

On July 9, 2013, JPMorgan Chase & Co. was deemed to be interested in a total of 281,576,194 H shares (Long position) and 34,381,235 H shares (Short position) in the Company. The entire interests and short positions of JPMorgan Chase & Co. in the Company included a lending pool of 104,723,688 H shares (Long position).

(5) UBS AG was deemed to be interested in a total of 68,435,542 H shares (Long position) and 19,888,208 H shares (Short position) in the Company through a number of its direct wholly-owned subsidiaries as follows:

(i) UBS Fund Management (Switzerland) AG held 4,456,000 H shares (Long position) in the Company.

(ii) UBS Fund Services (Luxembourg) S.A. held 2,957,400 H shares (Long position) in the Company.

(iii) UBS Global Asset Management (Americas) Inc. held 894,500 H shares (Long position) in the Company.

(iv) UBS Global Asset Management (Australia) Ltd held 371,000 H shares (Long position) in the Company.

(v) UBS Global Asset Management (Canada) Inc. held 6,144,924 H shares (Long position) in the Company.

(vi) UBS Global Asset Management (Hong Kong) Limited held 4,037,500 H shares (Long position) and 3,686,000 H shares (Short position) in the Company.

(vii) UBS Global Asset Management (Japan) Ltd held 2,701,052 H shares (Long position) in the Company.

(viii) UBS Global Asset Management (Singapore) Ltd held 17,138,000 H shares (Long position) in the Company.

(ix) UBS Global Asset Management Trust Company held 500,500 H shares (Long position) in the Company.

(x) UBS Global Asset Management (UK) Ltd held 12,818,000 H shares (Long position) in the Company.

(xi) UBS Securities LLC held 16,207,712 H shares (Long position) and 16,202,208 H shares (Short position) in the Company.

(xii) UBS Financial Services Inc. held 954 H shares (Long position) in the Company.

(xiii) UBS Bank (Canada) held 500 H shares (Long position) in the Company.

(xiv) UBS Swiss Financial Advisers AG held 207,500 H shares (Long position) in the Company.

Besides, 292,888,923 H shares (Long position) and 479,311,680 H shares (Short position) were held through derivatives as follows:

4,875,569 H shares (Long position) and 2,020,000 H shares (Short position)	–	through physically settled listed securities
15,000 H shares (Long position) and 5,068,300 H shares (Short position)	–	through cash settled listed securities
7,110,018 H shares (Long position) and 35,716,857 H shares (Short position)	–	through physically settled unlisted securities
280,888,336 H shares (Long position) and 436,506,523 H shares (Short position)	–	through cash settled unlisted securities

On August 23, 2013, UBS AG was interested in a total of 470,261,200 H shares (Long position) and 692,019,352 H shares (Short position) in the Company.

Changes in the Share Capital and Shareholders' Profile

(6) Deutsche Bank Aktiengesellschaft was deemed to be interested in a total of 4,352,009 H shares (Long position) in the Company by virtue of its control over the following corporations:

(i) Oppenheim Asset Management Services S.a.r.l held 58,000 H shares (Long position) in the Company. Oppenheim Asset Management Services S.a.r.l was a wholly-owned subsidiary of Sal. Oppenheim jr. & Cie. Luxembourg S.A., which in turn was a wholly-owned subsidiary of Sal. Oppenheim jr. & Cie. AG & Co. Kommanditgesellschaft auf Aktiengesellschaft. Sal. Oppenheim jr. & Cie. AG & Co. Kommanditgesellschaft auf Aktiengesellschaft was a wholly-owned subsidiary of DB Capital Markets (Deutschland) GmbH, which was in turn wholly owned by Deutsche Bank Aktiengesellschaft.

(ii) DWS Investment S.A., Luxembourg held 1,615,835 H shares (Long position) in the Company and was a wholly-owned subsidiary of Deutsche Bank Luxembourg S.A. which was in turn wholly owned by Deutsche Bank Aktiengesellschaft.

(iii) Abbey Life Assurance Company Limited held 360,000 H shares (Long position) in the Company and was a wholly-owned subsidiary of Deutsche Holdings No. 4 Limited. Deutsche Holdings No. 4 Limited was a 94.90% owned subsidiary of Deutsche Finance No. 2 Limited, which was in turn wholly owned by Deutsche Bank Aktiengesellschaft.

(iv) Deutsche Asset Management (Korea) Company Limited held 3,055 H shares (Long position) in the Company and was a wholly-owned subsidiary of Deutsche Asset Management Group Limited. Deutsche Asset Management Group Limited was a wholly-owned subsidiary of DB UK PCAM Holdings Limited, which was in turn wholly owned by Deutsche Bank Aktiengesellschaft.

(v) DWS Investment GmbH held 1,280,119 H shares (Long position) in the Company and was a wholly-owned subsidiary of DWS Holding & Service GmbH, which was in turn wholly owned by DB Capital Markets (Deutschland) GmbH as mentioned in (i) above.

(vi) Deutsche Asset Management (Asia) Limited held 1,035,000 H shares (Long position) in the Company and was a wholly-owned subsidiary of Deutsche Asia Pacific Holdings Pte Ltd. Deutsche Asia Pacific Holdings Pte Ltd was a wholly-owned subsidiary of DB Valoren S.a.r.l, which was in turn wholly owned by Deutsche Bank Aktiengesellschaft.

The entire interests and short positions of Deutsche Bank Aktiengesellschaft in the Company included a lending pool of 3,913,500 H shares (Long position). Besides, 43,064,570 H shares (Long position) and 13,071,225 H shares (Short position) were held through derivatives as follows:

1,550,000 H shares (Long position) and 1,250,000 H shares (Short position)	–	through physically settled listed securities
41,514,570 H shares (Long position) and 11,821,225 H shares (Short position)	–	through cash settled unlisted securities

On August 7, 2013, Deutsche Bank Aktiengesellschaft was interested in a total of 190,459,972 H shares (Long position) and 157,069,905 H shares (Short position) in the Company. The entire interests and short positions of Deutsche Bank Aktiengesellschaft in the Company included a lending pool of 2,033,300 H shares (Long position).

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, 2013 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, 2013, 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 No. 3 Concerning the Contents and Formats of Information Disclosure by Listed Companies – The Contents and Formats of Interim Report (Revised in 2013)" 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) 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:

Change 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 of total issued H/A shares (%)	Percentage of total issued shares (%)
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 Actuarial Officer	Beneficial owner	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	78,829,088	78,829,088	-	-	Long position	1.64694	0.99580
Zhao Fujun	Employee Representative Supervisor	Interest of his spouse	A	1,700	1,700	-	-	Long position	0.00004	0.00002

(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..

CORPORATE GOVERNANCE

Change 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 (share)	Number of shares held at the end of the period (share)	Change	Reason for the change	Nature of Interest	Percentage of total issued shares in associated corporation (%)
Sun Jianping	Employee Representative Supervisor	Ping An Bank	Beneficial owner	A	27,214	43,542	+16,328	Dividend[1]	Long position	0.00053

(1) Regarding the 2012 final dividend distribution plan, Ping An Bank paid cash dividend of RMB1.70 plus six bonus shares per ten shares based on the total share capital of 5,123,350,416 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, 2013, 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. Owing to the share transfer arrangement between HSBC Insurance, HSBC and indirect wholly-owned subsidiaries of CP Group, Mr. Ng Sing Yip resigned as a Non-executive Director of the Company on February 4, 2013.

2. As Mr. Guo Limin no longer served in Shum Yip Group Limited, a shareholder of the Company, he tendered his resignation as a Non-executive Director of the Company in February 2013. As the terms of office of Mr. Zhang Hongyi, Mr. Chen Su and Mr. Xia Liping as the Independent Non-executive Directors expired, they tendered their resignations as Independent Non-executive Directors of the Company in March 2013. The resolutions regarding the appointments of Mr. Yip Dicky Peter, Mr. Wong Oscar Sai Hung and Mr. Sun Dongdong as the Independent Non-executive Directors of the Company to replace Mr. Zhang Hongyi, Mr. Chen Su and Mr. Xia Liping, the appointment of Mr. Lu Hua as a Non-executive Director of the Company to replace Mr. Guo Limin, the appointments of Mr. Soopakij Chearavanont and Mr. Yang Xiaoping as the Non-executive Directors of the Company as well as the appointment of Mr. Lee Yuansiong as an Executive Director of the Company were passed at the 2012 Annual General Meeting held by the Company on May 10, 2013. The qualifications of Mr. Yip Dicky Peter, Mr. Wong Oscar Sai Hung, Mr. Sun Dongdong, Mr. Soopakij Chearavanont, Mr. Yang Xiaoping, Mr. Lu Hua and Mr. Lee Yuansiong as the Directors of the Company were obtained from CIRC on June 17, 2013, on which day the appointments of the aforementioned Directors and the resignations of Mr. Zhang Hongyi, Mr. Chen Su, Mr. Xia Liping and Mr. Guo Limin became effective.

3. Mr. Sun Fuxin tendered his resignation as an Independent Supervisor of the Company in March 2013 due to work arrangement. To ensure the sound operation of the Supervisory Committee, the resolution regarding the appointment of Ms. Zhang Wangjin as a Shareholder Representative Supervisor of the Company was passed at the 2012 Annual General Meeting held by the Company on May 10, 2013. The qualification of Ms. Zhang Wangjin as a Supervisor of the Company was obtained from CIRC on June 17, 2013, on which day the appointment of Ms. Zhang Wangjin and the resignation of Mr. Sun Fuxin became effective.

4. Mr. Lo Sai Lai tendered his resignation as a Senior Vice President of the Company on January 8, 2013 due to personal reason.

5. Mr. Gregory D. Gibb resigned as a Senior Vice President of the Company on April 28, 2013.

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. Ma Mingzhe, the Chairman of the Company, no longer served as the member of the 11th National Committee of the Chinese People's Political Consultative Conference since February 2013.

2. Mr. Ku Man, the Executive Director of the Company, resigned as the Chairman and Chief Executive Officer of Ping An Channel Development in April 2013.

3. Ms. Li Zhe, the Non-executive Director of the Company, no longer served as the Non-executive Director of Fook Woo Group Holdings Limited since January 2013.

4. Mr. Lee Carmelo Ka Sze, the Independent Non-executive Director of the Company, no longer served as the Chairman of the Transport Tribunal of the Hong Kong SAR Government since April 2013, and was appointed as an Independent Non-executive Director of Esprit Holdings Limited in July 2013.

5. Mr. Woo Ka Biu Jackson, the Independent Non-executive Director of the Company, no longer served as the partner of Ashurst Hong Kong since July 2013.

6. Mr. Gu Liji, the Chairman of the Supervisory Committee of the Company, was appointed as an Independent Non-executive Director of Shenzhen Changhong Technology Co., Ltd. and a Director of ERGO China Life Insurance Co., Ltd. in May 2013.

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, two general meetings, i.e. the First Extraordinary General Meeting of 2013 and the 2012 Annual General Meeting, were held by the Company; three meetings were held by the Board of Directors; and two meetings were held by 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 terms of reference in 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, the Company was granted the "Icon on Corporate Governance" issued by Corporate Governance Asia, a famous corporate governance magazine in Asia, seven years in a row, and several awards under Best Corporate Governance by Finance Asia.

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 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 2012 was approved at the 2012 Annual General Meeting held on May 10, 2013, according to which a final cash dividend plan for 2012 of RMB0.30 (tax inclusive) per share was proposed to be distributed to all shareholders based on the total 7,916,142,092 shares as at the date of Annual General Meeting, in a total amount of RMB2,374,842,627.60. The poll results announcement of the Annual General Meeting was published in China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily on May 11, 2013. The record date of A shares for distribution of dividends was May 17, 2013, and the dividend distribution date was May 23, 2013. The record date of H shares for dividend distribution was May 21, 2013, and the dividend distribution date was June 4, 2013. The announcement regarding the implementation of the 2012 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 May 14, 2013. The implementation of the distribution proposal has been completed.

INTERIM RESULTS AND PROFIT DISTRIBUTION

The Group's interim results in 2013 are set out in the section titled "FINANCIAL STATEMENTS". The Board of Directors declared that an interim dividend of RMB0.20 (tax inclusive, equivalent to HK$0.2514) per share for the six months ended June 30, 2013, in a total amount of RMB1,583,228,418.40, would be paid to the shareholders of the Company, based on its total share capital of 7,916,142,092 shares. Holders of H shares whose names are on the Company's register of members of H shares on September 18, 2013 (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, 2013 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 (RMB0.79541 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, 2013, the Company's register of members of H shares will be closed from Friday, September 13, 2013 to Wednesday, September 18, 2013, 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 12, 2013. 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 24, 2013 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 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	337	3.3	333	48.1	15
2	Convertible bond	113002	ICBC CB	135	1.2	131	18.9	(3)
3	Stock	300333	Sinosun Technology	75	4.8	76	11.0	1
4	Stock	000538	Yunnan Baiyao	5	0.3	21	3.1	4
5	Stock	HK3988	BOC	8	3.0	8	1.1	(1)
6	Stock	HK0005	HSBC Holdings	8	0.1	8	1.1	–
7	Stock	HK0013	Hutchision	7	0.1	6	0.9	–
8	Stock	HK0883	CNOOC	6	0.5	6	0.9	–
9	Stock	HK0861	Digital China	7	0.7	5	0.7	(2)
10	Stock	HK0001	Cheung Kong	4	0.1	4	0.6	–
Other securities investments held at the end of the period				81	–	94	13.6	17
Profit or loss upon disposal of securities investments for the reporting period				–	–	–	–	41
Total				673	–	692	100.0	72

(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	637	542	1.1	34	(93)	AFS
	601398		15,511	14,474		851	(540)	AFS
2	HK1288	ABC	129	105	1.6	6	(24)	AFS
	601288		14,121	12,851		817	(1,776)	AFS
3	HK0939	CCB	655	553	1.2	42	(101)	AFS
	601939		13,347	11,473		741	(1,292)	AFS
4	000538	Yunnan Baiyao	1,407	5,461	9.4	29	1,041	AFS
5	HK3328	Bank Comm	92	75	1.3	5	(17)	AFS
	601328		4,359	3,821		–	(587)	AFS
6	BE0974264930	Ageas (original name: Fortis)	23,874	2,629	5.2	107	393	AFS
7	000562	Hysec	888	1,181	3.4	40	(349)	AFS
8	000656	Jinke	442	912	6.8	8	(228)	AFS
9	600000	SPDB	978	885	0.6	50	(175)	AFS
10	000527	Midea	1,030	883	2.1	40	230	AFS

(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.
(4) AFS means available-for-sale investment.

Equity Investments in Non-Listed Financial Enterprises

No.	Name	Initial investment cost (RMB million)	Number of shares (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	–	–	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

Information on the Share Subscription relating to the Non-Public Issuance of Ping An Bank

On August 17, 2011, as mentioned in the announcement of the Company, the Company proposed to subscribe for not less than 892,325,997 shares but not more than 1,189,767,995 shares of Shenzhen Development Bank issued through non-public offering (hereinafter referred to as the "Share Subscription").

On August 15, 2012, as mentioned in the announcement of the Company, Ping An Bank proposed to extend the effective period of the resolution on the non-public offering approved at the general meeting by 12 months. Except for the effective period of resolution approved at the general meeting being extended, the other contents of the non-public offering will remain unchanged.

As at the date of this report, the Share Subscription is subject to the approval from relevant regulatory authorities.

Particulars on Issuance of A Share Subordinated Convertible Corporate Bonds

On December 20, 2011, as mentioned in the announcement of the Company, the Company proposed to issue in aggregate not more than RMB26 billion A Share Convertible Corporate Bonds. Such Convertible Bonds and A shares to be converted into upon the conversion of the Convertible Bonds will be listed on SSE.

On February 8, 2012, the relevant proposals in respect of the Issuance of A Share Convertible Corporate Bonds were approved by the First Extraordinary General Meeting of 2012 of the Company.

On May 28, 2012, as mentioned in the announcement of the Company, the CIRC approved the Issuance of A Share Subordinated Convertible Corporate Bonds of the Company.

On December 18, 2012, as mentioned in the announcement of the Company, the Board of Directors of the Company considered and passed the proposal regarding the extension of the validity period of the resolution in relation to the public issuance of A Share Convertible Corporate Bonds (including subordinated terms) and the resolution in relation to renewal of the grant of the general mandate on issuance of new shares to the Board of Directors.

On February 5, 2013, the First Extraordinary General Meeting of 2013 of the Company considered and passed the proposal regarding the extension of the validity period of the resolution in relation to the public issuance of A Share Convertible Corporate Bonds (including subordinated terms) and the resolution in relation to renewal of the grant of the general mandate on issuance of new shares to the Board of Directors.

On March 27, 2013, the 30th working meeting of 2013 of the Public Offering Review Committee of the CSRC has reviewed and approved the application of the issuance of A Share Convertible Corporate Bonds (including subordinated terms) of the Company.

Significant Events

As at the date of this report, the Issuance of A Share Subordinated Convertible Corporate Bonds is subject to the approval of the relevant securities regulatory authorities.

For further details, please refer to the related announcements published on Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily and the website of SSE (www.sse.com.cn) on August 18, 2011, December 21, 2011, February 9, 2012, May 29, 2012, August 16, 2012, December 19, 2012, February 6, 2013 and March 28, 2013.

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	1,829
Total guarantee balance in favor of its subsidiaries as at the end of the reporting period	8,039

Total guarantee of the Company (including the guarantee in favor of its subsidiaries)	
Total guarantee	8,039
Total guarantee as a percentage of the Company' s net assets (%)	4.7
Including: Direct and indirect guarantee for the companies with gearing ratio over 70%	4,292

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, 2013 (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	324	1,101

FULFILLMENTS OF UNDERTAKINGS

Shareholders' Undertakings

(1) The Company received written notices from Linzhi New Horse Investment Development Co., Ltd., Linzhi Jingao Industrial Development Co., Ltd. and 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.

(2) According to the report of change in equity disclosed by the Company's shareholders, i.e., All Gain Trading Limited, Bloom Fortune Group Limited, Business Fortune Holdings Limited and Easy Boom Developments Limited (all being indirect wholly-owned subsidiaries of CP Group) dated December 31, 2012, the trade restriction of the Company's shares due to relative changes in equity commenced from December 5, 2012, and shall end on the day (August 6, 2013) six months after the date of completion of the second transaction (February 6, 2013).

As of June 30, 2013, the above undertakings were still in the process of performance and there was no violation of the above undertakings.

Undertakings in Respect of Investment in Shenzhen Development Bank

Ping An Life undertakes, in respect of subscription for the 379,580,000 new shares of Shenzhen Development Bank issued through non-public offering, that it shall not transfer the subscribed shares within 36 months from the date of listing of the above subscribed shares, being September 17, 2010, excluding the transfer between Ping An Life and its connected parties (including its controlling shareholders, de facto controllers and other entities under the control of its de facto controllers) to the extent permitted by the applicable laws and approved by the relevant regulatory authorities. Should Ping An Life enter into any transaction in violation of the above undertaking, China Securities Depository and Clearing Corporation Limited, Shenzhen branch shall be authorized to transfer the proceeds from the sales of the subscribed shares into the account of Shenzhen Development Bank owned by its shareholders as a whole.

As of June 30, 2013, 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) According to the Profit Forecast Compensation Agreement entered into between the Company and Shenzhen Development Bank on September 14, 2010, Shenzhen Development Bank shall prepare the pro forma net profit amount of the Original Ping An Bank (the "Realized Profits") in accordance with the CAS within four months after the end of each year within three years upon Shenzhen Development Bank's completion of issuing shares for purchase of assets (the "Compensation Period") and procure its appointed accounting firm to issue a special audit opinion (the "Special Audit Opinion") in respect of such Realized Profits and the difference between such Realized Profits and the corresponding forecasted profits ("Forecasted Profits") as soon as possible. If, based on the Special Audit Opinion,

the Actual Profits of the Original Ping An Bank in any year during the Compensation Period is lower than the corresponding Forecasted Profits, the Company shall pay 90.75% of the shortfall between the Actual Profits and the Forecasted Profits to Shenzhen Development Bank in cash ("Compensation Amount"). The Company shall, within 20 business days after the issuance of the Special Audit Opinion for the year, transfer the amount in full into the bank account designated by Shenzhen Development Bank.

(3) 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 Titleship Disputes of Ping An Bank Company Limited". According to the Letter of Undertaking, the Company undertakes that if titleship disputes occurred in respect of the above 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 branches incur additional costs or their revenue decreases due to the titleship disputes, the Company promises 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 Company Limited". 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 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.

(4) 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 substantively 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.

(5) 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.

(6) 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 of June 30, 2013, the above undertakings were still in the process of performance and there was no violation of the above undertakings. For the undertaking mentioned in item(2), the Company has not paid any compensation to Shenzhen Development Bank.

USE OF PROCEEDS RAISED

The proceeds from the Company's initial public offering of H shares in 2004, A shares in 2007 and the non-public directed issuance to JINJUN LIMITED in 2011 respectively 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 2012 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 2013. 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, 2013 to June 30, 2013.

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 the external auditor appointment, the external auditor remuneration and any matters relating to the termination of the appointment or resignation of the external auditors. In addition, the Audit and Risk Management Committee also examines the effectiveness of the Company's internal controls, which involves regular reviews of the internal controls 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 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 113 to 117 of the Company's 2012 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, 2013 to June 30, 2013 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.

Therefore, 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 127 to 128 of the Company's 2012 annual report of H shares.

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

On May 28, 2004, the Company adopted a code of conduct, which was amended on August 17, 2011, regarding securities transactions by Directors and Supervisors of the Company 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, 2013 to June 30, 2013.

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 2013 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 2013 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 12, 2013 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 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 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 2013 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 12, 2013 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 PRC.

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 PRC, 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 63 to 105, 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 2013 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
29 August 2013

Interim Consolidated Income Statement

For the six-month period ended 30 June 2013

For the six months ended 30 June (in RMB million)	Notes	2013 (Unaudited)	2012 (Unaudited)
Gross written premiums and policy fees	5	**144,460**	127,812
Less: Premiums ceded to reinsurers		**(9,441)**	(7,173)
Net written premiums and policy fees	5	**135,019**	120,639
Change in unearned premium reserves		**(3,989)**	(5,068)
Net earned premiums		**131,030**	115,571
Reinsurance commission income		**2,560**	2,429
Interest income from banking operations	6	**43,354**	37,371
Fees and commission income from non-insurance operations	7	**6,678**	5,027
Investment income	8	**27,448**	14,960
Share of profits and losses of associates and jointly controlled entities		**(21)**	(18)
Other income	9	**4,808**	3,663
Total income		**215,857**	179,003
Claims and policyholders' benefits	10	**(107,872)**	(90,452)
Commission expenses on insurance operations		**(12,875)**	(11,141)
Interest expenses on banking operations	6	**(23,914)**	(20,505)
Fees and commission expenses on non-insurance operations	7	**(745)**	(605)
Loan loss provisions, net of reversals	11, 20	**(2,571)**	(1,536)
Foreign exchange (losses)/gains		**(105)**	236
General and administrative expenses		**(35,675)**	(30,439)
Finance costs		**(1,355)**	(899)
Other expenses		**(3,394)**	(3,141)
Total expenses		**(188,506)**	(158,482)
Profit before tax	11	**27,351**	20,521
Income tax	12	**(5,580)**	(2,994)
Profit for the period		**21,771**	17,527
Attributable to:			
– Owners of the parent		**17,910**	13,959
– Non-controlling interests		**3,861**	3,568
		21,771	17,527
		RMB	RMB
Earnings per share attributable to ordinary equity holders of the parent:			
– Basic	15	**2.26**	1.76
– Diluted	15	**2.26**	1.76

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

FINANCIAL STATEMENTS

Interim Consolidated Statement of Comprehensive Income

For the six-month period ended 30 June 2013

For the six months ended 30 June (in RMB million)	Note	2013 (Unaudited)	2012 (Unaudited)
Profit for the period		**21,771**	17,527
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets		**(3,929)**	8,318
Shadow accounting adjustments		**576**	(2,398)
Exchange differences on translation of foreign operations		**8**	111
Share of other comprehensive income of associates and jointly controlled entities		**2**	3
Income tax relating to components of other comprehensive income		**854**	(1,451)
Other comprehensive income for the period, net of tax	13	**(2,489)**	4,583
Total comprehensive income for the period		**19,282**	22,110
Attributable to:			
– Owners of the parent		**15,490**	18,328
– Non-controlling interests		**3,792**	3,782
		19,282	22,110

Interim Consolidated Statement of Financial Position

As at 30 June 2013

(in RMB million)	Notes	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Assets			
Cash and amounts due from banks and other financial institutions	16	**362,015**	451,414
Balances with the Central Bank and statutory deposits	17	**243,187**	227,072
Fixed maturity investments	18	**1,405,980**	1,109,248
Equity investments	19	**129,485**	126,124
Derivative financial assets		**1,077**	972
Loans and advances to customers	20	**788,834**	709,402
Premium receivables	21	**19,064**	18,756
Accounts receivable	22	**5,742**	8,979
Inventories		**1,824**	1,119
Reinsurers' share of insurance liabilities		**11,546**	9,341
Policyholder account assets in respect of insurance contracts	23	**34,167**	32,417
Policyholder account assets in respect of investment contracts	23	**4,205**	3,824
Investments in associates and jointly controlled entities	24	**10,163**	9,960
Investment properties		**15,817**	14,850
Property and equipment		**17,023**	17,539
Intangible assets		**36,955**	37,536
Deferred tax assets		**10,858**	10,680
Other assets	25	**74,630**	55,033
Total assets		**3,172,572**	2,844,266
Equity and liabilities			
Equity			
Share capital	26	**7,916**	7,916
Reserves	27	**88,875**	91,271
Retained profits	27	**75,965**	60,430
Equity attributable to owners of the parent		**172,756**	159,617
Non-controlling interests		**54,347**	50,032
Total equity		**227,103**	209,649
Liabilities			
Due to banks and other financial institutions	28	**442,385**	420,315
Assets sold under agreements to repurchase		**188,867**	154,977
Other financial liabilities held for trading		**3,056**	1,722
Derivative financial liabilities		**1,318**	952
Customer deposits and payables to brokerage customers	29	**1,143,848**	986,936
Accounts payable	30	**1,673**	3,615
Income tax payable		**3,413**	2,352
Insurance payables		**36,504**	38,293
Insurance contract liabilities	31	**970,917**	882,593
Investment contract liabilities for policyholders		**36,740**	34,669
Policyholder dividend payable		**24,308**	21,681
Bonds payable	32	**32,402**	38,793
Deferred tax liabilities		**4,146**	5,599
Other liabilities		**55,892**	42,120
Total liabilities		**2,945,469**	2,634,617
Total equity and liabilities		**3,172,572**	2,844,266

MA Mingzhe	**SUN Jianyi**	**YAO Jason Bo**
Director	*Director*	*Director*

Interim Consolidated Statement of Changes in Equity

For the six-month period ended 30 June 2013

For the six months ended 30 June 2013 (in RMB million)	Equity attributable to owners of the parent	Reserves								Non-controlling interests (Unaudited)	Total equity (Unaudited)
	Share capital (Unaudited)	Share premium (Unaudited)	Available-for-sale financial assets (Unaudited)	Shadow accounting adjustments (Unaudited)	Other capital reserves (Unaudited)	Surplus reserve funds (Unaudited)	General reserves (Unaudited)	Exchange differences on translation of foreign operations (Unaudited)	Retained profits (Unaudited)		
As at 1 January 2013	**7,916**	**83,506**	**533**	**115**	**(360)**	**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	-	-	**(2,862)**	**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)**	**(449)**	**(2,824)**
Capital contribution to subsidiary	-	-	-	-	-	-	-	-	-	**1,080**	**1,080**
Others	-	-	-	-	**24**	-	-	-	-	**(108)**	**(84)**
As at 30 June 2013	**7,916**	**83,506**	**(2,329)**	**547**	**(334)**	**6,982**	**395**	**108**	**75,965**	**54,347**	**227,103**

For the six months ended 30 June 2012 (in RMB million)	Equity attributable to owners of the parent	Reserves								Non-controlling interests (Unaudited)	Total equity (Unaudited)
	Share capital (Unaudited)	Share premium (Unaudited)	Available-for-sale financial assets (Unaudited)	Shadow accounting adjustments (Unaudited)	Other capital reserves (Unaudited)	Surplus reserve funds (Unaudited)	General reserves (Unaudited)	Exchange differences on translation of foreign operations (Unaudited)	Retained profits (Unaudited)		
As at 1 January 2012	7,916	83,506	(14,412)	2,673	132	6,982	395	129	43,546	40,475	171,342
Profit for the period	-	-	-	-	-	-	-	-	13,959	3,568	17,527
Other comprehensive income for the period	-	-	6,045	(1,790)	3	-	-	111	-	214	4,583
Total comprehensive income for the period	-	-	6,045	(1,790)	3	-	-	111	13,959	3,782	22,110
Dividend declared (note 14)	-	-	-	-	-	-	-	-	(1,979)	(29)	(2,008)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	4,222	4,222
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(993)	(993)
Equity transaction with non-controlling interests	-	-	-	-	(454)	-	-	-	-	(570)	(1,024)
Others	-	-	-	-	-	-	-	-	-	32	32
As at 30 June 2012	7,916	83,506	(8,367)	883	(319)	6,982	395	240	55,526	46,919	193,681

Interim Consolidated Statement of Cash Flows

For the six-month period ended 30 June 2013

For the six months ended 30 June (in RMB million)	Note	2013 (Unaudited)	2012 (Unaudited)
Net cash flows from operating activities		**105,856**	204,563
Cash flows from investing activities			
Purchases of investment properties, property and equipment, and intangible assets		**(2,379)**	(1,286)
Proceeds from disposal of investment properties, property and equipment, and intangible assets		**84**	2
Proceeds from disposal of investments		**789,095**	399,948
Purchases of investments		**(960,473)**	(458,432)
Term deposits placed, net		**(3,418)**	(50,987)
Acquisition of subsidiaries		**-**	(1,481)
Disposal of subsidiaries		**-**	525
Interest received		**30,685**	18,049
Dividends received		**38**	1,396
Rentals received		**565**	472
Others		**(3,854)**	(2,413)
Net cash flows used in investing activities		**(149,657)**	(94,207)
Cash flows from financing activities			
Capital injected into subsidiaries by non-controlling interests		**1,151**	45
Proceeds from bonds issued		**1,400**	8,998
Increase/(decrease) in assets sold under agreements to repurchase, net		**(11,864)**	27,259
Proceeds from borrowed funds		**8,226**	433
Acquisition of non-controlling interests in subsidiaries		**-**	(2,343)
Repayment of borrowed funds		**(10,914)**	(2,188)
Interest paid		**(3,921)**	(1,976)
Dividends paid		**(2,423)**	(5)
Net cash flows (used in)/from financing activities		**(18,345)**	30,223
Net (decrease)/increase in cash and cash equivalents		**(62,146)**	140,579
Net foreign exchange differences		**(508)**	32
Cash and cash equivalents at beginning of the period		**246,886**	110,481
Cash and cash equivalents at end of the period	37	**184,232**	251,092

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 2012.

3. SIGNIFICANT ACCOUNTING POLICIES

(1) The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012, except for the adoption of new and revised standards and interpretations as of 1 January 2013, as follows:

- IAS 1 (revised) *"Presentation of financial statements"*

  The main change resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

- IAS 19 (revised) *"Employee benefits"*

  IAS 19 (revised) amends the accounting for employment benefits. The standard requires past service cost to be recognized immediately in profit or loss. The standard replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability.

- IFRS 7 *"Financial instruments: Disclosures – Offsetting financial assets and financial liabilities"*

  The amendment requires new disclosure requirements which focus on quantitative information about recognized financial instruments that are offset in the statement of financial position, as well as those recognized financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(1) The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012, except for the adoption of new and revised standards and interpretations as of 1 January 2013, as follows: (continued)

▶ IFRS 10 *"Consolidated financial statements"*

Under IFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

▶ IAS 27 (revised 2011) *"Separate financial statements"*

IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

▶ IFRS 11 *"Joint arrangements"*

Under IFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement.

▶ IAS 28 (revised 2011) *"Associates and joint ventures"*

IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

The adoption of the above new/revised IASs and IFRSs had no significant financial effect on this interim condensed consolidated financial information.

▶ IFRS 13 *"Fair value measurement"*

IFRS 13 measurement and disclosure requirements are applicable for the December 2013 year end. The Group has included the disclosures required by IAS 34 para 16A(j) in Note 34.

The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

(2) CHANGES IN ACCOUNTING ESTIMATES

Material judgement 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 2013 with the corresponding impact on insurance contract liabilities taken into the current period's income statement. As a result of such changes in assumptions, long term life insurance policyholders' reserves were reduced by RMB447 million as at 30 June 2013 and the profit before tax for the six months ended 30 June 2013 was increased by RMB447 million.

4. SEGMENT REPORTING

The composition of the Group's operating segments for the six-month period ended 30 June 2013 is consistent with that for the year ended 31 December 2012.

The segment analysis for the six months ended 30 June 2013 is as follows:

(in RMB million)	Life insurance (Unaudited)	Property and casualty insurance (Unaudited)	Banking (Unaudited)	Securities (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	-	1,341	(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	378	1,071	(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	-	-	(28)	-	(21)
Other income	2,471	176	73	24	128	5,789	(3,853)	4,808
Including: Inter-segment other income	1,710	9	-	-	125	2,009	(3,853)	-
Total income	113,365	48,837	48,749	1,459	506	8,173	(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)	-	(301)	150	(745)
Loan loss provisions, net of reversals	-	-	(2,564)	-	-	(7)	-	(2,571)
Foreign exchange gains/(losses)	(87)	(17)	23	7	3	(34)	-	(105)
General and administrative expenses	(8,429)	(12,648)	(11,241)	(822)	(239)	(4,168)	1,872	(35,675)
Finance costs	(497)	(211)	-	-	(156)	(491)	-	(1,355)
Other expenses	(3,102)	(97)	(38)	(259)	(1)	(1,580)	1,683	(3,394)
Total expenses	(102,406)	(44,129)	(39,025)	(1,153)	(393)	(6,581)	5,181	(188,506)
Profit before tax	10,959	4,708	9,724	306	113	1,592	(51)	27,351
Income tax	(1,620)	(1,216)	(2,324)	(61)	-	(359)	-	(5,580)
Profit for the period	9,339	3,492	7,400	245	113	1,233	(51)	21,771

4. SEGMENT REPORTING (CONTINUED)

The segment analysis for the six months ended 30 June 2012 is as follows:

(in RMB million)	Life insurance (Unaudited)	Property and casualty insurance (Unaudited)	Banking (Unaudited)	Securities (Unaudited)	Corporate (Unaudited)	Others (Unaudited)	Eliminations (Unaudited)	Total (Unaudited)
Gross written premiums and policy fees	78,898	48,914	–	–	–	–	–	127,812
Less: Premiums ceded to reinsurers	(418)	(6,755)	–	–	–	–	–	(7,173)
Change in unearned premium reserves	(623)	(4,445)	–	–	–	–	–	(5,068)
Net earned premiums	77,857	37,714	–	–	–	–	–	115,571
Reinsurance commission income	25	2,404	–	–	–	–	–	2,429
Interest income from banking operations	–	–	37,371	–	–	–	–	37,371
Fees and commission income from non-insurance operations	–	–	3,100	989	–	971	(33)	5,027
Including: Inter-segment fees and commission income from non-insurance operations	–	–	23	–	–	10	(33)	–
Investment income	12,311	1,311	508	840	178	1,410	(1,598)	14,960
Including: Inter-segment investment income	717	33	–	–	11	837	(1,598)	–
Share of profits and losses of associates and jointly controlled entities	34	–	15	–	–	(67)	–	(18)
Other income	2,280	127	116	16	100	4,204	(3,180)	3,663
Including: Inter-segment other income	1,481	9	–	–	97	1,593	(3,180)	–
Total income	92,507	41,556	41,110	1,845	278	6,518	(4,811)	179,003
Claims and policyholders' benefits	(68,399)	(22,053)	–	–	–	–	–	(90,452)
Commission expenses on insurance operations	(7,233)	(4,297)	–	–	–	–	389	(11,141)
Interest expenses on banking operations	–	–	(21,085)	–	–	–	580	(20,505)
Fees and commission expenses on non-insurance operations	–	–	(320)	(121)	–	(242)	78	(605)
Loan loss provisions, net of reversals	–	–	(1,539)	–	–	3	–	(1,536)
Foreign exchange gains/(losses)	19	5	183	1	1	27	–	236
General and administrative expenses	(7,747)	(11,178)	(9,532)	(880)	(183)	(2,377)	1,458	(30,439)
Finance costs	(270)	(125)	–	–	(145)	(359)	–	(899)
Other expenses	(2,611)	(56)	(92)	(2)	(22)	(1,870)	1,512	(3,141)
Total expenses	(86,241)	(37,704)	(32,385)	(1,002)	(349)	(4,818)	4,017	(158,482)
Profit/(loss) before tax	6,266	3,852	8,725	843	(71)	1,700	(794)	20,521
Income tax	765	(1,106)	(1,994)	(180)	(2)	(477)	–	(2,994)
Profit/(loss) for the period	7,031	2,746	6,731	663	(73)	1,223	(794)	17,527

The segment assets as at 30 June 2013 and 31 December 2012 are as follows:

(in RMB million)	**Life insurance**	**Property and casualty insurance**	**Banking**	**Securities**	**Corporate**	**Others**	**Eliminations**	**Total**
At 30 June 2013 (Unaudited)	**1,120,028**	**145,325**	**1,829,701**	**30,641**	**35,751**	**68,102**	**(56,976)**	**3,172,572**
At 31 December 2012 (Audited)	1,040,659	135,488	1,609,360	32,329	30,530	49,634	(53,734)	2,844,266

5. GROSS AND NET WRITTEN PREMIUMS AND POLICY FEES

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Gross written premiums, policy fees and premium deposits	**180,711**	163,751
Less: Premium deposits of policies without significant insurance risk transfer	**(1,520)**	(1,625)
Premium deposits separated out from universal life and investment-linked products	**(34,731)**	(34,314)
Gross written premiums and policy fees	**144,460**	127,812
Long term life business gross written premiums and policy fees	**84,989**	74,182
Short term life business gross written premiums	**5,568**	4,716
Property and casualty business gross written premiums	**53,903**	48,914
Gross written premiums and policy fees	**144,460**	127,812
Gross written premiums and policy fees		
Life insurance		
Individual life insurance	**79,450**	67,535
Bancassurance	**6,707**	7,566
Group life insurance	**4,400**	3,797
	90,557	78,898
Property and casualty insurance		
Automobile insurance	**40,884**	36,660
Non-automobile insurance	**11,589**	10,993
Accident and health insurance	**1,430**	1,261
	53,903	48,914
Gross written premiums and policy fees	**144,460**	127,812
Net of reinsurance premiums ceded		
Life insurance		
Individual life insurance	**77,479**	67,220
Bancassurance	**6,686**	7,544
Group life insurance	**4,338**	3,716
	88,503	78,480
Property and casualty insurance		
Automobile insurance	**37,093**	33,248
Non-automobile insurance	**8,018**	7,664
Accident and health insurance	**1,405**	1,247
	46,516	42,159
Net written premiums and policy fees	**135,019**	120,639

6. NET INTEREST INCOME FROM BANKING OPERATIONS

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Interest income from banking operations		
Due from the Central Bank	**1,561**	1,320
Due from financial institutions	**10,144**	4,084
Loans and advances to customers		
Corporate loans and advances to customers	**14,638**	15,075
Individual loans and advances to customers	**9,459**	6,746
Discounted bills	**158**	290
Bonds	**7,266**	4,853
Others	**128**	5,003
Subtotal	**43,354**	37,371
Interest expenses on banking operations		
Due to the Central Bank	**15**	12
Due to financial institutions	**11,699**	7,439
Customer deposits	**11,821**	10,854
Bonds payable	**379**	515
Others	**–**	1,685
Subtotal	**23,914**	20,505
Net interest income from banking operations	**19,440**	16,866

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

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Fees and commission income from non-insurance operations		
Brokerage fees	**450**	338
Underwriting commission income	**275**	646
Trust service fees	**889**	834
Fees and commission income from banking business	**4,824**	3,076
Others	**240**	133
Subtotal	**6,678**	5,027
Fees and commission expenses on non-insurance operations		
Brokerage fees paid	**50**	63
Fees and commission expenses on banking business	**501**	315
Others	**194**	227
Subtotal	**745**	605
Net fees and commission income from non-insurance operations	**5,933**	4,422

8. INVESTMENT INCOME

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Net investment income	**26,453**	21,113
Realized gains/(losses) from disposals	**2,130**	(2,375)
Unrealized (losses)/gains	**(68)**	155
Impairment losses	**(1,067)**	(3,933)
Total investment income	**27,448**	14,960

(1) NET INVESTMENT INCOME

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Interest income from non-banking operations on fixed maturity investments		
Bonds and debt schemes		
– Held-to-maturity	**11,390**	8,572
– Available-for-sale	**2,365**	2,663
– Carried at fair value through profit or loss	**92**	133
– Loans and receivables	**1,600**	634
Term deposits		
– Loans and receivables	**5,995**	4,952
Current accounts		
– Loans and receivables	**341**	246
Others		
– Loans and receivables	**1,159**	741
– Carried at fair value through profit or loss	**6**	106
Dividend income from equity investments		
Equity investment funds		
– Available-for-sale	**580**	537
– Carried at fair value through profit or loss	**601**	292
Equity securities		
– Available-for-sale	**3,370**	2,757
– Carried at fair value through profit or loss	**13**	2
Operating lease income from investment properties	**565**	472
Interest expenses on assets sold under agreements to repurchase and interbank lending	**(1,624)**	(994)
	26,453	21,113

8. INVESTMENT INCOME (CONTINUED)

(2) REALIZED GAINS/(LOSSES)

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Fixed maturity investments		
– Available-for-sale	**(7)**	467
– Carried at fair value through profit or loss	**30**	58
Equity investments		
– Available-for-sale	**1,757**	(3,091)
– Carried at fair value through profit or loss	**(417)**	(136)
– Subsidiaries, associates and jointly controlled entities (note)	**203**	12
Derivative financial instruments		
– Carried at fair value through profit or loss	**96**	28
Others	**468**	287
	2,130	(2,375)

note: This refers to gains/(losses) from disposals of subsidiaries, associates and jointly controlled entities.

(3) UNREALIZED (LOSSES)/GAINS

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Fixed maturity investments		
– Carried at fair value through profit or loss	**(55)**	121
Equity investments		
– Carried at fair value through profit or loss	**(19)**	45
Derivative financial instruments		
– Carried at fair value through profit or loss	**6**	(11)
	(68)	155

(4) IMPAIRMENT LOSSES

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Equity investments		
– Available-for-sale	**(1,067)**	(3,933)

9. OTHER INCOME

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Sales of goods from Shanghai Jahwa (Group) Company Ltd. (the "Shanghai Jahwa")	**2,596**	1,879
Management fee income from investment-linked products and income from investment contracts	**311**	581
Consulting income	**368**	214
Expressway toll fee income	**300**	477
Others	**1,233**	512
	4,808	3,663

10. CLAIMS AND POLICYHOLDERS' BENEFITS

(1)

For the six months ended 30 June (in RMB million)	2013 Gross (Unaudited)	2013 Reinsurers' share (Unaudited)	2013 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**

For the six months ended 30 June (in RMB million)	2012 Gross (Unaudited)	2012 Reinsurers' share (Unaudited)	2012 Net (Unaudited)
Claims and claim adjustment expenses	29,265	(2,861)	26,404
Surrenders	2,576	–	2,576
Annuities	2,702	–	2,702
Maturities and survival benefits	9,817	–	9,817
Policyholder dividends	3,784	–	3,784
Increase in policyholders' reserves	41,325	(123)	41,202
Interest credited to policyholder contract deposits	3,967	–	3,967
	93,436	(2,984)	90,452

(2)

For the six months ended 30 June (in RMB million)	2013 Gross (Unaudited)	2013 Reinsurers' share (Unaudited)	2013 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**

For the six months ended 30 June (in RMB million)	2012 Gross (Unaudited)	2012 Reinsurers' share (Unaudited)	2012 Net (Unaudited)
Long term life insurance contract benefits	66,771	(246)	66,525
Short term life insurance claims	1,898	(24)	1,874
Property and casualty insurance claims	24,767	(2,714)	22,053
	93,436	(2,984)	90,452

11. PROFIT BEFORE TAX

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

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Employee costs	**14,576**	12,853
Interest expenses on investment contract reserves	**617**	404
Provision for insurance guarantee fund	**658**	594
Regulatory charges	**181**	139
Depreciation of investment properties	**264**	238
Depreciation of property and equipment	**1,207**	1,035
Amortization of intangible assets	**814**	814
Rental expenses	**1,777**	1,571
Advertising expenses	**2,848**	1,995
Travelling expenses	**334**	348
Office miscellaneous expenses	**694**	524
Other taxes	**176**	143
Postage and telecommunication expenses	**681**	613
Vehicle and vessel fuel expenses	**357**	292
Losses on disposal of investment properties, property and equipment, and intangible assets	**5**	8
Provision for doubtful debts, net	**58**	15
Provision for loans, net	**2,571**	1,536
Cost of sales from Shanghai Jahwa	**1,249**	860

12. INCOME TAX

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Current income tax	**6,414**	4,177
Deferred income tax	**(834)**	(1,183)
	5,580	2,994

FINANCIAL STATEMENTS

13. OTHER COMPREHENSIVE INCOME

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Available-for-sale financial assets:		
Changes in fair value	**(3,141)**	1,730
Reclassification adjustments for (gains)/losses included in the income statement		
– (Gains)/losses on disposal	**(1,840)**	2,655
– Impairment losses	**1,052**	3,933
Income tax effect	**996**	(2,051)
	(2,933)	6,267
Shadow accounting adjustments	**576**	(2,398)
Income tax effect	**(142)**	600
	434	(1,798)
Exchange differences on translation of foreign operations	**8**	111
Share of other comprehensive income of associates and jointly controlled entities	**2**	3
	(2,489)	4,583

14. DIVIDENDS

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Final dividend on ordinary shares declared for 2012: RMB0.30 per share (2011: RMB0.25 per share)	**2,375**	1,979
Interim dividend on ordinary shares approved (not recognized as a liability as at 30 June) for 2013: RMB0.20 per share (2012: RMB0.15 per share)	**1,583**	1,187

15. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the Company's net profit attributable to ordinary shareholders by the weighted average number of outstanding shares.

No adjustment has been made to the basic earnings per share amounts presented for the six-month periods ended 30 June 2013 and 2012 in respect of dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

For the six months ended 30 June	2013 (Unaudited)	2012 (Unaudited)
Net profit attributable to ordinary shareholders (in RMB million)	**17,910**	13,959
Weighted average number of outstanding shares of the Company (million shares)	**7,916**	7,916
Basic earnings per share (in RMB)	**2.26**	1.76
Diluted earnings per share (in RMB)	**2.26**	1.76

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

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Cash on hand	**3,944**	3,239
Term deposits	**220,360**	216,941
Due from banks and other financial institutions	**101,680**	165,808
Placements with banks and other financial institutions	**36,031**	65,426
	362,015	451,414

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

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Placements with banks	**34,865**	62,596
Placements with other financial institutions	**1,190**	2,854
Gross	**36,055**	65,450
Less: Provision for placements with banks and other financial institutions	**(24)**	(24)
Net	**36,031**	65,426

As at 30 June 2013, amounts due from banks of RMB6,227 million (31 December 2012: RMB5,649 million) were designated at fair value through profit or loss.

As at 30 June 2013, cash and amounts due from banks and other financial institutions of RMB432 million (31 December 2012: RMB97 million) were restricted deposits.

17. BALANCES WITH THE CENTRAL BANK AND STATUTORY DEPOSITS

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Statutory reserve deposits with the Central Bank for banking operations	**192,715**	160,375
Unrestricted deposits with the Central Bank	**37,698**	55,152
Other deposits with the Central Bank	**1,816**	587
Statutory deposits for insurance operations	**10,958**	10,958
	243,187	227,072

Details of statutory deposits for insurance operations are as follows:

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Ping An Life	**6,760**	6,760
Ping An Property & Casualty	**3,400**	3,400
Ping An Annuity	**672**	672
Ping An Health	**126**	126
	10,958	10,958

In accordance with relevant regulations, the Group's subsidiary engaged in banking operations is required to place mandatory reserve deposits with the People's Bank of China (the "PBOC") for customer deposits in both RMB and foreign currencies. As at 30 June 2013, the mandatory deposits are calculated at 18% (31 December 2012: 18%) of customer deposits denominated in RMB and 5% (31 December 2012: 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.

Statutory deposits for insurance operations are placed with PRC banks in accordance with the PRC Insurance Law and relevant regulations based on not less than 20% of the respective registered capital of the subsidiaries engaged in the insurance business within the Group.

18. FIXED MATURITY INVESTMENTS

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Bonds	**841,644**	772,136
Debt schemes	**63,412**	37,428
Policy loans	**22,459**	18,558
Assets purchased under agreements to resell	**319,376**	190,788
Wealth management products issued by banks	**114,984**	90,338
Wealth management products issued by other financial institutions	**44,105**	–
	1,405,980	1,109,248

(1) DETAILS OF BONDS ARE AS FOLLOWS:

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Held-to-maturity, at amortized cost	**615,635**	566,009
Available-for-sale, at fair value	**192,095**	187,495
Held-for-trading	**26,594**	10,398
Loans and receivables	**7,320**	8,234
	841,644	772,136
Government bonds	**130,805**	127,756
Central Bank bills	**9,092**	8,964
Finance bonds	**435,079**	430,564
Corporate bonds	**266,668**	204,852
	841,644	772,136
Listed	**74,387**	52,167
Unlisted	**767,257**	719,969
	841,644	772,136

As at 30 June 2013, bonds with a carrying amount of RMB143,896 million (31 December 2012: RMB153,568 million) were pledged as collateral for assets sold under agreements to repurchase.

As at 30 June 2013, bonds with a carrying amount of RMB8,029 million (31 December 2012: RMB15,675 million) were pledged as collateral for term deposit from PBOC.

As at 30 June 2013, no bonds were pledged as collateral for amount due to the Central Bank (31 December 2012: RMB15,014 million).

18. FIXED MATURITY INVESTMENTS (CONTINUED)

(2) DETAILS OF ASSETS PURCHASED UNDER AGREEMENTS TO RESELL ARE AS FOLLOWS:

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Bonds	**26,392**	28,211
Bills	**126,624**	64,649
Beneficial rights of loans and receivables purchased under trust schemes	**163,690**	96,968
Receivable under financial leasing	**754**	939
Others	**1,951**	56
Gross	**319,411**	190,823
Less: Provision for impairment losses	**(35)**	(35)
Net	**319,376**	190,788

As at 30 June 2013, bonds and discounted bills held as assets purchased under agreements to resell with a carrying amount of RMB84 million and RMB43,265 million respectively (31 December 2012: RMB2,156 million and RMB3,676 million respectively) were pledged as collateral for assets sold under agreements to repurchase.

As at 30 June 2013, discounted bills held as assets purchased under agreements to resell with a carrying amount of RMB838 million (31 December 2012: RMB179 million) were pledged as collateral for due to the Central Bank.

19. EQUITY INVESTMENTS

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Equity investment funds	**34,023**	35,440
Equity securities	**82,205**	79,997
Other equity investments	**13,257**	10,687
	129,485	126,124

(1) EQUITY INVESTMENT FUNDS

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Available-for-sale, at fair value	**29,336**	25,769
Held-for-trading	**4,687**	9,671
	34,023	35,440
Listed	**6,322**	6,540
Unlisted	**27,701**	28,900
	34,023	35,440

19. EQUITY INVESTMENTS (CONTINUED)

(2) EQUITY SECURITIES

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Available-for-sale, at fair value	**81,812**	79,444
Held-for-trading	**393**	553
	82,205	79,997
Listed	**77,441**	79,963
Unlisted	**4,764**	34
	82,205	79,997

(3) OTHER EQUITY INVESTMENTS

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Available-for-sale, at fair value	**6,156**	3,268
Available-for-sale, at cost	**5,875**	5,935
Carried at fair value through profit or loss		
Designated at fair value through profit or loss	**1,226**	1,484
	13,257	10,687
Unlisted	**13,257**	10,687

20. LOANS AND ADVANCES TO CUSTOMERS

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Corporate customers		
Loans	**507,369**	485,834
Discounted bills	**8,893**	10,410
Individual customers		
Credit cards	**76,959**	49,724
Property mortgages	**128,623**	131,308
Others	**81,534**	44,970
Gross	**803,378**	722,246
Less: Loan loss provisions	**(14,544)**	(12,844)
Net	**788,834**	709,402

20. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

Movement of loan loss provisions is as follows:

(in RMB million)	For the six months ended 30 June 2013 Individually assessed (Unaudited)	Collectively assessed (Unaudited)	Total (Unaudited)	For the year ended 31 December 2012 Individually assessed (Audited)	Collectively assessed (Audited)	Total (Audited)
As at 1 January	**2,138**	**10,706**	**12,844**	1,714	9,194	10,908
Charge for the period/year	**475**	**2,096**	**2,571**	1,169	1,879	3,048
Write-off during the period/year	**(421)**	**(577)**	**(998)**	(870)	(400)	(1,270)
Write-backs during the period/year						
Recovery of loans written off previously	**82**	**45**	**127**	344	78	422
Interest accrued on impaired loans and advances	**(190)**	**–**	**(190)**	(219)	–	(219)
Other changes for the period/year	**195**	**(5)**	**190**	–	(45)	(45)
As at 30 June/31 December	**2,279**	**12,265**	**14,544**	2,138	10,706	12,844

As at 30 June 2013, discounted bills with a carrying amount of RMB392 million (31 December 2012: RMB513 million) were pledged as assets sold under agreements to repurchase.

As at 30 June 2013, discounted bills with a carrying amount of RMB418 million (31 December 2012: RMB988 million) were pledged as collateral for amounts due to the Central Bank.

21. PREMIUM RECEIVABLES

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Premium receivables	**19,272**	18,926
Less: Provision for doubtful receivables	**(208)**	(170)
Premium receivables, net	**19,064**	18,756
Life insurance	**3,819**	6,462
Property and casualty insurance	**15,245**	12,294
Premium receivables, net	**19,064**	18,756

The credit terms of premium receivables granted are generally from one to six months with interest free.

An aging analysis of premium receivables is as follows:

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Within 3 months	**18,326**	18,351
Over 3 months but within 1 year	**684**	359
Over 1 year	**54**	46
	19,064	18,756

22. ACCOUNTS RECEIVABLE

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Receivables under factoring arrangements	**4,723**	7,381
Others	**1,019**	1,624
Total	**5,742**	9,005
Less: provision for accounts receivable	**–**	(26)
Net	**5,742**	8,979

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

(1) POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INSURANCE CONTRACTS

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Cash and amounts due from banks and other financial institutions	**5,041**	5,138
Equity investments	**20,786**	21,892
Fixed maturity investments, at fair value	**7,395**	4,547
Fixed maturity investments, at amortized cost	**387**	245
Other assets	**558**	595
	34,167	32,417

(2) POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF INVESTMENT CONTRACTS

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Cash and amounts due from banks and other financial institutions	**988**	970
Equity investments	**1,084**	1,636
Fixed maturity investments, at fair value	**1,810**	1,132
Fixed maturity investments, at amortized cost	**240**	–
Other assets	**83**	86
	4,205	3,824

24. INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

The Group's investments in major associates and jointly controlled entities as at 30 June 2013 are as follows:

Name of the invested entities (in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Beijing-Shanghai High-speed Railway Equity Investment Scheme	**6,300**	6,300
Veolia Water (Liuzhou) Investment Co., Ltd.	**102**	103
Veolia Water (Kunming) Investment Co., Ltd.	**208**	203
Veolia Water (Yellow River) Investment Co., Ltd.	**317**	315
Shanxi Taichang Expressway Co., Ltd.	**840**	781
Hubei Shumyip Huayin Traffic Development Co., Ltd.	**226**	248
Foshan Shunde Peace Hospital Investment Co., Ltd.	**124**	129
Tongxin No.1 Real Estate Investment Aggregated Fund Trust	**95**	95
Chengdu Gongtou Assets Management Co., Ltd.	**411**	411
Newheight Holdings Ltd.	**103**	130
Jiangyin Tianjiang Pharmaceutical Co., Ltd.	**435**	395
Shanghai Takasago Union Fragrances & Flavors Co., Ltd.	**83**	75
Shaoxing Pingan New Capital Co., Ltd.	**19**	37
Jiangsu T.Y. Environmental Energy Co., Ltd.	**175**	167
Shenzhen Minghua Intelligent Technology Co., Ltd.	**380**	255
Guangzhou Yikang Medical Investment Management Co., Ltd.	**82**	83
Ping An Russell Investment Management (Shanghai) Co., Ltd.	**77**	33
Guangzhou Shengan Chuangfu Investment & Management Limited	**23**	10
Tianjin Ancheng Chuangjing Equity Investment Fund of Partnership Enterprise	**16**	16
Others	**147**	174
	10,163	9,960

25. OTHER ASSETS

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Interest receivable	**32,730**	28,668
Other receivables (note)	**18,739**	12,211
Due from reinsurers	**5,936**	6,109
Foreclosed assets	**672**	644
Prepayments	**4,013**	2,540
Precious metals	**3,219**	2,430
Dividend receivable	**2,665**	–
Others	**6,656**	2,431
	74,630	55,033

note: 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 30 June 2013 as prepaid income tax (31 December 2012: RMB3,520 million). The arrangement and timing as to the recoverability of such prepaid tax is subject to the final clarification from the relevant tax authorities.

26. SHARE CAPITAL

(million shares)	30 June 2013 (Unaudited)	31 December 2012 (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

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

Out of the Group's retained profits, RMB10,942 million as at 30 June 2013 (31 December 2012: RMB9,927 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, RMB10,466 million as at 30 June 2013 (31 December 2012: RMB10,466 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 2013 (Unaudited)	31 December 2012 (Audited)
Deposits from other banks and financial institutions	**421,995**	390,847
Due to the Central Bank	**1,262**	16,168
Short term borrowings	**7,277**	3,566
Long term borrowings	**11,851**	9,734
	442,385	420,315

29. CUSTOMER DEPOSITS AND PAYABLES TO BROKERAGE CUSTOMERS

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Current and savings accounts		
Corporate customers	**255,753**	246,709
Individual customers	**83,747**	85,212
Term deposits		
Corporate customers	**411,003**	319,125
Individual customers	**118,780**	88,348
Guarantee deposits	**215,008**	204,353
Term deposits from the Central Bank	**7,200**	13,170
Others	**45,074**	22,408
	1,136,565	979,325
Payable to brokerage customers		
Corporate customers	**939**	588
Individual customers	**6,344**	7,023
	7,283	7,611
	1,143,848	986,936

30. ACCOUNTS PAYABLE

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Payable under factoring arrangements	**946**	2,068
Others	**727**	1,547
	1,673	3,615

31. INSURANCE CONTRACT LIABILITIES

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Policyholders' reserves	**586,023**	531,639
Policyholder contract deposits	**260,398**	236,250
Policyholder account liabilities in respect of insurance contracts	**34,167**	32,417
Unearned premium reserves	**55,701**	50,801
Claim reserves	**34,628**	31,486
	970,917	882,593

32. BONDS PAYABLE

Issuer (in RMB million)	Type	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Value Success International Limited	Offshore RMB bonds	**1,998**	1,998
Ping An Property & Casualty	Subordinated bonds	**7,685**	7,643
Ping An Life	Subordinated bonds	**13,112**	13,051
Ping An Bank	Subordinated bonds	**4,494**	10,988
Ping An Bank	Hybrid capital debt instrument	**5,113**	5,113
		32,402	38,793

33. FIDUCIARY ACTIVITIES

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Assets held under trust schemes	**211,944**	196,385
Assets held under corporate annuity schemes	**67,984**	58,114
Assets held under asset management schemes	**63,540**	50,476
Entrusted loans of banking operation	**40,344**	27,538
Entrusted investments of banking operation	**117,049**	83,196
	500,861	415,709

All of the above are off-balance sheet items.

34. 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, funds, stocks, 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.

(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:

	Carrying values		Fair values	
(in RMB million)	**30 June 2013 (Unaudited)**	31 December 2012 (Audited)	**30 June 2013 (Unaudited)**	31 December 2012 (Audited)
Financial assets				
Available-for-sale				
Bonds	**192,095**	187,495	**192,095**	187,495
Funds	**29,336**	25,769	**29,336**	25,769
Stocks	**81,812**	79,444	**81,812**	79,444
Others	**12,031**	9,203	**12,031**	9,203
Carried at fair value through profit or loss				
Bonds	**26,594**	10,398	**26,594**	10,398
Funds	**4,687**	9,671	**4,687**	9,671
Stocks	**393**	553	**393**	553
Others	**7,453**	7,133	**7,453**	7,133
Derivative financial assets	**1,077**	972	**1,077**	972
Held-to-maturity				
Bonds	**615,635**	566,009	**609,479**	556,665
Loans and receivables				
Cash and amounts due from banks and other financial institutions	**355,788**	445,765	**355,788**	445,765
Balances with the Central Bank and statutory deposits	**243,187**	227,072	**243,187**	227,072
Loans and advances to customers	**788,834**	709,402	**788,834**	709,402
Bonds	**7,320**	8,234	**7,320**	8,437
Debt schemes	**63,412**	37,428	**63,412**	37,467
Policy loans	**22,459**	18,558	**22,459**	18,558
Assets purchased under agreements to resell	**319,376**	190,788	**319,376**	190,788
Wealth management products	**159,089**	90,338	**159,089**	90,338
Premium receivables	**19,064**	18,756	**19,064**	18,756
Accounts receivable	**5,742**	8,979	**5,742**	8,979
Other assets	**60,108**	47,028	**60,108**	47,028
Total financial assets	**3,015,492**	2,698,995	**3,009,336**	2,689,893

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

(1) CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

(in RMB million)	Carrying values 30 June 2013 (Unaudited)	Carrying values 31 December 2012 (Audited)	Fair values 30 June 2013 (Unaudited)	Fair values 31 December 2012 (Audited)
Financial liabilities				
Derivative financial liabilities	**1,318**	952	**1,318**	952
Other financial liabilities				
Due to banks and other financial institutions	**442,385**	420,315	**442,385**	420,315
Assets sold under agreements to repurchase	**188,867**	154,977	**188,867**	154,977
Other financial liabilities held for trading	**3,056**	1,722	**3,056**	1,722
Customer deposits and payables to brokerage customers	**1,143,848**	986,936	**1,143,848**	986,936
Accounts payable	**1,673**	3,615	**1,673**	3,615
Insurance payables	**31,582**	27,111	**31,582**	27,111
Investment contract liabilities for policyholders	**32,535**	30,845	**32,535**	30,845
Policyholder dividend payable	**24,308**	21,681	**24,308**	21,681
Bonds payable	**32,402**	38,793	**32,474**	38,633
Other liabilities	**38,419**	20,519	**38,419**	20,519
Total financial liabilities	**1,940,393**	1,707,466	**1,940,465**	1,707,306

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 2012 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;

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;

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 perspection in the calculation of fair value.

Valuation methods for Level 2 and Level 3 financial instruments

For Level 2 investments, 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 investment, 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.

34. 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:

	30 June 2013			
(in RMB million)	Level 1 (Unaudited)	Level 2 (Unaudited)	Level 3 (Unaudited)	Total fair value (Unaudited)
Financial assets				
Carried at fair value through profit or loss				
Bonds	920	25,674	–	26,594
Funds	4,405	282	–	4,687
Stocks	393	–	–	393
Others	–	7,453	–	7,453
	5,718	33,409	–	39,127
Derivative financial assets				
Interest rate swaps	–	113	–	113
Currency forwards and swaps	–	943	–	943
Others	–	21	–	21
	–	1,077	–	1,077
Available-for-sale financial assets				
Bonds	17,040	175,055	–	192,095
Funds	29,128	208	–	29,336
Stocks	78,028	3,762	22	81,812
Others	1	6,155	–	6,156
	124,197	185,180	22	309,399
Total financial assets	129,915	219,666	22	349,603
Financial liabilities				
Derivative financial liabilities				
Interest rate swaps	–	139	–	139
Currency forwards and swaps	–	1,168	–	1,168
Others	–	11	–	11
	–	1,318	–	1,318
Other financial liabilities held for trading	3,056	–	–	3,056
Total financial liabilities	3,056	1,318	–	4,374

34. 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)

	31 December 2012			
(in RMB million)	Level 1 (Audited)	Level 2 (Audited)	Level 3 (Audited)	Total fair value (Audited)
Financial assets				
Carried at fair value through profit or loss				
Bonds	1,158	9,180	60	10,398
Funds	9,671	–	–	9,671
Stocks	553	–	–	553
Others	–	7,133	–	7,133
	11,382	16,313	60	27,755
Derivative financial assets				
Interest rate swaps	–	99	–	99
Currency forwards and swaps	–	873	–	873
	–	972	–	972
Available-for-sale financial assets				
Bonds	14,336	173,159	–	187,495
Funds	25,039	730	–	25,769
Stocks	74,624	4,786	34	79,444
Others	32	3,236	–	3,268
	114,031	181,911	34	295,976
Total financial assets	125,413	199,196	94	324,703
Financial liabilities				
Derivative financial liabilities				
Interest rate swaps	–	103	–	103
Currency forwards and swaps	–	849	–	849
	–	952	–	952
Other financial liabilities held for trading	1,722	–	–	1,722
Total financial liabilities	1,722	952	–	2,674

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.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

35. 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 2013.

(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' behaviour and decisions.

35. 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 31.

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, expenses assumptions relating to long term life insurance contracts.

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

The principal assumption 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.

35. 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 fluctuation 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.

35. RISK AND CAPITAL MANAGEMENT (CONTINUED)

(3) CREDIT RISK

Credit risks refer to the risk of losses incurred by the inabilities 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, equity investment, 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 portfolio management and the same requirements for application 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. As the promotion of New Capital Accord programs in banking business, the banking business will gradually establish a more scientific rating system that according with the requirements of internal control.

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 will evaluate the credit rating of the reinsurance companies before signing the reinsurance contracts, and choose the reinsurance companies with higher credit rating to reduce the credit risk.

The limit of policy loans are 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. And the credit risk associated with policy loans will not cause a material impact on the Group's consolidated financial statements as at 30 June 2013 and 31 December 2012.

Credit exposure

The carrying amounts of the financial assets, which are not recorded at fair value, represent the maximum credit risk exposure. And 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).

35. 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 reverse repurchase 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.

(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 has various monitoring measures to establish a sound liquidity management system with a view of identifying, quantifying, tracking and controlling liquidity risks; to maintain adequate liquidity and to react to unfavorable market conditions. In order to monitor and manage the liquidity risks effectively, the Group emphasizes diversification of sourcing and usage of funds, with an aim of maintaining a higher proportion of liquid assets. 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.

35. 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, however, 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 2013 and no changes were made to its capital base, objectives, policies and processes from the previous year.

36. MATURITY PROFILE OF FINANCIAL INSTRUMENTS

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities is presented below:

	30 June 2013						
(in RMB million)	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)	Total (Unaudited)
Cash and amounts due from banks and other financial institutions	66,901	73,302	60,373	196,430	8,793	180	405,979
Balances with the Central Bank and statutory deposits	41,142	106	506	13,244	75	191,134	246,207
Fixed maturity investments	546	257,130	259,019	505,138	852,173	–	1,874,006
Equity investments	–	–	–	–	–	129,485	129,485
Loans and advances to customers	13,916	204,709	336,571	203,598	150,384	–	909,178
Premium receivables	1,964	6,018	4,875	6,176	31	–	19,064
Accounts receivable	23	4,777	860	214	–	–	5,874
Other assets	9,699	12,213	6,824	4,701	232	–	33,669
	134,191	558,255	669,028	929,501	1,011,688	320,799	3,623,462
Due to banks and other financial institutions	27,500	274,328	135,879	15,497	653	–	453,857
Assets sold under agreements to repurchase	–	184,367	5,722	–	–	–	190,089
Other financial liabilities held for trading	–	3,056	–	–	–	–	3,056
Customer deposits and payables to brokerage customers	590,718	222,803	191,436	174,171	2,008	–	1,181,136
Accounts payable	32	1,066	22	568	–	–	1,688
Insurance payables	3,826	5,296	2,052	4	–	–	11,178
Investment contract liabilities for policyholders	–	1,143	3,183	12,874	22,961	–	40,161
Policyholder dividend payable	24,308	–	–	–	–	–	24,308
Bonds payable	–	238	7,870	6,070	31,726	–	45,904
Other liabilities	7,863	3,821	112	9,637	–	–	21,433
	654,247	696,118	346,276	218,821	57,348	–	1,972,810
Derivative cash flows							
Derivative financial instruments settled on a net basis	–	(21)	(56)	(109)	–	–	(186)
Derivative financial instruments settled on a gross basis							
– Cash inflow	–	100,225	78,721	2,735	–	–	181,681
– Cash outflow	–	(100,232)	(78,941)	(2,732)	–	–	(181,905)
	–	(7)	(220)	3	–	–	(224)

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 recording purposes. As the investment risks of investment-linked contracts were fully undertaken by policyholders, the assets and liabilities related to investment-linked contracts were not included in the analysis of risk management.

36. MATURITY PROFILE OF FINANCIAL INSTRUMENTS (CONTINUED)

The excess cash inflow from matured financial assets will be reinvested to cover any future liquidity exposures.

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities is presented below:

	31 December 2012						
(in RMB million)	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)	Total (Audited)
Cash and amounts due from banks and other financial institutions	85,281	99,710	107,130	191,758	7,689	137	491,705
Balances with the Central Bank and statutory deposits	55,236	26	680	13,261	–	160,962	230,165
Fixed maturity investments	484	97,042	228,718	340,714	863,612	–	1,530,570
Equity investments	–	–	–	–	–	126,124	126,124
Loans and advances to customers	8,010	185,528	320,463	162,784	129,877	–	806,662
Premium receivables	1,288	7,765	3,996	5,680	27	–	18,756
Accounts receivable	2,148	2,323	3,862	867	–	–	9,200
Other assets	6,194	7,471	4,027	676	12	–	18,380
	158,641	399,865	668,876	715,740	1,001,217	287,223	3,231,562
Due to banks and other financial institutions	21,618	230,021	165,279	9,901	1,808	–	428,627
Assets sold under agreements to repurchase	–	151,050	4,800	438	–	–	156,288
Other financial liabilities held for trading	–	1,722	–	–	–	–	1,722
Customer deposits and payables to brokerage customers	453,502	247,688	206,158	96,158	8,586	–	1,012,092
Accounts payable	72	3,141	372	44	–	–	3,629
Insurance payables	23,646	2,974	487	4	–	–	27,111
Investment contract liabilities for policyholders	–	789	2,243	10,295	25,204	–	38,531
Policyholder dividend payable	21,681	–	–	–	–	–	21,681
Bonds payable	–	6,957	3,012	10,939	33,009	–	53,917
Other liabilities	8,701	4,606	2,889	2,385	8	–	18,589
	529,220	648,948	385,240	130,164	68,615	–	1,762,187
Derivative cash flows							
Derivative financial instruments settled on a net basis	–	(3)	(2)	(31)	–	–	(36)
Derivative financial instruments settled on a gross basis							
– Cash inflow	–	84,439	66,547	2,574	–	–	153,560
– Cash outflow	–	(84,400)	(66,571)	(2,569)	–	–	(153,540)
	–	39	(24)	5	–	–	20

FINANCIAL STATEMENTS

36. MATURITY PROFILE OF FINANCIAL INSTRUMENTS (CONTINUED)

The remaining contractual maturities of credit commitments that the Group held are presented as follows:

(in RMB million)	Repayable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Undated	Total
30 June 2013							
Credit commitments (Unaudited)	**19,682**	**187,211**	**164,253**	**108,795**	**5,788**	**3**	**485,732**
31 December 2012							
Credit commitments (Audited)	63,996	176,634	161,166	9,304	–	–	411,100

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

37. CASH AND CASH EQUIVALENTS

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Cash and amounts due from banks and other financial institutions		
Cash on hand	**3,944**	3,239
Term deposits	**988**	4,831
Due from banks and other financial institutions	**69,681**	107,629
Placements with banks and other financial institutions	**23,858**	23,777
Balances with the Central Bank	**37,698**	55,152
Equity investments		
Money market placements	**3,927**	8,957
Fixed maturity investments		
Bonds of original maturities within 3 months	**10,916**	304
Assets purchased under agreements to resell	**33,220**	42,997
	184,232	246,886

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
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
Charoen Pokphand Group Co., Ltd.	Parent of shareholders from 6 February 2013
Shenzhen Investment Holdings Co. Ltd.	Shareholder

On 5 December 2012, HSBC Insurance Holdings Limited and The Hongkong and Shanghai Banking Corporation Limited (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.

38. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

After the completion of the transfer, together with the 1.76% interests held by CP Group prior to the above mentioned share transfer, CP Group held 17.33% equity interests in the Company and became 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) THE SUMMARY OF SIGNIFICANT RELATED PARTY TRANSACTIONS IS AS FOLLOWS:

For the six months ended 30 June (in RMB million)	2013 (Unaudited)	2012 (Unaudited)
Interest income from		
HSBC	**-**	1
Interest expense paid to		
HSBC	**1**	15
Premiums income from		
CP Group	**4**	–
Claims expenses to		
CP Group	**1**	–
Rental income from		
CP Group	**2**	–
Goods purchased from		
Newheight Information Technology (Shanghai) Co., Ltd. (the "Newheight Shanghai")	**259**	587

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

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
HSBC		
Cash and amounts due from banks and other financial institutions	**-**	759
Due to banks and other financial institutions	**-**	212
Bonds payable	**-**	2
CP Group		
Other receivables	**1**	–
Customer deposits and payables to brokerage customers	**26**	–
Newheight Shanghai		
Other liabilities	**78**	111

FINANCIAL STATEMENTS

39. COMMITMENTS

(1) CAPITAL COMMITMENTS

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

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Contracted, but not provided for	**9,071**	9,551
Authorized, but not contracted for	**7,486**	7,945
	16,557	17,496

(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 2013 (Unaudited)	31 December 2012 (Audited)
Within 1 year	**3,199**	3,160
1-5 years	**6,730**	6,370
More than 5 years	**1,944**	1,297
	11,873	10,827

(3) CREDIT COMMITMENTS

(in RMB million)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Financial guarantee contracts		
Bank acceptances	**363,883**	315,436
Guarantees issued	**34,494**	25,958
Letters of credit issued	**30,914**	19,071
Subtotal	**429,291**	360,465
Unused limit of credit cards and irrevocable loan commitments	**56,208**	50,506
External guarantee	**233**	129
Total	**485,732**	411,100
Credit risk weighted amounts of credit commitments	**170,254**	171,952

Financial guarantee contracts commit the Group to make payments on behalf of customers upon the failure of the customers to perform the terms of the contracts.

As at 30 June 2013, apart from the above irrevocable credit commitments, revocable loan commitments granted by the Group amounted to RMB1,566.1 billion (31 December 2012: RMB1,383.0 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.

39. COMMITMENTS (CONTINUED)

(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 2013 (Unaudited)	31 December 2012 (Audited)
Within 1 year	**499**	1,093
1-5 years	**1,238**	2,219
More than 5 years	**1,441**	2,635
	3,178	5,947

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 29 August 2013, the Board of Directors of the Company proposed to distribute an interim dividend of RMB1,583 million 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 29 August 2013.

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, Original Shenzhen Development Bank, 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 Caizhi	Ping An Caizhi Investment Management Company Limited, 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 Channel Development	Ping An Channel Development Consultation Service Company of Shenzhen, 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
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 Premium	All premium received from the policies underwritten by the Company, which is prior to the significant insurance risk testing and unbundling of hybrid risk contracts
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	Shanghai Stock Exchange
HSBC	The Hongkong and Shanghai Banking Corporation Limited

Definition

HSBC Insurance	HSBC Insurance Holdings Limited
CP Group	Charoen Pokphand Group Company Limited
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, formerly known as the Code on Corporate Governance Practices
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.

♲ This report is printed on environmental friendly paper
manufactured from elemental chlorine-free pulp and acid free.